



Annual Report

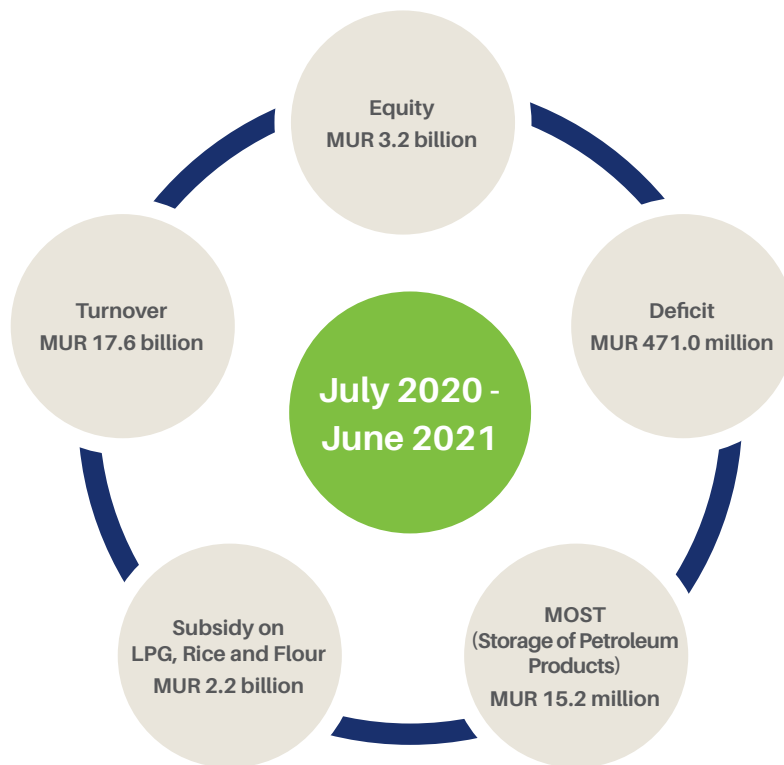
For the Financial Year ended
30 June 2021

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Overview



STC at a Glance

The State Trading Corporation (STC) is a parastatal body wholly owned by the Government of Mauritius and reports to the Ministry of Commerce and Consumer Protection. Established and regulated by the STC Act of 1982, its principal place of business is 55, Business Zone, Cybercity, Ebene, Mauritius. STC is engaged in the importation of essential commodities such as Petroleum Products, Liquefied Petroleum Gas, Rice and Flour and any such commodity as the Government may decide.

Corporate Vision

To be a socially responsible, value-adding organisation doing business based on best practices.

Mission Statement

To consistently deliver quality strategic products at affordable prices to our customers in a socially responsible manner while maintaining high ethical standards in the conduct of our business.

Objectives of STC

1. Importing and supplying strategic products
2. Enhancing the logistics to secure continuity of supply of strategic products
3. Ensuring end-to-end Consumer Excellence whilst safeguarding the environment
4. Driving the development of Petroleum Hub
5. Optimizing the use of technology to improve processes and quality of service.

Our External Business Environment

STC operates in an international environment and inherently, factors such as world commodity prices, product availability, climate changes, evolution of foreign exchange rates as well as condition of the freight market, affect its operations. These factors are outside the control of the Corporation.

In order to ensure undisrupted supply of commodities, the Corporation continuously monitors these external factors and proactively plans its operations.

During the Financial year under review, the business environment of STC was mainly affected by COVID-19. Consequently, there was a drop in the sales of Jet Fuel which impacted on the Corporation's cash flow.

Moreover, there was disruptions in the freight market and as such, there were delays in receiving commodities from suppliers. In order to avoid stock out situations, STC built up buffer stocks for both Liquefied Petroleum Gas and Petroleum Products.

Salient indicators for the Financial Year

- **Financial performance**

The Corporation ended its Financial Year by a deficit of MUR 471 million which is mainly attributable to the financing of subsidy from its surpluses and reserves.

- **Subsidy on Rice, Flour and LPG**

In line with Government policy, the selling price of Long Grain White Rice, Flour and LPG are fixed at a level lower than cost. Thus the total subsidy for the Financial Year ended 30 June 2021 on these three products amounted to MUR 2.2 billion.

- **Sale of Jet A1**

The fall in demand of Jet Fuel due to the closure of borders has impacted negatively on the operation and financial performance of the Corporation.

- **Liquefied Petroleum Gas (LPG)**

In order to benefit from economies of scale and to ensure undisrupted supply of LPG during the COVID period, the Corporation procured a buffer stock of LPG and rented additional storage facility.

- **Investment in Storage Tanks**

During the Financial Year ended 30 June 2021, STC has invested an amount of MUR 15.2 million in Mer Rouge Oil Storage Terminal Co. Ltd (MOST), thus bringing the total investment in the company to MUR 79.4 million. The other shareholders are the four Oil Companies namely Vivo Energy Mauritius Ltd, Total (Mauritius) Ltd, Engen Petroleum (Mauritius) Ltd and IndianOil (Mauritius) Ltd. MOST is a terminal with a capacity for the storage of 25,000 MT of Mogas and Gas Oil. The project cost is MUR 595 million. At 30 June 2021, the Corporation holds 23.5% of the shares in MOST.



OUR ACTIVITIES

Our Operating Activities

The Corporation has been entrusted with the responsibility of importing strategic commodities such as Long Grain White Rice, Wheat Flour, Petroleum Products and Liquefied Petroleum Gas (LPG). In line with the STC Act, which allows the Corporation to enter into any such activity as advised by the Minister, the Corporation also commercialises Basmati rice.

In line with Government policy, to provide basic necessities at affordable prices to the whole population, STC provides subsidy on Long Grain White Rice, Flour and LPG. Surplus realised on certain other products are utilized to absorb the subsidy cost. The amount of subsidy in respect of Long Grain White Rice, Flour and LPG for the Financial Year ending 30 June 2021 is MUR 2.2 billion.

The volume of commodities sold by the Corporation during the period July 2020 to June 2021 were as follows:

Commodities	MT
Petroleum Products	672,656
LPG	76,490
Flour	90,903
Long Grain White Rice	23,445
Basmati Rice	226
Sugar (Rodrigues only)	129

Shed A

The Shed A warehouse has an area of 7,500 m² situated in the port area, at Cargo Peninsula, Quay D, Mer Rouge, with a storage capacity of around 3,000 MT of Long Grain White Rice and around 6,400 MT of Flour. On a daily basis, around 80 MT of Rice and 400 MT of Flour are delivered to traders.

Roche Bois warehouse

Roche Bois warehouse has an area of 1,800 m² situated at Rue Desbouchers, Roche Bois with a storage capacity of 3,200 MT. This warehouse is used for the storage of Basmati Rice and packing operations.

Our Division in Rodrigues

The Corporation is responsible for the shipment of Rice, Flour and Sugar to Rodrigues. Thereafter, it ensures the storage and sales of these commodities to wholesalers and retailers. The Corporation is ensuring the smooth, adequate and continuous supply of these commodities with no disruption of stock, which is altogether about 400 MT of all the three products kept at any point in time. During the Financial Year ended 30 June 2021, 32 consignments were shipped to Rodrigues by Black Rhino as follows:

Product	MT
Long Grain White Rice	4,051
Basmati Rice	79
Flour	2,063
Sugar	120

The Corporation has a department in Rodrigues which is manned by 17 staffs both from Mauritius as well as personnel recruited from Rodrigues. In addition, a team of 45 casual unloaders is contracted for unstuffing and stacking of goods.

As is the case for Mauritius, the retail prices of Rice and Flour are subsidised and the shortfall is funded by STC. Furthermore, in order to keep the retail prices of these two essential commodities at par with those in Mauritius, the Prime Minister's Office refunds STC all expenses incurred for the shipment of Rice and Flour to Rodrigues through the Rodrigues Subsidy Fund.

The warehouse located in the port area is leased from the Mauritius Ports Authority. STC has its own building at Camp du Roi which is used as office as well as residence for Mauritian officers posted at Rodrigues.

Procurement of Goods and Services

STC is fully committed to exercise sound procurement policies and practices based on open and fair procedures. The principles of fair competition are fully adhered to while inciting market forces to play in the favour of the ultimate customers' expectations of value for money.

The procurement of goods and services are subject to the Public Procurement Act. The bidding terms and conditions are subject to the prevailing market conditions, such as availability of supplies, degree of price stability, quantity required, and level of urgency. STC also launches tenders through e-procurement.

Methods of procurement

For the procurement of goods and services, the Corporation has recourse to the following methods of procurement:

- Open Advertised Bidding
- Request for Sealed Quotations
- Direct Procurement
- Restricted Bidding
- Request for proposals
- Emergency procurement

Procurement Strategies

STC has adopted several competitive strategies to ensure that the Corporation leverages market forces to benefit from competitive prices for the procurement of its products.

- **Rice and Flour**

STC has embarked on a project to make Rice and Flour available throughout the whole island and to enable consumers to enjoy fully the subsidised retail prices of these products. The fixed subsidised prices are printed on the bags and polybags of Rice and Flour put on sale by STC. Packers and distributors have been appointed for the distribution of same.

- **Petroleum Products**

The contracts for the supply of Petroleum Products have been awarded as follows:

- (i) **Clean Petroleum Products (Mogas, Gas Oil and Jet Fuel):**

- to Vitol Bahrain E.C. (Vitol) up to October 2020 and
 - to Indian Oil Corporation Ltd from November 2020 to October 2021

- (ii) **Dirty Petroleum Products (Fuel Oils)**

- to PetroChina International (Singapore) Pte Ltd up to January 2021 and
 - to B.B. Energy (Gulf) DMCC for period February 2021 to January 2022.

Our Products

Rice

- **Long Grain White Rice**

The sales of Long Grain White Rice are 23,445 MT (including 4,281 MT for Rodrigues) for the Financial Year ended 30 June 2021. As the selling price of Long Grain White Rice is controlled by Government and fixed at a level lower than its cost, the resulting shortfalls are met from contribution for subsidy in the price structures of Mogas and Gas Oil.

- **Basmati Rice**

The domestic market being fully dependent on rice importation, the persisting volatility in international prices of Basmati Rice tend to impact on our local rice market. Reported facts on the local Basmati market in the last few years revealed that prices of Basmati Rice have been steadily rising and no consistency was noted in the quality of the rice under specific brands.

The presence of STC in Basmati market has to a certain extent avoided an increase in the retail price of that commodity.

During the Financial Year ended 30 June 2021, 226 MT of Basmati Rice (including 58 MT for Rodrigues) has been sold.

- **Flour**

The sales of Flour are 90,903 MT (including 2,152 MT for Rodrigues) for the Financial Year ended 30 June 2021. The sole supplier of Flour for the period is LMLC.

As the selling price of Flour is controlled by Government and fixed at a level lower than its cost, the resulting shortfalls are met from contribution for subsidy in the price structures of Mogas and Gas Oil.

- **Liquefied Petroleum Gas (LPG)**

The sales of LPG are 76,490 MT for the Financial Year ended 30 June 2021. Since February 2006, a dual pricing policy is being implemented for LPG. About 85% of the annual imports is sold in cylinders of up to 12 kg. The retail prices of cylinders of 5, 6 and 12 kg are fixed by Government. The latest revision in the retail prices were made in June 2020 when the price of one cylinder of 12 kg was fixed at MUR 180. Any shortfall on sales of LPG is expected to be met from contribution for subsidy in the price structures of Mogas and Gas Oil and partly from surpluses made on Petroleum Products.

The prices of LPG sold for Autogas and in cylinders above 12 kg for commercial purpose are currently reviewed on a monthly basis by STC on a cost plus basis.

- **Petroleum Products**

The sales of Petroleum Products are 672,656 MT for the Financial Year ended 30 June 2021, including Fuel Oils for Central Electricity Board (CEB). STC imports the country's total requirements and sells to Oil companies, namely Vivo Energy Mauritius Ltd, Total (Mauritius) Ltd, Engen Petroleum (Mauritius) Ltd and IndianOil (Mauritius) Ltd for storage and distribution.

Petroleum Pricing Committee (PPC)

Since January 2011, the retail prices of Mogas and Gas Oil are determined by the Petroleum Pricing Committee (PPC) according to the Regulations under the section 35 of the Consumer Protection (Price and Supplies Control) Act.

Under this pricing mechanism, prices are changed only when rendered absolutely necessary as a result of significant changes in price trends on the world market. One of the key objectives of this mechanism is to mitigate the effects of world price fluctuations on retail prices. STC operates a Price Stabilisation Account (PSA) for each product in order to shield the market from price fluctuations.

At the meeting of the PPC of 30 June 2021, the retail prices of both Mogas and Gas Oil were increased by MUR 2.30 per litre, that is from MUR 48.40 to MUR 50.70 per litre (4.75%) of Mogas and from MUR 35.00 to MUR 37.30 per litre of Gas Oil (6.57%) w.e.f. 1 July 2021 to implement Government's decision to introduce a contribution of MUR 2.00 per litre on both products for financing of COVID-19 vaccines.

IMPROVEMENT IN QUALITY OF PETROLEUM PRODUCTS OVER THE LAST 40 YEARS

Lower Sulfur Fuels: The Key to Cleaner Vehicles and Air

Air pollution is a major environmental risk to health. According to the World Health Organization, almost all of the global population are exposed to air pollution levels that put them at increased risk for diseases. Vehicle emissions are one of a number of contributing factors to poor urban air quality.

Vehicles emit many pollutants including fine particulate matter, carbon monoxide, nitrogen oxides, sulfur oxides, and volatile organic compounds that can affect people's health and cause air quality problems. And as the number of vehicles increases, urban air pollution problems could become even worse if no action is taken.

Recent studies have shown that cleaner fuels and vehicles are an effective way to reverse the trend. Therefore, in order to reduce air pollution from the transportation sector, it is essential to reduce sulfur in fuels.

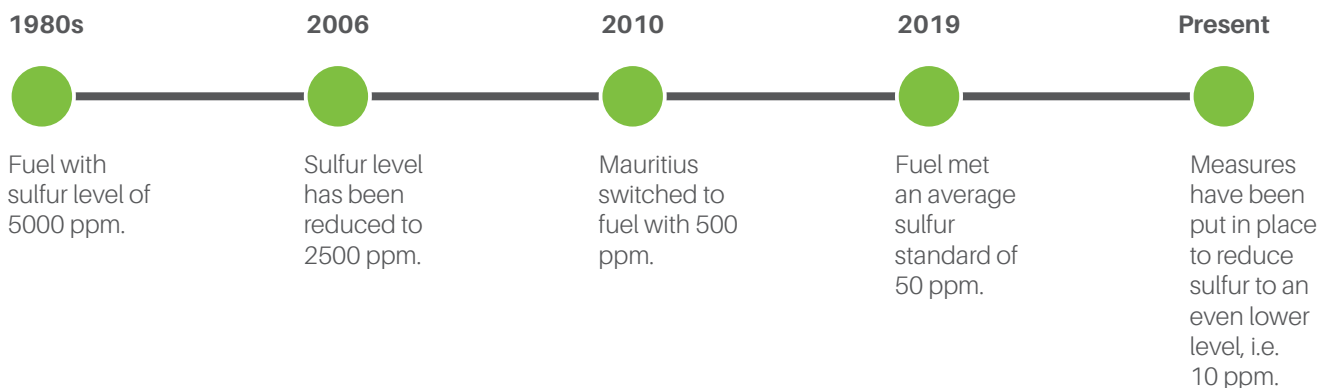
Transition to Low-Sulfur Fuels

Sulfur is a natural component in crude oil that is present in gasoline and diesel. When those fuels are burned, sulfur is emitted as sulfur dioxide or sulfate particulate matter. Sulfur is a pollutant that reduces the effectiveness of emission control systems.

Low-sulfur fuels are key to reducing emissions and enabling advanced control technologies and fuel-efficient designs – low-sulfur fuels have been subjected to desulphurization processes. Numerous countries around the world, including Mauritius, have been taking steps to lower the sulfur levels in diesel and petrol fuels, thereby reducing the impact of vehicle emissions.

For the past 40 years, Mauritius has switched from fuel with 5000 parts per million (ppm) to 10 ppm.

Timeline



Low sulfur fuel (50 ppm) is needed to avoid damage to emission control systems. Ultralow sulfur fuel (10 ppm) on the other hand enables more fuel-efficient engine designs. Particulate filters will achieve maximum efficiency with ultralow sulfur fuels. Cleaner fuels and vehicles will have a significant positive impact on health and the environment.

Risk management

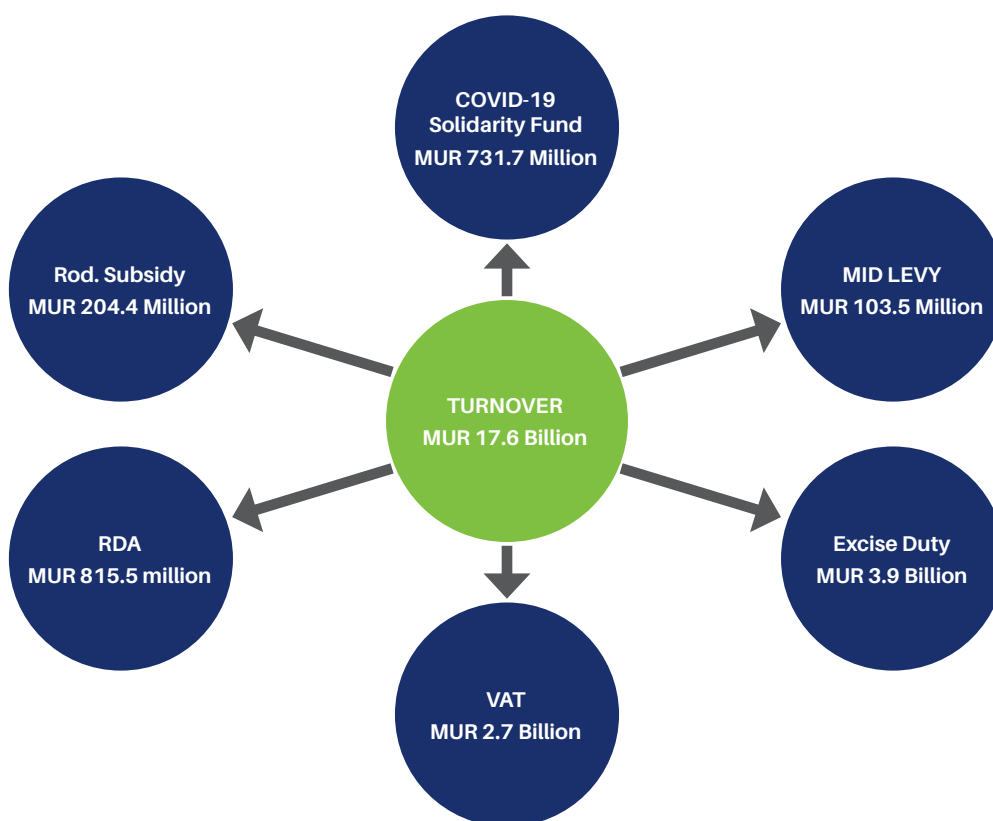
Quality control of fuel oil is an essential risk management activity for producers, traders and distributors. As the market in fuel oil becomes ever more diverse and sophisticated, there is a need for consistent, detailed in-depth analysis.

All petroleum products imported in Mauritius are tested using ISO/IEC 17025 accredited laboratories – ISO/IEC 17025 accreditation is the benchmark standard for technical competency, demonstrating rigorous testing standards and a meticulous laboratory management system.

Prepared by SGS (Mauritius) Ltd

Contributions collected on behalf of third parties

During the Financial Year ended 30 June 2021, an amount of MUR 8.4 billion has been collected and remitted to Government institutions as follows:



Rodrigues Subsidy

The item “Contribution to Rodrigues transportation and storage” of 41 cents per litre of Mogas and Gas Oil is meant to subsidise the cost of freight and other related costs to maintain the price of Petroleum Products, LPG, Long Grain White Rice and Flour at par with those prevailing in Mauritius.

Road Development Authority

“Contribution to Road Development Authority” is a charge in the price structures of Mogas and Gas Oil to be remitted to Road Development Authority (RDA) whose objective is to provide a cost efficient mobility in comfort and safety for the Mauritian population and its economic operators to all parts of the island.

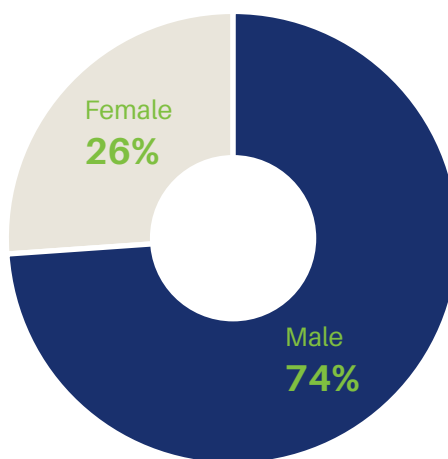
MID Levy

Following the Finance (Miscellaneous Provisions) Act 2018, the levy of 30 cents per litre has been removed for both Mogas and Gas Oil. However, the levy of 30 cents is maintained on each litre of Dual Purpose Kerosene and each kilo of Liquefied Petroleum Gas. The purpose of this levy is to support the efforts to protect the environment through recycling, to encourage more efficient use of energy and to increase reliance on renewable energy.

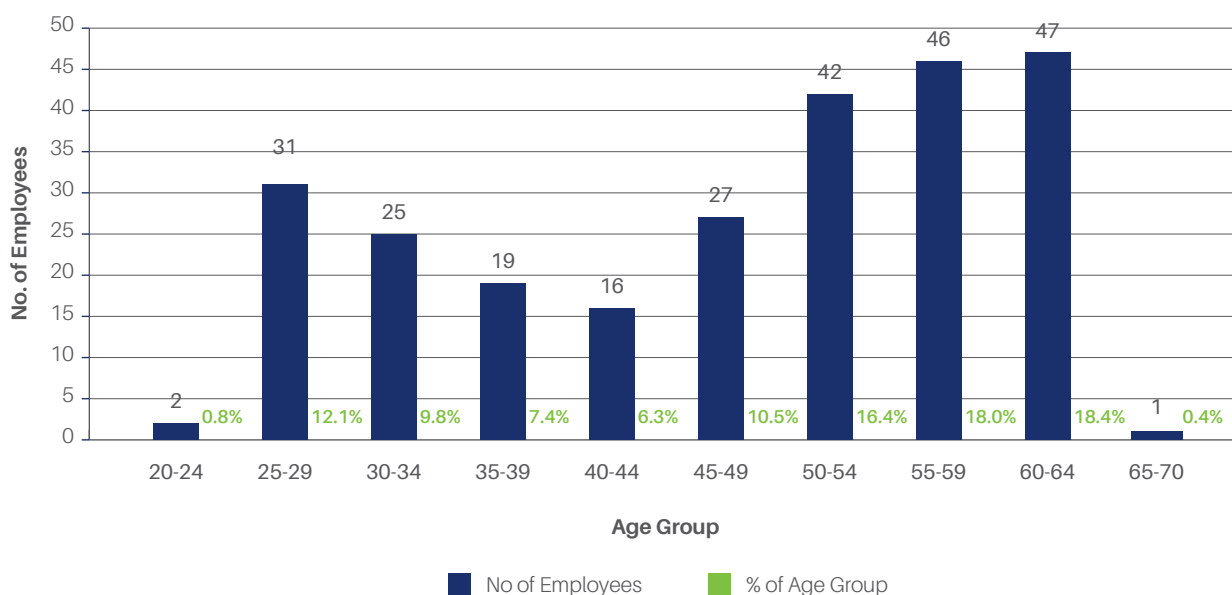
Our Employees

As at 30 June 2021, 256 persons were employed at STC, as illustrated below.

STC's GENDER GROUP



Age Categories - STC Employees



Sustainable Development

STC is committed to contribute towards the improvement of its environment and for the well-being of the Mauritian population. In this context, STC has over the past 40 years continuously improved the quality of its products. The Sulphur level in Gasoil has been brought down from 5,000 parts per million (ppm) to 10 ppm, in order to reduce air pollution.

STC has also invested in photovoltaic system and has adopted rainwater harvesting in its endeavor to use renewable sources of energy.

Furthermore, the Corporation is continuously looking for opportunities to reduce the level of pollution and to enhance its environment. Accordingly, STC is planning to use biodegradable plastic for the packing of rice and flour and another project under consideration is the use of Liquefied Natural Gas, being a clean source of energy.

STC's SWOT Analysis

Strengths

- As a major purchaser of commodities, STC is in a strong position to negotiate better terms and conditions.
- As a Government entity, the Corporation has the trust of the business community worldwide.

Weaknesses

- The Corporation does not own storage facility for Jet A, Fuel Oil and LPG.

Opportunities

- STC can use its expertise in the procurement and distribution of petroleum products to support Government's initiative to develop Mauritius as a regional petroleum/bunkering hub.

Threats

- Most of the commodities are purchased from foreign suppliers and the storage facilities available in the country is limited. Therefore, any severe disturbance in the supply-chain can lead to stock-out of essential commodities in the country.
- STC is exposed to the evolution of the world prices of commodities and fluctuations in foreign currency exchange rates.

Message from the Chairman

I am pleased to present this Annual Report of the STC for the financial year 2020 - 2021 ended 30th June 2021.

STC is the trading arm of the Government under the aegis of the Ministry of Commerce and Consumer Protection and has to provide for some essential commodities, such as Long Grain White Rice (LGWR), Basmati rice, LPG (cooking gas), Wheat flour and several types of fuel. It is of note that this list is not exclusive; STC may import other products as and when requested by the Government, for the benefit of the population.

We are living through troubled times with frequent and even completely new adverse events. The disruptions of harvests abroad, supply difficulties and erratic supply chains of this magnitude have never ever been experienced. Over the last year, STC was hard pressed to honour its commitments due to the COVID lockdown practically worldwide, compounded by trade wars, climate change, currency fluctuations and shortages and other situations.

This year the disruptions have continued and caused severe crises at several levels in the world and practically every commercial field. The turnover of STC has fallen from 23.9 billion. MUR in 2020 to 17.6 billion. MUR this year and we still show a deficit of almost 0.5 billion MUR. The amounts of subsidy on LGWR, flour and LPG have risen dramatically, to 2.2 billion. MUR. STC has, in spite of a difficult situation, maintained its commitment to stabilise the prices of these staple commodities for the benefit of the Mauritian population,

Fuel sales have also suffered, with a drastic reduction in income for STC. We also faced a glut in Jet A-1 storage because of the cancellation of most flights and STC has been struggling to keep an equilibrium in its purchases of fuels.

The world prices of Mogas, Diesel and fuel oil have increased and STC has had recourse to the Price Stabilisation Fund and to other means to keep the retail prices of the fuels at reasonable levels, while using the Mer Rouge Oil Storage Terminal (MOST) as a buffer stock. We have had to make arrangements for larger storage facilities for LPG in order to have a bigger reserve of LPG. Similarly, STC has resorted to competitive international bidding for the supplies of other fuels so as to obtain the best prices possible in this crisis situation.

The prices of LGWR and Flour too have shot up, requiring additional subsidies.

Food security has become paramount, so we are actively diversifying sources and logistics so as to maintain a minimum reserve stock at least. Specialised rice-fit containers are scarce, as are transport routes. As an example, some LGWR due for December 2020 arrived late 2021. On the local market, our customers will have noted the upgrading of the packaging and labelling on all STC packs to a much higher standard. Similarly, the presence of STC Basmati rice on the market is a stabilising factor on the price of other Basmati rice for the population.

Freight charges have increased 3 - 4 fold and our principals are cascading these additional costs to us. We have also had to address other logistic problems so as to supply the population of Rodrigues with basic commodities.

As I said earlier, these are turbulent times and the Board and Management have had to meet frequently and sometimes at short notice to take the appropriate measures and decisions. We are pleased to announce that the efforts have enabled us to overcome most of the problems, but more lie ahead.

STC has undergone some changes at Board level and I wish here to express my appreciation for the wisdom and input of the various ex-officio Board Members who helped through these hard times. I am pleased to announce that, in line with international practice and the commitment of the Government, STC has female Directors and alternate Directors on its Board.



We also had a sad event with the untimely demise of our Acting Board Secretary due to illness in late 2020 and our condolences go to his family.

Among the salient matters discussed at Board level were the procurement of strategic products, ongoing project for a New Warehouse facility, finance issues and, last but not least, improvement of internal STC processes, Risk Management and Corporate Governance.

The Betamax case on the transport of fuels has reached its resolution with the judgement of the Privy Council. STC has already settled around 5.5 billion MUR in this case, with the assistance of the Government.

The media and other parties raised the matter of Emergency Procurement of Medical Supplies and services by STC, during the COVID confinement. I should state that STC acted only as a paying agent for most of the cases, in the context of a total lockdown due to COVID. STC was one of the rare agencies on the frontline at the time and brought its capacity to the help of the nation.

It is of note that all the expenses incurred on behalf of the Government have been refunded to STC. The matter was investigated by Authorities, but the internal processes and procedures of STC have not been found to be inadequate.

STC has pursued its line of security of supply by utilising the Mer Rouge Oil Storage Terminal (MOST) and partnerships with private and public entities for improved storage of fuels and food items. More attention has been given to Quality Control on our commodities, so as to ensure minimal complaints and maximum satisfaction with our services to the population in Mauritius, Rodrigues and Outer Islands. Further developments are abreast, but unfortunately slowed down by the persisting COVID threat on operations.

For now, STC is looking at the basic needs of the population and we are taking steps to that effect in the matter of staple products, under the guidance of the Ministry of Commerce and Consumer Protection.

Most of the above actions would have been chaotic or worse if the Parent Ministry, Management and Staff of STC had not collaborated fully. Staff braved the unknown COVID enemy to travel to work and deliver, both in the offices and in the warehouses during both confinement periods. They are still forging ahead in order to service the needs of the population. I wish here to place on record the appreciation of the Board Directors on the exemplary engagement of most of STC staff in this difficult moment.

I would like to thank the Directors on the Board of STC, the Management and the Staff for their collaboration and assistance in the accomplishment of the difficult tasks of STC and for their continued support in these times of crisis and uncertainty.

I also wish to thank the Staff, Members of the Sub Committees and Board members who have participated in the preparation of this Annual Report 2020 - 2021. I hereby commend to you the reading of this Annual report.

I seize this opportunity to welcome the new General Manager, Mr. R.T. Servansingh, who joined STC in June 2021, and wish him well in these trying times.

Dr Ramchandra BHEENICK
Chairperson of the Board of STC

Message from the General Manager

June 2021 witnessed the end of what has probably been one of the most tumultuous year in the forty years' history of the State Trading Corporation in similarly tumultuous manner. The Covid 19 pandemic led to the total confinement of the population to their residence for about two months. Until these events unfolded little was it recognized that the STC forms part of those essential activities which need to ensure continuity of supply of the products for which it has been mandated by government, come what may. The population expects to be provided with bread, flour and rice as well as domestic gas for cooking and fuel for even limited mobility at all times. So the STC took on the challenge and with a skeleton staff at the Head Office as well as at the warehouse, it made sure that there were uninterrupted supplies of those commodities throughout those extremely complicated times. This was a huge achievement and we need to put on record our immense gratefulness to all those who made this possible.

The Covid 19 situation also caused terrible reputational damage to the STC which was held responsible in the media for many of the perceived wrongs associated with some "emergency procurement" processes. This has caused immense distress among our staff. Suffice it to say here that the STC staff having strictly observed and followed all protocols and procedures the STC will not incur any associated financial costs as a result of the above.

The month of June 2021 also saw the end of the legal saga around what has been called the Betamax affair- the Judicial Committee of the Privy Council on 14th June 2021 decided in favour of Betamax Ltd and "restored an arbitral award which had found the trading arm of the Republic of Mauritius to be liable for USD115.3 M plus interest and costs."

In spite of all these hindrances we would like to think that the STC has assuredly come out of these rather painful experiences as a stronger institution, ready to look at the future with confidence and a sense of readiness to confront the volatile and uncertain global trading environment which will characterize the evolving transition to what has been termed the "new normal."

RAJIV SERVANSINGH
General Manager



Corporate Governance

The purpose of setting up the State Trading Corporation (STC), as a para-statal body, was to create a body corporate with the commercial freedom required while trading, in an aggressive global business environment fraught with numerous challenges and pitfalls and the energy market which had become more volatile and complex.

STC operates under the aegis of the Ministry of Commerce and Consumer Protection. The purpose of Corporate Governance for STC is to nurture the spirit of enterprise in its Board and Management whilst maintaining a high level of accountability, transparency and integrity. These core values are now embedded in the business policies, procedures and practices. There is a clear demarcation between the Board duties and activities from that of the Management of the Corporation. All sitting Board Members have a primary duty to STC.

Transparency and accountability are the two basic principles of Corporate Governance, which creates and enhances long-term sustainable value for the stakeholders through ethically driven business processes. The philosophy of the Corporation, on Corporate Governance, is to aim for the attainment of the highest levels of transparency, accountability and ethics, in all facets of its operations, with the primary objective of enhancing shareholder value.

The approach to Governance adopted balances economic and social goals as well as individual and communal goals. The governance framework is to promote efficient use of resources but equally to provide greater accountability for the stewardship of those resources.

We believe in the emerging consensus of high standards of Governance that is required to achieve our objectives but not to the detriment of the interest of other stakeholders of the Corporation, inter-alia customers, creditors, suppliers, employees and the Government.

The Corporation has adopted a code of ethics which has been approved by the Board. The Board regularly monitors and evaluates compliance with its code of ethics.

The Corporation also has an IT policy and an Anti-Corruption Policy, that provides for Protection of whistleblowers, which have been approved by the Board.

Code of ethics

The Corporation has adopted a code of ethics which has been approved by the Board in December 2018 and is planned for review by the end of the year 2022. The code of ethics was set up to strengthen the culture and environment that promotes ethical behavior and to facilitate discussion on corporate ethical dilemmas. The code of ethics sets out the reporting line for ethical issues and also establishes the sanctions applicable for breach of ethics. Sanctions as defined by the Code of ethics can be in the forms of written warnings or disciplinary actions. Any breach of ethics is communicated to the Board. The Corporation's code of ethics has been communicated to all employees and published on STC's intranet. Furthermore, the code of ethics has been published on STC's website for all its stakeholders. The HR Manager of STC acts as the Ethics Officer for the Corporation. During the financial year 2020-2021, there was no case of breach of ethics.

Equal Opportunity

STC is an equal opportunity employer and employment is based solely upon merits. As stipulated in its code of ethics, STC is committed to maintain a supportive work environment where all employees can reach their full potential. Furthermore, it is ensured that all employees work in a safe environment, free of threats, intimidation and physical harm. The Corporation is committed towards its fundamental values for respect of human rights and does not discriminate against any persons on the basis of their race, gender, disability, religious beliefs, age and sexual orientation.

Anti-Corruption Policy

The Corporation also has an Anti-Corruption Policy, that provides for Protection of whistleblowers, which have been approved by the Board. As such it is ensured that “there will be no reprisal by management against “the public official” who in good faith reports an act of corruption or malpractice or suspected illegal and dishonest activity or any activity that he/she has witnessed”. In case of corruption, the Anti-Corruption Policy provides to report the matters to ICAC.

IT Policy

Moreover, the Board has approved an IT policy that sets out the controls and measures that are in place to protect the confidentiality, security and integrity of information while ensuring business continuity. The main controls included in the IT policy has been published on STC’s website.

STC being a parastatal body retains all its official documents.

Social Responsibility

In line with Government policy and as part of the CSR program, STC provides basic necessities, namely on Long Grain White Rice, Flour and LPG, at affordable prices to the whole population. The Corporation also contributes a levy of 30 cents on each litre of Dual Purpose Kerosene (inland only), fuel oil (inland only) and each kilo of LPG to support the efforts to protect the environment, to encourage more efficient use of energy and to increase reliance on renewable energy.

Training and Development

The Corporation lays significant emphasis on the training and development of its employees as part of its overall strategy to improve their performance in order to enhance the effectiveness and efficiency of operations.

During the year 2020-2021, the trainings provided to STC employees were mainly in respect of Combating Money Laundering/Financing of Terrorism, New Accounting Standards, Public Procurement and Prevention of Corruption.

Reporting Structure

The Board

In line with the Code of Corporate Governance, the direction, control and accountability of the business of STC are vested in the Board. These responsibilities are facilitated by a well-developed governance structure comprising of various Board sub-committees. Management is accountable and subject to the control of the Board and operates within the policy framework laid down by the latter. Business is conducted in accordance with the STC Act, other relevant statutory provisions, and the principles of good corporate governance. All functions are exercised honestly, in good faith, with due care and diligence and in the best interests of the Corporation and its stakeholders.

The Corporation has a Unitary Board, headed by a Chairperson with eight members, as follows:

- Representative of Ministry of Commerce and Consumer Protection
- Representative of Ministry of Finance, Economic Planning and Development
- Representative of Ministry of Agro-Industry and Food Security
- Representative of Ministry of Energy and Public Utilities
- Representative of Mauritius Ports Authority
- 3 Independent Directors with relevant experience nominated by the Minister.

The number of Directors commensurate with the activities of the Corporation and is sufficient to avoid any groupthink.

The Board is composed of Directors with wide experience in different sectors such as economy, finance, energy, agriculture and food security among others. The Directors have maintained their professional independence in carrying out their functions towards the Board of STC.

Upon appointment of a new Director, an induction and orientation session is organized by the Chairperson so that the new Director is aware of his legal duties. During the session, an induction pack, consisting of the STC Act, the latest audited Annual Report of the Corporation and the Board and Subcommittees Charters, is provided to the new Director. Directors at STC are paid a monthly fixed allowance, as approved by the Parent Ministry and a travelling fee per sitting as per PRB. Alternate Directors are paid as per the provision of the PRB.

On resignation or retirement of a Director, another senior officer from the respective Ministry/Department is nominated to replace him or her. Independent Directors are appointed by the Parent Minister.

The Directors of STC ensure that they are not faced with an over boarding situation and can effectively perform their duties.

The Role of the Board

The code of Corporate Governance requires the Corporation to be *“headed by an effective Board, which is collectively responsible for the success of the organisation”*. Board members are expected to take decisions in the interest of the Corporation, as well as contribute constructively to Board decision with their enlightened views.

The main role of the Board is to define the values to which the STC adheres and the general procedures that would be required so as to perform the duties entrusted to it with integrity, fairness, transparency and in the interest of:

- the shareholder;
- the organisation;
- our stakeholders and clients; and
- also the population in line with the vision and policies of the Government.

The detailed responsibilities of the Board have been set out in the approved Board Charter which are posted on STC's website. The Board reassesses its charter and the charters of its subcommittees.

During the Financial Year ended 30 June 2021, the Board has met 17 times. The Board was chaired by Dr. Ramchandra Bheenick. The following major decisions were taken with regards to: -

- a) Procurement of strategic products of national importance namely, Petroleum Products, Rice, Flour and Liquefied Petroleum Gas (LPG)
- b) Project monitoring for infrastructural works at the new warehouse
- c) Financing of Working Capital
- d) Improvement in Corporate Governance initiatives and programs within STC

The Chairperson of the Board is primarily responsible for the activities of the Board and its Committees. He shall act as the spokesman of the Board. He acts as the spokesman of the Board and has the responsibility to ensure that the duties stipulated in the Board Charter of STC has been effectively undertaken.

Directors are encouraged to keep themselves up to date with latest business and professional practices. The Directors being senior officers in the private and public sector regularly attend presentations and workshops in order to keep abreast with respect to macro-economic, social, legal and technological developments.

In light of the current pandemic, no training has been organized for the Directors for this financial year.

In accordance with the Board Charter, "at least once a year, the Board shall evaluate its own activities and those of its individual members, the effectiveness of such activities, and the composition and competence of the Board and its Committees". The Board evaluation for each Director and the Chairperson during the financial year 2020 – 2021 was completed in May 2021.

The Acting Board Secretary assists the Board in its proper functioning and sees to it that the Board follows correct procedures and complies with its obligations under law. He also acts as adviser to the Chairperson, Directors and officers of the Corporation. The Acting Board Secretary assists the Chairperson of the Board in organizing the Board's activities. He also maintains a conflict of interest register which is available to Directors and other authorities upon written request. The Acting Board Secretary also ensures that Board papers, notices and agendas are circulated to Directors in a timely manner and as per STC's Board Charter, that is, at least five calendar days before a meeting, except for urgent matters. As such, all Directors including the Independent Directors have the opportunity to meet and consult one another prior to board meetings.

The Board of the STC for the Financial Year ended 30 June 2021, was comprised as follows:

Chairperson	
Dr. Ramchandra BHEENICK	
Directors	Representative of
Mr. Jaganathan Parasivam RANGAN	Ministry of Commerce and Consumer Protection
Mr. Ishwarlall BONOMAULLY	Ministry of Finance, Economic Planning and Development
Mr. Koosiram CONHYE (from 26 November 2020)	Ministry of Agro-Industry and Food Security
Mr. Bojrazsingh BOYRAMBOLI (left on 15 October 2020)	
Mrs Madhumattee RAMKHELAWON (from 31 July 2020)	Ministry of Energy and Public Utilities
Mr. Chandradutt ROGBEER (from 1 June 2021)	Mauritius Ports Authority
Mr. Narad DAWOODARRY (Retired 31 May 2021)	
Mr. Feizal JEETOO	Independent Member
Mr. Chetnarain POONEETH	Independent Member
Vacant	Independent Member

Sub-committees of the Board

The Board established its sub-committees for the Financial Year ended 30 June 2021 as follows:



The Board may also establish other committees from among its members to perform specific tasks. The Board shall appoint the members of any Committee.

The Board remains collectively responsible for the decisions and actions taken by any Committee. A Committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board as a whole. Decisions that, by law, must be taken by the Board may not be delegated to a Committee.

Each Committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware. Each Board member has unrestricted access to all Committee meetings and records except in areas of conflict of interest.

The memberships in the above sub-committees have been made on the basis of experience, skills and competencies of members. All Sub-Committees are composed of Directors who have wide experience in the public and private sector at both strategic and operational levels in their respective organizations. Accordingly, the Directors have the right competences and skills in order to undertake and effectively contribute towards the Terms of Reference of the sub-committees and to discharge their responsibilities as Chairperson or members of the Sub-Committees.

The roles and responsibilities of the sub-committees of the Board have been set out in their respective Charters as approved by Board.

The Chairperson for each sub-committees is responsible to ensure the fulfillment of the mandates of each Committee.

1. Audit and Risk Management Committee

- 1.1 The role of the Audit and Risk Management Committee is to assist the Board in fulfilling its oversight responsibilities for the Financial Reporting process, the systems of Internal control and Risk Management, the audit process and STC's process for monitoring compliance with Laws and Regulations.

- 1.2 The Committee Chairperson shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and how it has discharged its responsibilities.
- 1.3 The Audit and Risk Management Committee for the Financial Year ended 30 June 2021, comprised of the following members:

Audit and Risk Management Committee			
Mr I. Bonomaully Chairperson	Mrs M. Ramkhelawon	Mr. C. Rogbeer	Mr. F. Jeetoo

- 1.4 The Committee met twice during the Financial Year ended 30 June 2021 to review the internal and external audit reports as well as reviewing the Financial Statements. Recommendations made, have as far as practicable been implemented forthwith by Management.

2. Corporate Governance Committee

- 2.1 The role of the Corporate Governance Committee is to operate as a Standing Committee of STC Board of Directors. The Committee shall oversee all matters concerning Corporate Governance activities of STC aimed at the promotion and achievement of the objectives and such related matters as may be referred to the Committee by the Board of Directors within the limits of their powers and duties.
- 2.2 The Committee Chairperson shall report formally to the Board after each meeting and make recommendations on all Corporate Governance provisions to be adopted so as to enhance compliance with prevailing governance principles and practices.
- 2.3 The Corporate Governance Committee for the Financial Year ended 30 June 2021, comprised of the following members:

Corporate Governance Committee		
Mr. C. Rogbeer Chairperson	Mr. I. Bonomaully	Mr. C. Pooneeth

- 2.4 No Corporate Governance Committee was held during the Financial Year ended 30 June 2021.

3. Staff and Remuneration Committee

- 3.1 The role of the Staff and Remuneration Committee is to support and maintain a culture within the organisation where the delivery of the highest possible standard of staff management is understood to be the responsibility of everyone working within the system and is built upon partnership and collaboration. Its role is also to ensure that robust arrangements are in place for the implementation of the Staff and Remuneration Governance Standard.
- 3.2 The committee Chairperson shall report formally to the Board on its proceedings after each meeting on all matters.

- 3.3 The Staff and Remuneration Committee for the Financial Year ended 30 June 2021, comprised of the following members:

Staff and Remuneration Committee			
Mr. J. P. Rangan Chairperson	Mr. K. Conhye	Mrs M. Ramkhelawon	Mr. F. Jeetoo

- 3.4 During the Financial Year 30 June 2021, the Staff and Remuneration Committee met 12 (twelve) times.

4. Finance and Investment Committee

- 4.1 The role of the Finance and Investment Committee is to undertake and be responsible for the oversight of budgeting, financial performance, financial strategy, planning and policy and financial reporting.
- 4.2 The Committee Chairperson shall report formally to the Board on its proceedings after each meeting and shall produce an Annual Report to the Board which shall be presented by the Committee Chairperson.
- 4.3 The Finance and Investment Committee as at 30 June 2021, was comprised of the following members:

Finance and Investment Committee			
Mr. K. Conhye Chairperson	Mr. J. P. Rangan	Mr. C. Rogbeer	Mr. C. Pooneeth

- 4.4 During the Financial Year ended 30 June 2021, the Finance and Investment Committee met once.

Board and Sub-Committees Members

The members of the Board and Sub-Committees during the Financial Year ended 30 June 2021 were as follows: -

Name	Board	Audit and Risk Management Committee	Corporate Governance Committee	Staff and Remuneration Committee	Finance and Investment Committee
Dr. R. Bheenick	√				
Mr. J. P. Rangan	√			√	√
Mr. I. Bonomaully	√	√	√		
Mr. K. Conhye	√			√	√
Mrs M. Ramkhelawon	√	√		√	
Mr. C. Rogbeer	√	√	√		√
Mr. C. Pooneeth	√		√		√
Mr. F. Jeetoo	√	√		√	
Vacant					

Attendance on Board and Sub-Committees and Remuneration of Members

Attendance of Board members and Sub-Committees for the Financial Year ended 30 June 2021 was as follows: -

Name	Board	Corporate Governance Committee	Audit and Risk Management Committee	Staff and Remuneration Committee	Finance and Investment Committee	Fees paid to Members (MUR)
Total Number of Meetings	17	-	2	12	1	
Dr. R. Bheenick	17	-	-	-	-	531,000
Mr. J. P. Rangan	16	-	-	12	1	134,255
Mr. I. Bonomaully	9	-	2	-	-	122,240
Mrs P. Rojoa (Alternate)	2	-	-	-	-	890
Mr. K. Conhye	4	-	-	2	1	72,750
Mr. B. Boyramboli (left 15 October 2020)	8	-	-	2	-	41,630
Mrs M. Ramkhelawon	12	-	1	8	-	116,520
Mr. C. Rogbeer	1	-	-	-	-	10,000
Mr. N. Dawoodarry (left 31 May 2021)	8	-	-	-	1	110,815
Mr. S. Ganga (Alternate)	1	-	-	-	-	890
Mr. F. Jeetoo	10	-	2	8	-	128,150
Mr. C. Pooneeth	13	-	-	4	1	124,075

* Note:

1. Mr. B. Boyramboli left on 15 October 2020
2. Mr. K. Conhye was appointed on 26 November 2020
3. Mr. N. Dawoodarry retired on 31 May 2021
4. Mr. C. Rogbeer was appointed on 1 June 2021
5. Directors' remunerations are determined by the Minister

Director's Profile

Dr. Ramchandra Bheenick, M.D. Doctor in Medicine Chairperson

Dr. Ramchandra Bheenick was appointed on the Board of STC on 22 June 2015. He assumed his functions on 1 July 2015.

Dr. R. Bheenick is a senior Medical Practitioner, holds a Diploma in Occupational Safety & Health and a Certificate in Health Services Management. He was the first Mauritian Member of the British Association of Medical Managers.

Dr. R. Bheenick started his career since 1982. He is involved in activities within the medical sector, both public and private sector. Management support and consultancy role to Mauritian enterprises, Health Institutions and to Government Departments since 1987 till now.

He has also been a Member of the Medical Council of Mauritius and President of the Private Medical Practitioners Association in the past.

Presently, he is a MQA Registered Trainer, Tutor and Part-time Lecturer for various instances.

He is also the Chairperson of the Board of BINICO Ltd, Private limited company and a member of the Board of RANK Ltd, Private company.

He is also active in various social and socio cultural organisations.

Mr. Jaganathan Parasivam Rangan, LLB (Hons) UK Permanent Secretary, Ministry of Commerce and Consumer Protection

Mr. Jaganathan Parasivam Rangan was appointed on the Board of STC in December 2019 as representative of the Ministry of Commerce and Consumer Protection. He is also the Chairperson of the Staff and Remuneration Committee and a member of the Finance and Investment Committee, sub-committees of the Board. Mr. Jaganathan Parasivam Rangan does not hold membership on any other Board other than that of STC.

He holds a LLB (Hons) UK, a Diploma in Personnel Management (DPM) and a Diploma in Development Studies.

Mr. Ishwarlall Bonomaully, FCCA, MSc Finance (UOM) Director Economic and Finance, Ministry of Finance, Economic Planning and Development

Mr. Ishwarlall Bonomaully was appointed on the Board of STC in March 2010 as representative of the Ministry of Finance, Economic Planning and Development (MoFEPD). He is also the Chairperson of the Audit and Risk Management Committee and a member of the Corporate Governance Committee, sub-committees of the Board.

He started his career as Inspector of Taxes (then Income Tax Dept.); joined the Management Audit Bureau as Accountant in 1992 and was appointed as Lead Analyst in MoFEPD in 2007. He occupies the post of Director, Economic and Finance as from August 2016.

He is also a member on the following Boards:

- i. Development Bank of Mauritius Ltd (2012)
- ii. Sicom Financial Services Ltd
- iii. Investment Support Programme (ISP) Ltd (2019)

Mr. Bojrazsingh Boyramboli, Diploma in Public Administration and Management (up to October 2020)

Senior Chief Executive, Ministry of Agro Industry and Food Security

Mr. Bojrazsingh Boyramboli was appointed on the Board of STC in May 2018 as representative of the Ministry of Agro Industry and Food Security. He was also the Chairperson of the Finance and Investment Committee and a member of the Staff & Remuneration Committee, sub-committees of the Board.

Professional Journey

- Joined the Public Service in February 1978
- Appointed Executive Officer in April 1982
- Appointed Administrative Officer in September 1987
- Appointed Principal Assistant Secretary in 1991
- Appointed Permanent Secretary in March 2005
- Appointed Senior Chief Executive in September 2018

Skills

- Well versed in administration management
- Good leadership qualities

Mr. Koosiram Conhye, ICOSA, MSc (Finance) (as from November 2020)

Permanent Secretary, Ministry of Agro Industry and Food Security

Mr. Koosiram Conhye was appointed on the Board of STC in November 2020 as representative of the Ministry of Agro Industry and Food Security. He is also the Chairperson of the Finance and Investment Committee and a member of the Staff and Remuneration Committee, sub-committees of the Board.

Mr. Koosiram Conhye is an Associate Member of the Chartered Institute of Secretaries and Administrators (ICOSA), holds a diploma from the Chartered Institute of Marketing (CIM) and an MSc (Finance) from the University of Mauritius.

He joined the public service in February 1981 and has served in various ministries and departments at senior management level for more than two decades. He has also been Administrative Secretary of the Export Processing Zones Development Authority (EPZDA) and Director (Corporate Affairs) at the Board of Investment and has served the Commission of Inquiry on Drugs Trafficking in Mauritius as Secretary.

He has been a part-time lecturer at the University of Mauritius and the University of Technology. His areas of interest are public-sector management.

He has been assigned the duties of Senior Chief Executive since 21 June 2021.

**Mrs. Madhumattee Ramkhelawon, Degree in Public Administration & Management, MBA (General)
Deputy Permanent Secretary, Ministry of Energy and Public Utilities**

Mrs. Madhumattee Ramkhelawon was appointed on the Board of STC in July 2020 as representative of the Ministry of Energy and Public Utilities. She is also a member of the Audit and Risk Management Committee and Staff and Remuneration Committee, sub-committees of the Board.

Mrs. Ramkhelawon holds a Diploma in Public Administration & Management; a Degree in Public Administration & Management and an MBA (General).

She joined the Civil Service in 1988 and has since then acquired an arena of experience through her posting in several Ministries as well as at the Office of the President.

She is currently the Desk Officer for the Mauritius Renewable Energy Agency; Energy Efficiency Management Office; Radiation Safety and Nuclear Security Authority; Central Electricity Board; and is appointed as Commissioner on the Board of the Utility Regulatory Authority.

She is presently also serving on the following Boards and Committees.

- i. Radiation Safety and Nuclear Security Authority; and
- ii. CEB (Facilities) Co. Ltd.

**Mr. Narad Dawoodarry, ICOSA, Master Degree in Public Sector Administrators, CILT (up to May 2021)
Director, Legal & Administrative Services, Mauritius Ports Authority**

Mr. Dawoodarry was appointed on the Board of STC in October 2015. He was also the Chairperson of the Corporate Governance Committee and a member of the Finance and Investment Committee, sub-committees of the Board.

Mr. Dawoodarry obtained his Bachelor Degree in 1979 from the University of Punjab. He was then qualified as a Chartered Secretary from the Institute of Chartered Secretaries and Administrators (UK) in August 1990 before obtaining a Master's Degree in Public Sector Management at the University of Technology, Mauritius in 2003. In April 1991, he was elected as a Chartered member of the then Chartered Institute of Transport (UK) now renamed as the Chartered Institute of Logistics and Transport. He was upgraded as a Fellow of the Chartered Institute of Logistics and Transport since June 2006. He became an Associate Member of the Institute of Professional Managers (UK) in July 1993.

He started his career in the Civil Service in 1981 before taking employment as Administrative Officer with the Embassy of the Republic of Korea from 1988 to 1991. Thereafter, he joined the Trust Fund for Disabled Persons as Secretary/Treasurer until July 1993. He subsequently took up employment with the then Mauritius Marine Authority in August 1993 as Secretary before being promoted to the post of Administration Manager in 1999.

Thereafter in December 2010, he was appointed as Director, Administrative and Legal Services, which has now been restyled as Director, Legal & Administrative Services.

He is a member of the Mauritius Institute of Directors and was appointed as the Secretary of the Ports Association of the Indian Ocean Islands since January 2016.

Mr. Chandradutt Rogbeer, ACMA, CILT, ICAEW, FCA

Corporate Auditor, Mauritius Ports Authority

Mr. Rogbeer was appointed on the Board of STC in June 2021. He is also the Chairperson of the Corporate Governance Committee and a member of the Audit and Risk Management Committee, sub-committees of the Board.

PROFESSIONAL QUALIFICATIONS:

- **Passed finalist** of the Chartered Institute of Management Accountants (**CIMA**)
- **Member** of the Chartered Institute of Management Accountants on (**ACMA**)
- **Member** of the Chartered Institute of Transport and Logistics (**CILT**)
- **Member** of Chartered Institute of Chartered Accountants in England & Wales (**ICAEW**)
- **Fellow** of the Chartered Institute of Chartered Accountants (**FCA**)
- **Achievement** of ICAEW Business and Finance Professional (**BFP**)

He is a member of Mauritius Institute of Professional Accountants (MIPA).

He is also Member of the MIPA Investigation, Disciplinary and Appeal Committee with effect from 22nd February 2021.

He has previously been a member on the following Boards:

- i. Mauritius Sugar Terminal Corporation (January 2000 to 2010)
- ii. Rodrigues Trading & Marketing Company (April 2009 to 2014)
- iii. Mauritius Shipping Corporation (March 2016 to February 2020)

He is presently also serving as member on the Board of Oceanarium Company Limited.

Mr. Chetnarain Pooneeth

Board Member

Mr. C. Pooneeth was appointed on the Board of STC as an Independent Member on 22 June 2015. He is also a member of the Finance and Investment Committee and the Corporate Governance Committee, sub-committees of the Board. Mr. C. Pooneeth does not hold membership on any other Board other than that of STC.

Mr. Feizal Jeetoo

Board Member

Mr. F. Jeetoo was appointed on the Board of STC as Independent Member on 22 June 2015.

He is also a member of the Staff and Remuneration Committee and the Audit and Risk Management Committee, sub-committees of the Board.

He is currently working as Customs House Broker and has his own office. He is also a member of the Customs Brokers Association. Mr. F. Jeetoo does not hold membership on any other Board other than that of STC.

Management Profile

Mr. Rajendra Tagore Servansingh

General Manager (as from June 2021 to date)

Mr. Rajendra Tagore Servansingh was appointed General Manager of the State Trading Corporation on 1 June 2021.

Mr. Servansingh was elected Member of Parliament in Mauritius from 1976 to 1982. He gave up active politics and was engaged in business and consultancy/advisory services. He has a long experience in the Public and Private sectors in Mauritius and was also involved in Casino Industry, Real Estate, Investment Promotion between India and Mauritius and Eastern and Southern African countries.

Below are some of the key positions he held in Mauritius.

- Deputy Secretary General at the Mauritius Chamber of Commerce and Industry
- Regional Director of the Board of Investment of Mauritius based in Mumbai, India
- Chairman of Airports Terminal Operations Ltd (ATOL)
- Acting Chairman of the Competition Commission of Mauritius
- Chairman of the Board of Mind Africa Group
- Chairman of Mauritius Africa Fund

Mr. Servansingh has also been Director on several Boards of private and other governmental organisations over the past years.

Mr. Servansingh holds a Bachelor Degree in Administration from the University of Mauritius.

Mr. Jonathandrarao Ramasamy

General Manager (as from December 2019 to Feb 2021)

Mr. Jonathan Ramasamy was appointed General Manager of the State Trading Corporation on 11 December 2019. He has a career spanning over nearly two decades in the petroleum sector, having worked for renowned petroleum companies. Well versed in the trading of petroleum products thanks to his exposure in the international oil market, his services as a consultant were regularly sought by the STC since 2013. Mr Ramasamy was hence well acquainted with certain operations of the Corporation when he joined as General Manager.

As a Trading Manager, he has trained several persons to gain competencies to operate in the areas of trading, shipping, communication and negotiation. As a consultant, he has successfully assisted clients in the procurement of petroleum products.

Mr. Ramasamy is a holder of a Bachelor Degree with First Class Honours in Mathematics from the University of Mauritius and a Master's Degree in Military Operational Research from Cranfield University, UK.

Mr. Ramasamy was the General Manager of the Corporation up to 19 February 2021.

Mr. R. R. Bapamah, FCCA, MBA
Financial Manager (up to September 2020)

Mr. R.R. Bapamah joined the Department of Supplies in January 1979 as Assistant Supplies Officer. He was appointed as Accounts Clerk in July 1985 and promoted Accounts Officer in March 1987. He occupied the position of Accountant/Senior Accountant as from April 2001. He was appointed as Financial Manager in December 2007.

Mr. Bapamah retired from the service on 1 October 2020.

Mr. P. Soobarah, FCCA, MBA
Financial Manager

Mr. P. Soobarah joined the Department of Supplies in February 1980 as Assistant Supplies Officer. He was appointed as Accounts Clerk in October 1985 and promoted Accounts Officer in November 1987 at the STC. He was then appointed as Accounting Technician in November 2004 and as Accountant/Senior Accountant as from February 2006. The post of Accountant/Senior Accountant was restyled as Assistant Financial Manager, in the PRB Report 2008.

He was assigned the duties of Financial Manager on a long-term basis as from 1 October 2020 to 2 August 2021 until his appointment as Financial Manager on 3 August 2021.

Mr. Chandradeo Dabeea, FCCA, MBA
Commercial Manager (as from 20 August 2020 to date)

He first joined the STC on 3 January 2003 and served the Corporation as Senior Internal Auditor until 1 September 2004 when he left to join the Development Works Corporation as Financial Manager. Mr. C. Dabeea joined again STC on 27 April 2006 as Commercial Manager on a contract basis for three (3) years. He was thereafter appointed on the permanent and pensionable establishment of STC as Commercial Manager effective 8 April 2009. On 16 June 2009, Mr. C. Dabeea resigned from his post to take up employment as Finance Manager at the Airports of Mauritius Co. Ltd.

Mr. C. Dabeea joined anew the STC on 20 August 2020 as Commercial Manager on contractual basis.

Mr. K. Ramdennee, FCCA, MBA
Risk and Treasury Manager

Mr. K. Ramdennee holds an MBA and is a Fellow of the ACCA. He joined STC in January 1987 as Assistant Supplies Officer. He was appointed as Accounting Technician in March 2006 and as Assistant Financial Manager in April 2009 until being nominated as Assistant Risk and Treasury Manager in March 2018.

He was assigned the duties of Risk and Treasury Manager in the absence of the incumbent with effect from 12 March 2020 and was promoted to the post of Risk and Treasury Manager on 8 July 2021. He is also acting as Secretary of the Board from 10 November 2020 till date.

Mrs. K.D. Jugoo, BSc (Hons) Accounting and Finance, FCCA, MBA
Audit Manager

Mrs. K.D. Jugoo joined STC as Senior Internal Auditor in June 2007. Before joining STC, she was Examiner of Accounts at the National Audit Office. From 2006-2007, she worked as Accountant at the Mauritius Society of Authors. The post of Senior Internal Auditor was restyled as Audit Manager, following publication of PRB Report 2008.

Mr. Antesh Krishnah ERRIAH, BSc (Hons) HR Administration, ACCA Affiliate, MBA (General)
Human Resource Manager (as from 1 July 2020 to date)

Mr. Antesh K. Erriah joined the STC on 1 July 2020 as Human Resource Manager. He last worked as HR Manager in a construction company and has, in the past, occupied several posts in the field of Human Resources in different companies. He also worked at the Ministry of Labour and Industrial Relations as Labour Inspector.

Mr. Erriah was appointed on the permanent and pensionable establishment at the State Trading Corporation since 1 July 2021.

Ms. Sharda Bissessur, Postgraduate Diploma in Marketing, MBA General
Assistant Commercial Manager, Officer-in -Charge of Commercial Division

Miss S. Bissessur joined the STC on 29 March 2004 as Commercial Analyst on Contract. She was appointed Commercial Analyst on the permanent and pensionable establishment of STC on 29 March 2006. She was assigned the duties of Officer-In-Charge of the Commercial Division as from 17 May 2018 to 19 August 2020.

Miss S. Bissessur was appointed as Assistant Commercial Manager with effect from 26 June 2019.

Mrs. Enkamah Appalasami, BSc (Hons) Information Technology
Ag. IT Manager

Mrs. E. Appalasami holds a Bsc (Hons) degree in Information Technology from the Guildhall University. She joined STC in March 1990 as Clerical/Higher Clerical Officer and was then appointed as Accounts Clerk in December 1997. She was appointed as Systems Analyst in April 2005 and she has been acting as Information & Technology Manager (ITM) since October 2015.

Mr. A. Poollay Vythelingum, Diploma in Public Administration and Management
Administrative Assistant, Acting Secretary of the Board (up to January 2021)

Mr. A. Poollay Vythelingum hold a Diploma in Public Administration and Management from the University of Mauritius. He joined STC in March 1990 as Clerical /Higher Clerical Officer and has been subsequently appointed as Executive Officer, promoted as Higher Executive Officer and appointed as Administrative Assistant in a career spanning over 20 years. He was also the Acting Secretary of the Board of STC until January 2021.

Mr. Riyaz Ahmad Idris Varsally
Chief Supplies and Sales Officer

Mr. R. A. I. Varsally first joined the Department of Supplies on 27 March 1979 as Assistant Supplies Officer. He was appointed Supplies Officer on 1 December 1995 and promoted as Senior Supplies and Sales Officer on 1 May 2014. He was assigned the duties of Chief Supplies and Sales Officer on a long-term basis as from December 2018 to December 2020 until his appointment as Chief Supplies and Sales Officer on 29 December 2021.

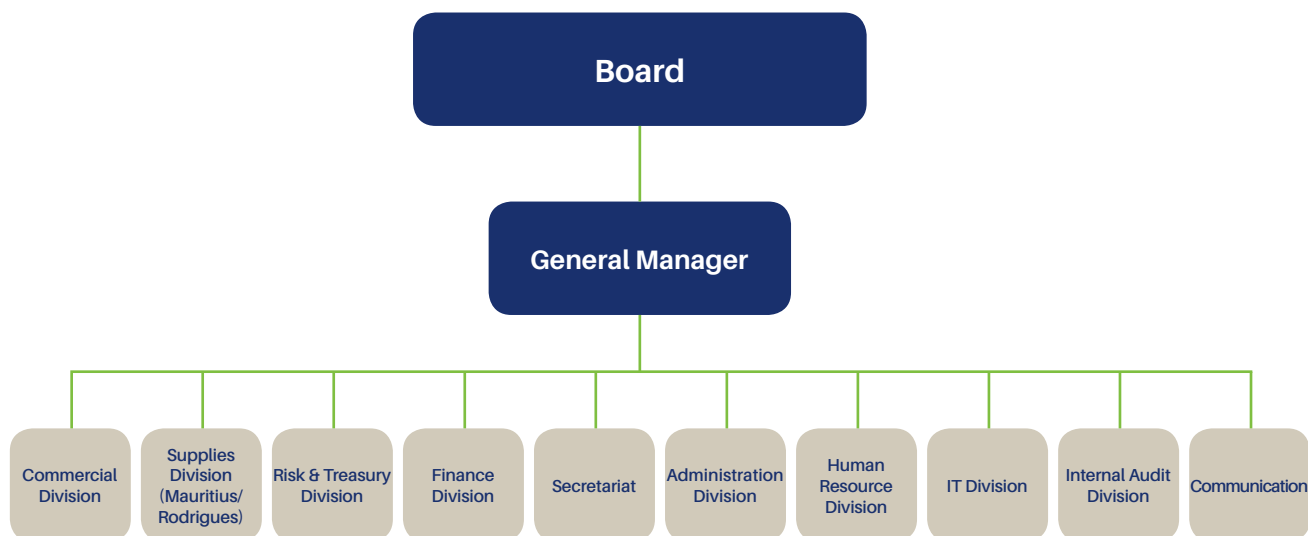
Mr. Krishnamoorti Ragaven
Office Superintendent, Ex-Officer-in-Charge of Administration Division (up to August 2021)

Mr. K. Ragaven joined the STC on 3 January 1986 as Temporary Assistant Supplies Officer. He was later appointed as Clerical/Higher Clerical Officer on 18 September 1986. He was promoted as Executive Officer on 14 August 1996 and was appointed as Higher Executive Officer on 7 June 2005. He was occupying the substantive post of Office Superintendent with effect from 1 October 2012.

Since 11 February 2020, Mr Ragaven was assigned the duties of Officer-in-charge of the Administration Division until his retirement on 26 August 2021.

Organisational Chart

The Organigram of the Corporation is as follows:



The General Manager is responsible for the execution of the policy of the Board and for the control and management of the day-to-day business of the corporation.

The Senior Management team is responsible to ensure effective and efficient management of the Corporation so as to achieve the Organisational objectives. Management is also accountable to the Board for the design, implementation and detailed monitoring of the risk management processes.

The remunerations and conditions of service of Senior Executives of the Corporation are as per PRB.

In order to ensure business continuity, whenever a Divisional Manager has resigned or retired, the second senior-most officer replaces him or her, until the Managerial post is filled following procedures applicable in the public sector.

All appointments at STC, including those at Senior management positions are made in accordance with procedures established in the respective approved scheme of duties and are validated by the Staff and Remuneration Committee, Board and the Parent Minister.

Directors' Responsibilities

It is the Directors' responsibility to prepare financial statements that represent a true and fair view of affairs of the Corporation as at the end of each financial year and the Statement of Financial Performance and Statement of Cash Flow for that period.

Adequate accounting records and an effective system of internal controls and risk management have been maintained. Moreover, an adequate security system has been put in place to ensure protection of data and information of the Corporation.

The STC Act requires an estimate of the revenue and expenditure of the Corporation for the forthcoming financial year to be submitted to the Minister of Commerce and Consumer Protection at least three months before the beginning of the financial year for his approval.

The Corporation is required to prepare and submit to the Auditor, the National Audit Office, an annual statement of financial performance and a statement of financial position made up to the end of the financial year showing the assets and liabilities of the Corporation not later than four months after the end of every financial year according to the Statutory Bodies (Accounts and Audit) Act.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Corporation has to submit a copy of its audited financial statements to the Financial Reporting Council, in accordance with the Financial Report Act 2004.

In preparing the Financial statements, it has been ensured that:

- suitable accounting policies are selected and applied on a consistent basis using reasonable and prudent judgement.
- appropriate accounting standards and International Public Sector and Accounting Standards (IPSAS) have been adhered to in conformity with the changes in presentation.

The Financial Statements have been prepared on a going concern basis and there is no reason to believe that the STC will not continue as a going concern in the year ahead.

Risk Governance, Internal Control, Audit

The Board has the overall responsibility for the Systems of Internal Control and Risk Management as well as the governance practices. In order to discharge these duties, the Board has set up an Audit and Risk Management Committee.

Audit and Risk Management Committee

The Audit and Risk Management Committee assist the Board in fulfilling its oversight responsibilities. It is also the responsibility of the Committee to review the integrity of the financial statements as well as the effectiveness and independence of Internal and External Auditors.

The Committee is chaired by Mr. I Bonomaully, a non-executive Director of STC and who being a Professional Accountant has maintained an independent state of mind in undertaking the functions of the Chairperson of the Audit and Risk Management Committee.

The Committee comprised of 2 Non-Executive Directors, namely Mr. C. Rogbeer (from 1 June 2021) and Mrs M. Ramkhelawon (from 31 July 2020) and 1 Independent Director, Mr F. Jeetoo. The members having long standing experience in various areas such as Management, Finance, Audit, Risk Management, Import/Export and Energy sector, have the right skills and competencies to undertake the responsibilities at Board and Committee level.

The main activities covered by the Audit and Risk Management Committee are as follows:

- Review the risk management process, risk areas and the risk mitigating measures as documented in STC's risk Register. The Risk Register was subsequently reviewed and approved by Board;
- Review the Financial Statements and ensure compliance with applicable standards prior to recommending same for Board approval;
- Review and approve the Internal Audit Plan prepared by the Internal Audit Division;
- Review the Internal control system;
- Examination of reports submitted by the Internal Audit Division and the National Audit Office, STC's External Auditor; and
- Follow up on the implementation of recommendations of National Audit Office and the Internal Audit Division in order to improve existing processes.

Meetings of the Audit and Risk Management Committee and attendance of its members have been disclosed in the section of Corporate Governance. The Committee met only 2 times during the financial year due to Covid-19 related restrictions and precautions.

Risk Management System

Risk Management is an integral part of STC's day to day operations. The Divisional Managers are accountable for managing the risks affecting their operations. The Risk and Treasury Division drives, supports and coordinates the risk management activities of the Corporation.

Annually, a corporate risk assessment is carried out by the Senior Management Team whereby risks are identified based on past experiences and future expectations on evolutions in the internal and external environment. The strategic, financial, operational and compliance risks of the Corporation are considered. Risk mitigation measures/ controls are discussed and defined in STC's Risk Register. The existing Risks Register together with the respective risk profile and control measures are also reviewed.

The amended Risk Register is examined by the Audit and Risk Management Committee and is subsequently approved by the Board. The Risk and Treasury Manager reports to the Audit and Risk Management Committee on STC's Risk Management System.

Internal Audit supports the Risk Management System through evaluation of the effectiveness of risk management strategies and make recommendations for further enhancement, wherever necessary.

Risks and Uncertainties Affecting STC

1. Inherent Risks

This section describes the risks and uncertainties that could have a material adverse effect on STC's activities and financial results.

(i) **Risk of Non-availability of Strategic products**

Nature of Risk	Likelihood	Impact
Risks of non-availability of strategic products	Low	High

STC sources its strategic commodities from foreign suppliers and based on the evolutions on the international market, there is the risk that these products may not be available on the market.

Outbreak of COVID-19, climate change, disruption in the freight market and geopolitical tensions are among the main drivers of scarcity of global essential commodities. This could adversely affect our ability to supply the essential commodities to cater for the needs of the domestic market.

Risk mitigation measure in place is as follows:

Regular monitoring of the evolutions on the market and shipping industry as well as regular contact/monitoring with suppliers to ensure timely supply of products.

Additional measure which may be considered is to carry out an emergency procurement. This may be done with the support of Government, where required.

(ii) **World price fluctuations**

Nature of Risk	Likelihood	Impact
Risk that world prices are not reflected in selling prices of commodities	Medium	Medium

STC's traded commodities are subject to fluctuation in prices on the world market. The subsidised selling prices of the essential strategic commodities are fixed by Government and may not correlate to the world price changes. Increases in procurement prices that are not reciprocated on the selling prices affect the liquidity position of the Corporation.

Risk mitigation measures in place are as follows:

To prepare cash flow forecast and monitor evolution of world prices.

Regularly inform Government of price evolution so that necessary adjustment to selling prices, can be made.

2. Principal Risks

The principal risks, as recorded in the Risk register are shown below together with their control measures.

Risk Category	Nature of Risk	Likelihood	Impact	Control Measures
Strategic	There is a risk of stock-out of strategic commodities due to severe disruption in the supply-chain.	Low	High	<p>The following control measures in place at STC:</p> <ul style="list-style-type: none"> i. Warehouse for storage of commodities such as rice and flour; ii. Rental facility for storage of LPG iii. Storage Facility for petroleum products iv. STC has a reorder level and reorder quantity already established for its strategic products. <p>Moreover, additional storage facility will be built up in the future in order to further mitigate the risk of stock-out.</p>
Strategic	Risks of Supplier failing to perform or non-availability of vessel and containers	Low	High	STC requires a performance guarantee from its suppliers as a commitment for ensuring supply for all products.
Operational	Risk of Product contamination when Rice and Flour.	Medium	High	As a control measure for these risks, STC carries out fumigation of containers received from overseas suppliers and there are strict verification control procedures put in place on receipt of goods. Rice and Flour are stacked separately.
	Loss of Key Competencies which can lead to disruption in business continuity	High	High	STC structure provides for the post of an assistant manager in each key division who replaces the substantive Manager as and when required. Furthermore, training and development is provided to staff for capacity building.
Financial	STC runs the risk of funds being unavailable to effect payment to suppliers of strategic products on due dates	Low	Medium	STC prepares cash flow forecast on a rolling basis to identify any shortfall of funds. STC can have recourse to available standby line of credit whenever required. The Corporation also procures foreign currencies and transfer same one day before due dates to the Bank effecting the payment as a precautionary measure.
Compliance	Access to documents and files by unauthorised party	Medium	High	STC has a streamline procedure for access to server & file. There is also the use of password which is changed at regular intervals.

The Residual Risks which remain following implementation of the control measures are within the tolerable level of STC and do not affect business continuity. The Corporation has an effective internal control system that monitors the residual risks.

Internal Audit

The Corporation comprises of an Internal Audit Division which provides independent assurance to the Board and Management on the adequacy and operational effectiveness of the Internal control and the risk management systems as well as the governance processes.

The risk management system and the control environment are assessed based on the COSO framework. Areas requiring improvements are highlighted and recommendations are made for enhancement of existing processes. The Internal Audit Division carries out their duties in compliance with the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The Internal Audit Division is headed by an Audit Manager who is a Professional Accountant and she is assisted by a team consisting of qualified and semi qualified accountants, with audit experience and exposure in a commercial environment. Internal Audit Division has a defined audit methodology and actively uses technology as a tool to perform audit testing.

In order to ensure the independence and objectivity of the Internal Audit function, the Audit Manager reports to the Audit and Risk Management Committee, a sub-committee of the Board which is chaired by a Non-Executive Director. The Audit Manager has ready and unrestricted access to the Chairperson of the Audit and Risk Management Committee and the Board.

The Audit Manager attended the Audit and Risk Management Committees held during the financial year.

The Internal Audit Division carried out its functions in accordance with a risk-based audit plan which was approved by the Audit and Risk Management Committee. The areas covered were as follows

Regular audit:

- Procurements, Sales, Staff cost, Cash/Bank, Packing and Distributions, Stores Management.

Rotational audit:

- Assets & Stock Management, IT system, Internal Control system, Risk management system, Corporate governance review, Receivables and Payables.

New projects whenever undertaken by the Corporation are also subject to audit.

The Officers of the Internal Audit Division and the External Auditors are authorized full, free and unrestricted access to all records, physical properties and personnel, pertinent to carrying out of audit.

The Audit and Risk Management Committee examined the findings of the internal Audit Division, along with the recommendation made. Follow ups on the implementation of the audit recommendations were made and progress were reported to the Committee to ensure that audit findings are addressed in a timely manner.

The Internal Audit Division continuously assesses emerging risks and vulnerabilities and provides its contribution to enhance controls and mitigate risks.

External Audit

The National Audit Office is STC's External Auditor.

With regard to external audit, the Audit and Risk Management Committee performed the following duties:

- obtained the assurance on the adequacy of the accounting records;
- obtained the assurance that the officers of the National Audit Office were authorized full, free and unrestricted access to all records, physical properties and personnel pertinent to carrying out of the audit.
- discussed major findings which arose during the audit, key accounting and audit judgements, levels of errors identified during the audit; and
- reviewed the management letter and management's response to the auditor's findings and recommendations.
- Follow ups on the implementation of the audit recommendations to ensure that audit findings are addressed in a timely manner.

Auditors independence and effectiveness

The Audit and Risk Management Committee met the Audit Manager and Officers of the National Audit Office to discuss audit findings, in the absence of the General Manager of STC. The National Audit Office did not perform any non-audit services for the Corporation and it is noted that the Head of the Audit Team from the National Audit Office are subject to rotation after around 5 years, in order to maintain the objectivity, independence and effectiveness of the audit exercise.

The Committee assessed and reviewed the risk-based audit plan of the Internal Audit Division, its audit findings and recommendations. The staffing, reporting line and accessibility to information was also assessed to ensure that the Internal Audit Division performs its function in an effective and independent manner.

Reporting to Board and other considerations

The Audit and Risk Management Committee reports important matters to the Board. Over the years, STC has developed sound systems of the Internal Control and Risk Management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business.

During the financial year ended 30 June 2021, there was no case of conflict of interest in respect of matters discussed at Board level and STC has not faced any Environmental, Health and safety nor Social issue which could have a material impact on the Corporation.

STC's key Stakeholders, that is, the Parent Ministry and the Government, have also been consulted regarding key matters relating to the Corporation. Communications are kept with major stakeholders of the Corporation, namely Oil Companies, Bakers Association, Banks, Suppliers of goods and services, legal persons and representatives of employees (Unions) among others through meetings, emails, telephone conferences and letters.

The Directors confirm that STC has adhered to the requirements of the Code of Corporate Governance and other applicable Regulatory requirements. It is also confirmed that the Financial Statements comply with the Statutory Bodies (Accounts and Audit) Act as amended in 2017.

Related Party Transactions

In line with Government decision, the State Trading Corporation, wholly owned by the Government of Mauritius sells Petroleum Products (Fuel Oil) to the Central Electricity Board (CEB) which is equally owned by the Government of Mauritius. Sales of goods to CEB are made at market related prices.

Disclosures with respect to sales to CEB, Board members' fees and compensation to key Management Personnel are provided in the Notes to the Financial Statement.

The Financial Statements were approved by the Board on 7 July 2022.

"APPROVED BY THE BOARD OF DIRECTORS AND SIGNED ON ITS BEHALF"



Dr R. Bheenick
Chairman



I. Bonomaully
Board Member

Statement of Compliance

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

Name of PIE: State Trading Corporation

Reporting Period: 1 July 2020 to 30 June 2021

We, the Directors of the State Trading Corporation (STC), confirm that to the best of our knowledge, the STC has complied with all of its obligations and requirements under the Code of Corporate Governance.

Compliance with the National Code of Corporate Governance for Mauritius (2016)

We also confirm that STC has applied the eight principles of National Code of Corporate Governance:

- Governance Structure (*refer to page 20*)
- The Structure of the Board and its Committees (*refer to pages 22-32*)
- Director Appointment Procedures (*refer to pages 22-23*)
- Director Duties, Remuneration and Performance (*refer to pages 31-43*)
- Risk Governance and Internal Control (*refer to pages 44-50*)
- Reporting with integrity (*refer to page 20*)
- Audit (*refer to pages 50-51*)
- Relations with Shareholders (*refer to pages 22-26*)

Signed by:



Dr R. Bheenick
Chairman



I. Bonomaully
Board Member



National Audit Office

Report of the Director of Audit to the Board of the State Trading Corporation

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the State Trading Corporation, which comprise the statement of financial position as at 30 June 2021 and the statement of financial performance, statement of changes in net assets/equity, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the State Trading Corporation as at 30 June 2021, and of its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report. I am independent of the State Trading Corporation in accordance with the INTOSAI Code of Ethics, together with the ethical requirements that are relevant to my audit of the financial statements in Mauritius, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 25 to the financial statements which states that following the judgment of the Privy Council in the Betamax case, the State Trading Corporation paid damages amounting to Rs 5.5 billion in June 2021. Thereafter, claims for costs were lodged against the State Trading Corporation in the Supreme Court of Mauritius and at the Privy Council. The amount to be paid had not yet been finalised and no provision was made in the financial statements in respect of the claims.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the State Trading Corporation, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the State Trading Corporation'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 intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the State Trading Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State Trading Corporation'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 State Trading Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the State Trading Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Management's Responsibilities for Compliance

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible to ensure that the State Trading Corporation's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements.

Auditor's Responsibilities

In addition to the responsibility to express an opinion on the financial statements described above, I am also responsible to report to the Board whether:

- (a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit;
- (b) the Statutory Bodies (Accounts and Audit) Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with;
- (c) in my opinion, and, as far as could be ascertained from my examination of the financial statements submitted to me, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence;
- (d) in my opinion, the State Trading Corporation has been applying its resources and carrying out its operations economically, efficiently and effectively; and
- (e) the State Trading Corporation has complied with the National Code of Corporate Governance in accordance with the Financial Reporting Act.

I performed procedures, including the assessment of the risks of material non-compliance, to obtain audit evidence to discharge the above responsibilities.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Statutory Bodies (Accounts and Audit) Act

I have obtained all information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.

As far as it could be ascertained from my examination of the relevant records, the State Trading Corporation has complied with the Statutory Bodies (Accounts and Audit) Act and the directions of the responsible Minister in so far as they relate to the accounts.

Based on my examination of the records of the State Trading Corporation, nothing has come to my attention that causes me to believe that:

- (a) expenditure incurred was of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and
- (b) the Corporation has not applied its resources and carried out its operations economically, efficiently and effectively.

Financial Reporting Act

My responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From my assessment of the disclosures made on corporate governance in the annual report, the State Trading Corporation has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Consumer Protection (Price and Supplies Control) Act

Section 4 of the Consumer Protection (Control of Price of Petroleum Products) Regulations made under the Consumer Protection (Price and Supplies Control) Act provides that the State Trading Corporation shall set up, for the purpose of stabilising the retail price of a petroleum product, a Price Stabilisation Account:

- (a) into which any surplus in respect of every consignment of petroleum product and any windfall gain arising out of an increase in the retail price shall be credited; and
 - (b) out of which any deficit in respect of every consignment of a petroleum product and any windfall loss arising out of a decrease in the retail price shall be debited.
- In the financial year 2020-21, Rs 800 million was transferred from the item "Contribution to the construction of storage facilities for petroleum products" to the Price Stabilisation Account.
 - The Consumer Protection (Control of Price of Petroleum Products) Regulations were amended in April 2020 in order to include in the price structure a contribution to the COVID-19 Solidarity Fund. The date of remittance of the revenue collected by the State Trading Corporation in respect of the COVID-19 Solidarity Fund was deferred to 15 August 2020. Some Rs 500 million collected for the period April 2020 to August 2020 were credited to the Price Stabilisation Account.



C. ROMOOAH
Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS

6 October 2022





FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		30 June 2021	30 June 2020
	Notes	MUR	MUR
ASSETS			
Current Assets			
Cash and Cash Equivalent	5	959,011,997	2,705,580,201
Receivables	6	2,639,070,571	7,447,376,494
Inventories	7	570,623,183	429,040,598
Total Current Assets		4,168,705,751	10,581,997,293
Non Current Assets			
Investments	8	23,684,228	20,725,741
Investment in Associate	8	79,432,949	64,191,068
Property, Plant and Equipment	9	275,343,206	276,398,553
Intangible Assets	10	5,658,365	3,763,041
Total Non Current Assets		384,118,748	365,078,403
Total Assets		4,552,824,499	10,947,075,696
LIABILITIES			
Current Liabilities			
Payables	11	1,148,924,503	7,068,106,149
Employee Benefits	12	17,381,840	6,566,908
Lease Liability-Leasehold Land		320,787	-
Total Current Liabilities		1,166,627,130	7,074,673,057
Non Current Liabilities			
Net Defined Benefit Liability	13	160,360,480	75,673,863
Employee Benefits	12	44,724,395	58,229,215
Lease Liability-Leasehold Land		9,971,799	-
Total Non Current Liabilities		215,056,674	133,903,078
Total Liabilities		1,381,683,804	7,208,576,135
Net Assets		3,171,140,695	3,738,499,561
NET ASSETS/EQUITY			
Contributed Capital	14	400,000	400,000
Accumulated Surplus		2,364,731,281	2,899,765,899
Reserve Funds	15	806,009,414	838,333,662
Total Net Assets/Equity		3,171,140,695	3,738,499,561

Notes 1 to 27 form an integral part of these Financial Statements. The Financial Statements were approved by the Board on 7 July 2022.



Dr R. Bheenick
Chairman



I. Bonomaully
Board Member

STATEMENT OF FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		30 June 2021	30 June 2020
	Notes	MUR	MUR
Revenue			
Revenue from Exchange Transactions	16	17,640,456,427	23,923,885,330
Revenue from Non Exchange Transactions:			
Gain/Loss on Foreign Exchange	17	65,423,760	308,344,969
Contribution for Subsidy on LPG, Rice and Flour	17	1,484,518,203	920,863,468
Other Revenue	18	24,601,726	4,680,511,783
Sundry Income Medical Equipment	22	-	1,040,519,413
Total Revenue		19,215,000,116	30,874,124,963
Expenses			
Cost of Sales	19	(19,457,660,724)	(24,942,217,934)
General Administrative Expenses	20	(209,814,942)	(225,366,483)
Finance Costs	21	(1,209,428)	(11,423,560)
Compensation for Breach of Contract	25	-	(5,552,813,110)
Depreciation	9, 10	(17,343,120)	(18,949,737)
Sundry Expenses-Medical Equipment	22	-	(1,040,519,413)
Total Expenses		(19,686,028,214)	(31,791,290,237)
Deficit for the Year		(471,028,098)	(917,165,274)

	Contributed Capital	Accumulated Surplus	Subsidy Reserve Fund	Infrastructure Development Reserve Fund	Reserve Funds			Total Equity
	MUR	MUR	MUR	MUR	Strategic Stock Reserve Fund	Price Stabilisation Account (PSA)	MUR	MUR
Balance as at 1 July 2019 (comparative)	400,000	4,062,089,672	135,619,185	546,013,717	138,893,232	534,708,133	5,417,723,940	
Subsidy utilized during the year		135,619,185	(135,619,185)	285,979,911			285,979,911	-
Amount collected during the year		15,899,423		(15,899,423)			-	-
Transfer from Infrastructure Development Fund for investment in MOST		138,893,232			(138,893,232)		-	-
Financing of stock of Mogas and Gas Oil in MOST						(512,468,676)	(512,468,676)	(512,468,676)
Movement in PSA		(917,165,274)					(917,165,274)	(917,165,274)
Deficit for the 12-month ended 30 June 2020		(500,000,000)					(500,000,000)	(500,000,000)
Dividend Paid		(35,570,339)					(35,570,339)	(35,570,339)
Remeasurement of pension as per Statement from SICOM Ltd								
Balance as at 30 June 2020	400,000	2,899,765,899	-	816,094,205	-	22,239,457	3,738,499,562	
Prior Year Adjustment-revision of useful life of assets		6,393,246					6,393,246	6,393,246
Prior Year Adjustment-Leasehold Land		1,473,686					1,473,686	1,473,686
Balance as at 1 July 2020	400,000	2,907,632,831	-	816,094,205	-	22,239,457	3,746,366,494	
Amount collected during the year				295,251,847			295,251,847	295,251,847
Transfer from Infrastructure Development Fund for investment in MOST		15,241,881		(15,241,881)			-	-
Transfer to PSA				(800,000,000)		800,000,000	-	-
Movements in PSA						(312,334,215)	(312,334,215)	(312,334,215)
Deficit for the 12-month ended 30 June 2021		(471,028,098)					(471,028,098)	(471,028,098)
Remeasurement of Pension as per Statement from SICOM Ltd		(87,115,333)					(87,115,333)	(87,115,333)
Balance as at 30 June 2021	400,000	2,364,731,281	-	296,104,171	-	509,905,242	3,171,140,695	

CASHFLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	30 June 2021	30 June 2020
	MUR	MUR
Cash flows from Operating Activities		
Deficit for the Year	(471,028,098)	(917,165,274)
Price Stabilisation Account	(312,334,215)	(512,468,676)
Retirement Benefit Obligations	(2,428,716)	(10,786,681)
Investment income recognised in Statement of Financial Performance	(225,860)	(202,056)
Gain on sale or disposal of property, plant and equipment	(476,083)	(33,493)
Gain on Investment	(2,958,487)	(4,538,157)
Depreciation of non-current assets	17,343,120	18,949,738
Effects of Exchange Rate changes on the balance of Cash /Lines of Credit held in foreign currencies	(46,825,840)	(111,584,044)
Interest Receivable	(20,850,350)	(74,214,256)
Interest Payable	1,209,428	11,423,560
	(838,575,101)	(1,600,619,339)
Movements in Working Capital		
(Increase)/Decrease in trade and other receivables	4,806,225,431	(4,585,316,658)
(Increase)/Decrease in inventories	(141,582,586)	64,662,057
Increase/(Decrease) in trade and other payables	(5,919,181,649)	5,302,704,911
Increase/(Decrease) in Employee Benefits	(2,689,888)	1,420,555
Net Cash generated from operating activities	(2,095,803,793)	(817,148,474)
Cash flow from investing activities		
Interest received	22,930,843	78,924,361
Dividend Paid to Government	-	(500,000,000)
Acquisition of Non Current Assets	(43,391)	(590,694)
Financing of Investment in MOST	(15,241,881)	(15,899,423)
Investment revenue recognised in Statement of Financial Performance	225,860	202,056
Proceeds from disposal of Non Current Assets	495,897	85,483
Net cash (used in)/generated by investing activities	8,367,328	(437,278,217)
Cash flow from financing activities		
Amount collected under Infrastructure Development Fund	295,251,846	285,979,911
Proceeds from borrowings	5,155,535,940	7,739,541,840
Repayment of borrowings	(5,112,784,557)	(7,658,933,045)
Interest paid	(1,209,428)	(11,423,560)
Net cash generated from financing activities	336,793,803	355,165,146
Net(decrease) in cash and cash equivalents	(1,750,642,662)	(899,261,545)
Cash and cash equivalents at the beginning of the year	2,705,580,201	3,573,866,496
Effects of Exchange Rate changes on the balance of cash held in foreign currencies	4,074,458	30,975,250
Total Cash and cash equivalents at the end of the year	959,011,997	2,705,580,201

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

PARTICULARS	Original Budget 1 July 2020 - 30 June 2021 (Note i)	Revised Budget 1 July 2020 - 30 June 2021 (Note ii)	Actual 1 July 2020- 30 June 2021	Difference (Note iii)	Remark
	MUR 000	MUR 000	MUR 000	MUR 000	
Revenue from Exchange Transactions	28,345,410	20,820,274	17,640,456	(3,179,818)	*see next page
Cost of Sales	(29,154,672)	(22,755,653)	(19,457,661)	3,297,992	*see next page
Gross deficit	(809,262)	(1,935,379)	(1,817,205)	118,174	
Contribution to Subsidy on LPG, Rice and Flour	1,149,614	1,721,376	1,484,518	(236,858)	Based on quantity sold.
Other Revenue	37,010	43,300	24,602	(18,698)	
Revenue from Non Exchange Transaction	-	34,689	65,424	30,735	
Staff Costs- Salaries and Employee Benefits	(193,996)	(184,748)	(139,193)	45,555	
Supplies and Consumables	(17,053)	(13,992)	(13,156)	836	
Utilities	(6,152)	(6,055)	(6,327)	(272)	
Rent & Lease	(13,160)	(12,527)	(12,541)	(14)	
Repairs and Maintenance	(14,673)	(11,879)	(12,463)	(584)	
Other Adm. Expenses	(97,148)	(19,281)	(26,135)	(6,854)	
Depreciation	(49,499)	(21,678)	(17,343)	4,335	
Interest Payable	(15,000)	(5,000)	(1,209)	3,791	over provided
Net Deficit for the Year	(29,319)	(411,174)	(471,028)	(59,854)	

PARTICULARS	Original Budget 1 July 2020 - 30 June 2021 (Note i)	Revised Budget 1 July 2020 - 30 June 2021 (Note ii)	Actual 1 July 2020- 30 June 2021	Difference (Note iii)	Remark
Office Equipment & Furniture	6,000	-	-	-	
Plant and Machinery	45,000	7,100	-	7,100	
Information Technology	11,500	-	43	(43)	
Motor Vehicles	3,200	4,700	-	4,700	
Building	-	-	-	-	
Warehouse in Mauritius	800,000	-	-	-	Projects not yet materialised
Warehouse in Rodrigues	200,000	-	-	-	
TOTAL	1,065,700	11,800	43	11,757	

Note:

- (i.) Represents the original budget of the Corporation for the Financial year ended 30 June 2021 approved in May 2020.
- (ii.) Represents the revised budget of the Corporation for the Financial Year ended 30 June 2021 approved in February 2021.
- (iii.) Represents the difference between revised budget for the Financial Year ended 30 June 2021 and actual revenue and expenses on a comparable basis.
- (iv.) The Financial Statements as well as the Budget are prepared on an accrual basis.

* The actual turnover and cost of sales figures differ from the budgeted figures mainly due to the movement of world prices of Petroleum Products and LPG which are the main components of STC's business as well as exchange rate fluctuations as all the products purchased by the Corporation are paid in US Dollar.

In accordance with STC Act 1982, the Corporation submits to the Minister, an estimate of its revenue and expenditure for a Financial Year, three months before the beginning of that Financial Year.

Budgetary and Classification Basis

The estimates are based on certain assumptions such as available contract prices, estimated volume, exchange rates and world prices of Petroleum Products. The budgets are prepared on an accrual basis. In the approved budget, items are classified on the same basis as is adopted in the Financial Statements by economic nature.

Changes from Original to Final Budget

The original Budget for the Financial Year ended June 2021 approved by the Board of STC in May 2020 as per statutory requirement, was based on information available at that time. Thereafter, in February 2021, the document was revised based on actual data available and updated figures and events such as exchange rate fluctuation, quantity, new contract purchase prices for Rice, Flour, LPG, Petroleum Products and also revision in selling prices.

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION

The State Trading Corporation (STC) is a parastatal body wholly owned by the Government of Mauritius and reporting to the Ministry of Commerce and Consumer Protection. Established and regulated by the STC Act of 1982, its principal place of business is 55, Business Zone, Ebene Cybercity 72201, Ebene, Reduit, Mauritius. STC is engaged in the importation of essential commodities such as Petroleum Products, Liquefied Petroleum Gas, Rice and Flour and any such commodity as the Government may decide.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Statement of Compliance

These Financial Statements have been prepared on an accrual basis as Government has always implicitly supported STC. The accounting policies have been applied consistently throughout the period. The Financial Statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The measurement base applied is historical cost adjusted for revaluations of assets.

ii) Basis of preparation

The Financial Statements have been prepared in accordance with and comply with IPSAS. STC first adopted the IFRS to prepare its Financial Statements for year ended June 2007. Thereafter, following amendment in the Statutory Bodies (Accounts and Audit) Act in 2010, IPSAS was adopted for years 2011, 2012 and 2013.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The principal accounting policies adopted are set out below.

These Financial Statements are presented in Mauritian Rupees because that is the currency of the primary economic environment in which the Corporation operates and all the figures have been rounded to the nearest rupee.

The Statutory Bodies (Accounts and Audit) Act was further amended in 2013 and required STC to report under IFRS. Further amendments have been brought to the Statutory Bodies (Accounts and Audit) Act and Financial Reporting Act in the Finance (Miscellaneous provision) Act in 2017 and requires STC to prepare its Financial Statements under IPSAS.

IPSAS NOT YET EFFECTIVE

The following IPSAS have been issued but not yet effective:

IPSAS	Title	Date Issued	Effective Date
IPSAS 41	Financial Instruments	Aug 2018	1 Jan 2022
IPSAS 42	Social Benefits	Jan 2019	1 Jan 2022

Impact of not adopting the above IPSAS is still being assessed.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

iii) Accounting Period

The Financial Statements for the current financial year have been prepared for the twelve months ended 30 June 2021.

iv) Cash and Cash Equivalent

Cash and Cash equivalent include cash in hand, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to cash and subject to insignificant risk of changes in value.

v) Trade Receivables

Trade receivables do not carry any interest and are stated at their nominal value. The carrying amount of trade receivables is adjusted to reflect any impairment loss at reporting date and is reduced when a trade receivable is uncollectible.

vi) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories has been assigned by using the first-in first-out basis (FIFO).

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

STC is a shareholder of the Mer Rouge Oil Storage Terminal Co. Ltd (MOST), a petroleum tank farm which has a storage capacity of 15,000 MT of Mogas and 10,000 MT of Gas Oil. The terminal, constructed at the cost of MUR 595 million was commissioned in April 2018. During the period July 2020 to June 2021, STC has invested an amount of MUR 15.2 million in the company.

Following the construction of storage tanks at the Mer Rouge Oil Storage Terminal Co. Ltd (MOST), STC keeps stock of petroleum products held at the end of the Financial Year 2020-2021 in those tanks and same has been accounted in the Financial Statements.

With the implementation of this storage project, the country's buffer stock level (time interval between the arrival of two tankers) has improved from 2 to 33 days for Mogas and from 10 to 27 days for Gas Oil.

vii) Investment

For the purpose of measurement, these investments have been categorised as financial assets at fair value through Statement of Financial Performance.

viii) Investment in Associate

An associate is an entity over which the entity has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost as adjusted for post-acquisition changes in the Corporation's share of the net assets of the associate, less any impairment in the value of individual investment.

Financial Instruments

Financial Assets and Liabilities are recognised in the Statement of Financial Position when the Corporation has become a party to the contractual provisions of the instrument.

Fair Value Measurement

The entity held investments in Landscape (Mauritius) Ltd and Africa Export-Import Bank (Afrexim Bank), categorised as financial assets at Fair value through statement of Financial Performance.

The Corporation enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognized in the Statement of Financial Performance immediately.

STC's accounting policies in respect of the main financial instruments are as follows:

Held-to-maturity Investments

Investments with fixed payments at maturity dates, that the STC has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

ix) Property, Plant and Equipment

Building (held for administrative purpose), Plant and Equipment are stated in the Statement of Financial Position at cost less accumulated depreciation.

The minimum value of an individual item to be treated as a Non-Current Asset has been set at MUR 40,000 with effect from Financial Year 2014.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, on a pro rata basis in the year of acquisition and disposal using the straight-line method, on the following bases:

	Rate (%)
Motor Vehicles	7 - 20
Computer System	7 - 20
Office Equipment and Furniture	6 - 10
Plant and Machinery	6 - 10
Building	2

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the net book value of the asset and is recognised in Statement of Financial Performance.

x) Intangible assets

Computer software and ERP

Computer software are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised over their estimated useful lives of 5 years. Costs associated with developing or maintaining computer software are recognised as an expense as incurred.

xi) Trade and Other Payables

Trade and other payables are stated at their nominal value and are not interest bearing.

xii) Employee Benefits

The Corporation as well as its employees contribute to two separate pension schemes managed by SICOM Ltd for:

1.1. Defined Benefit Pension Plan for permanent employees up to 31 December 2012.

1.2. Defined Contribution Pension Plan for new entrants as from 1 January 2013.

Contributions to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined Benefit Pension Plan

Contributions in respect of employees who were on Permanent and Pensionable Establishment at 31 December 2012, were paid in a Defined Benefit Pension Plan managed by SICOM Ltd.

IPSAS 39 specifies that all gains and losses should be recognized immediately. All actuarial gains and losses that arise when a company changes its estimate of the Defined Benefit Obligations (DBO) or plan assets should be recognized. Any cost arising from plan amendment needs also to be recognized immediately. There will be no more unrecognized past service cost. Re-measurements are now recognised in the in the net assets/equity in the period in which they occur and that a net defined benefit liability is recognised in case there is a surplus of assets over the liabilities.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The retirement benefit obligation recognized in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The contribution in the Defined Benefit Pension Plan managed by SICOM Ltd for the period July 2020 to June 2021 was MUR 14.8 million out of which MUR 11.3 million has been contributed by the Corporation and the remaining MUR 3.5 million by its employees.

Defined Contribution Pension Scheme

The 2013 PRB report has recommended the implementation of a contributory Defined Contribution (DC) Pension Scheme for new entrants as from 1 January 2013. The pension plan is managed by SICOM Ltd. Under a DC Scheme, usually the pension benefit at retirement is not known in advance as it will depend on the level of contributions made which in turn depend on the salaries of each employee during his employment, the level of investment returns earned on these contributions and the cost of converting the sum built up into a pension at time of retirement.

Once a full time and permanent employee joins the DC Scheme set up for the Public Sector, an account in his respect will be opened. The account will be credited each month with cash contributions both from the employer and the employee. These cash contributions net of expenses will be invested in order to build up a sum which will buy the employee a pension on retirement.

The contribution in the Defined Contribution (DC) Pension Scheme managed by SICOM Ltd for the period July 2020 to June 2021 was MUR 3.4 million out of which MUR 2.2 million was contributed by the Corporation and the remaining MUR 1.2 million by its employees.

Employee leave entitlement

Employee entitlements to bank sick leave, vacation leaves and Passage Benefits as defined in the PRB Report (the regulatory body for determining remuneration of STC employees) are recognised when they accrue to employees.

Employees are allowed to accumulate sick leaves not taken at the end of each calendar year up to a maximum of 110 days, in a sick leave bank. The balance of bank sick leaves is valued at the end of the financial year and is recognized as long term payables. Beyond this ceiling of 110 days, officers are refunded part of the annual entitlement of sick leaves not taken at the end of every calendar year and is expensed to the Statement of Financial Performance.

Vacation leave is paid break from duty of longer duration for recreational, cultural or religious purposes. The balance of vacation leaves is valued at the end of the financial year and is recognized as long term payables.

A provision is made for the estimated liability for passage benefits. The passage benefits for each staff are valued at year end and are included as long term payables. The annual increase in passage benefits representing amount earned for each eligible officer during the financial year, is expensed to the Statement of Financial Performance.

xiii) Leases

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

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

- **Finance Lease**

STC had a finance lease of land for its Administrative block at Ebene with Landscape (Mauritius) Ltd. The lease term is for 28 years.

- **Operating Lease**

As at reporting date, the Corporation had three lease agreements as follows:

- One lease agreement for warehouse at Shed A.
- One lease agreement for warehouse at Roche Bois.
- One lease of land for its Office and Staff Residence Complex at Camp du Roi in Rodrigues.

xiv) Revenue Recognition

Revenue from Exchange Transactions

Revenue is measured at the fair value of the consideration received or receivable. Sales of goods are recognised when goods are delivered and titles have been transferred to the buyer. Interest income is accrued on a time basis.

In accordance with Value Added Tax Act, all products sold by the Corporation for the Financial Year ended 30 June 2021 are Taxable supplies. As such revenue is accounted net of Value Added Tax (VAT). Revenue from sales of goods is recognised when all the following conditions are satisfied:

- The organisation has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Revenue from Non Exchange Transaction

Revenue from Non exchange transactions are those where the Corporation receives an inflow of resources but provides no or nominal direct consideration in return. It includes mainly Gain and Loss on foreign transactions.

xv) Foreign Currencies

The Organisation is exposed to certain foreign currency exchange, credit, interest rate and liquidity risks. Transactions in currencies other than Mauritian Rupees are recorded at the rates of exchange prevailing on the dates of the transactions.

At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are recognised in Statement of Financial Performance in the period in which they arise.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The Corporation procures all goods for resale in Foreign Currency. During the Financial Year ended 30 June 2021 about USD 403.7 million was paid for purchase of commodities for resale. Any fluctuation in the exchange rate by MUR 1 will impact the cost of sales by MUR 403.7 million.

xvi) Loans

Loans comprise advances made to employees for the acquisition of motor cars and bear interest at the rate of 4%. The repayment of the loans is effected within a period of 5 or 7 years.

xvii) Impairment

At each reporting date, the Corporation reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of the fair value less costs to sell, and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately. Following an impairment survey carried out, no impairment charge has been recognized during the current financial period.

xviii) Provisions

Provisions are recognised when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

xix) Pricing

Prices of commodities sold by the Corporation are fixed by Government in accordance with the Consumer Protection Regulations and by STC. In order to adhere to Government policy

of selling products of basic necessity namely Rice, Flour and LPG for domestic consumption at affordable prices, the Corporation meets any shortfall on these products.

xx) Tax

The Corporation is exempted from payment of tax under section 22 of the State Trading Corporation Act 1982.

xxi) Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

3. RISK MANAGEMENT POLICIES

A description of the various risks to which the Corporation is exposed is shown below as well as the approach taken by management to control and mitigate those risks.

i) Credit risk

Credit risk relates to the possibility of default by customers in settling their obligations to the Corporation. The Corporation transacts only with customers having a good track record and as there are well-established payment schedules, the possibility of material loss arising is considered to be mitigated. Our customers have never default payment to us and therefore the risk is very minimal.

ii) Liquidity risk

This refers to the possibility of default by the Corporation to meet its obligations because of unavailability of funds to meet operational requirements. In order to ensure adequacy of its funding, cash flow forecasts are prepared regularly and actions taken appropriately.

Moreover, the Corporation has access to various types of funding facilities such as bank overdraft and Lines of Credit. The Corporation does not use derivative financial instruments to hedge risk exposure.

iii) Interest rate risk

The Corporation has short-term loans at average floating interest rates. As such, its income and cash flows are exposed to interest rate risks. These risks are to some extent mitigated as the Corporation maintains a cash surplus that is invested in short-term deposits.

iv) Currency Risk

The Corporation operates internationally and is exposed to Foreign Exchange Risk. Foreign Exchange Risk arises from commercial transactions whereby commodities are purchased and sold at different dates whereas all purchases are in US Dollars.

Only part of the sales is in foreign currency. Currency risk is therefore, related to that portion of sales which are in Mauritian Rupees.

Currency exposure arising from commercial transactions is primarily managed through:

- (i) Maintaining of sufficient funds in foreign currency bank accounts, crediting proceeds in foreign currency and purchasing of foreign currency in advance.
- (ii) Entering to some Forward Foreign Exchange Contracts.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the process of applying the Corporation's accounting policies, which are described in Note 2 above, Management has made the following judgments that have most significant effect on the amounts recognized in the financial statements, apart from those involving estimations, which are described below:

i) Determination of functional currency of the Corporation

The determination of the functional currency of each entity is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. Management has considered all relevant factors and has determined that the functional currency of the Corporation is Mauritius Rupee.

ii) Determination of Price Stabilisation Account

The Consumer Protection (Prices and Supplies Control) Act has been amended in January 2011 to provide for a Petroleum Pricing Committee (PPC). With this pricing mechanism, prices are changed only when rendered absolutely necessary as a result of significant changes in price trends on the world market.

One of the key objectives of the new mechanism is to mitigate the effects of world price fluctuations on retail prices at retail outlets. STC operates a Price Stabilization Account for the above products in order to shield the market from price fluctuations.

The gains or losses have been recognized on the basis that the realisation of income or loss is virtually certain and are either credited or debited in the Price Stabilization Account.

iii) Post-Employment Benefits

The determination of employee's post-employment benefit costs and related provisions, as detailed in Note 14 to the Financial Statements, required the use of actuarial calculations or other assumptions that include significant estimates in respect of, inter alia, the discount rate, the expected return on the plan assets, future salary increases and future pension increases. These significant estimates are assessed annually by the directors with the actuaries where applicable. Differences between actual and estimated are recorded as actuarial gains or losses.

5. CASH AND CASH EQUIVALENT

	30 June 2021	30 June 2020
	MUR	MUR
Cash in Hand	12,899	37,228
Bank Balances	958,999,098	1,905,542,973
Investment in Treasury Bills	-	800,000,000
Gross Total	959,011,997	2,705,580,201

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables are classified as Exchange and Non-Exchange transactions at reporting date as follows:

	30 June 2021	30 June 2020
	MUR	MUR
Exchange Transaction	2,618,950,947	7,424,317,226
Non-Exchange Transaction	20,119,624	23,059,268
TOTAL	2,639,070,571	7,447,376,494

7. INVENTORIES

COMMODITIES	30 June 2021	30 June 2020
	MUR	MUR
Mogas	292,634,350	163,277,317
Gas Oil	138,226,950	28,629,520
Rice	54,548,335	55,203,421
Flour	45,430,708	43,420,891
Sugar	561,647	813,998
LPG	32,762,424	129,093,451
Others	6,458,769	8,602,000
TOTAL	570,623,183	429,040,598

Stock of Mogas and Gas Oil in MOST

At reporting date STC held a stock of 11,392 MT of Mogas and 6,123 MT of Gas Oil in the terminal valued at MUR 430.9 million.

Stock in Transit

The Corporation had no stock in transit of White and Black Oils at 30 June 2021.

8. INVESTMENT

Name of Company	Country of incorporation	% Ownership	Consideration	30 June 2021	30 June 2020
				MUR	MUR
Landscape (Mauritius) Ltd	Mauritius	less than 1	Cash	531,512	515,080
Africa Export-Import Bank (Afreximbank)	Egypt	less than 1	Cash	23,152,716	20,210,661
At Reporting date				23,684,228	20,725,741

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

8A. INVESTMENT IN ASSOCIATED COMPANY

Details of the Corporation's associate is as follows:

Name of Company	Country of incorporation	% Ownership	Consideration	30 June 2021	30 June 2020
				MUR	MUR
Mer Rouge Oil Storage Terminal Co Ltd (MOST)	Mauritius	23.5	Cash	79,432,949	64,191,068
At Reporting date				79,432,949	64,191,068

For the purpose of applying the equity method of accounting, the unaudited financial statements of MOST for the year ended 31 December 2020, which was received in August 2021 has been used.

Summarised financial information of MOST for the year 2020 is set out below:

	Restated 31 December 2020	Restated 31 December 2019
	MUR	MUR
Total Assets	744,810,405	743,559,119
Total Liabilities	(433,901,573)	(476,647,404)
Net Assets/Equity	310,908,832	266,911,715
Total revenue	65,830,690	72,111,058
Total expenses	(65,830,690)	(72,111,058)
Net Profit/(Loss)	-	-
STC's share of Net profit /(Loss) in Associate	-	-

	30 June 2021	30 June 2020
	MUR	MUR
Investment MOST	64,191,068	48,291,645
Investment during the reporting period	15,241,881	15,899,423
Total investment as at 30 June	79,432,949	64,191,068
STC's share of net profit for the period	NIL	NIL
Investment in Associate at 30 June	79,432,949	64,191,068

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

8B. OTHER INVESTMENT

Name of Company	Country of incorporation	% Ownership	Consideration	30 June 2021	30 June 2020
				MUR	MUR
Landscape (Mauritius) Ltd	Mauritius	less than 1	Cash	531,512	515,080
Africa Export-Import Bank (Afreximbank)	Egypt	less than 1	Cash	23,152,716	20,210,661
At Reporting date				23,684,228	20,725,741

Investment	% of Shares	30 June 2021	30 June 2020
		MUR	MUR
Unquoted			
a) Landscape (Mauritius) Ltd	less than 1	531,512	515,080
b) Africa Export-Import Bank (Afreximbank)	less than 1	23,152,716	20,210,661
c) MOST Co. Ltd	23.5	79,432,949	64,191,068
Total		103,117,177	84,916,809

Mer Rouge Oil Storage Terminal Co Ltd (MOST)

STC is a shareholder of the Mer Rouge Oil Storage Terminal Co. Ltd (MOST), a petroleum tank farm. Since the year 2017 to 30 June 2021, STC has invested an amount of MUR 79.4 million in the company which has a storage capacity of 15,000 MT of Mogas and 10,000 MT of Gas Oil. The terminal, constructed at the cost of MUR 595 million was commissioned in April 2018.

With the implementation of this storage project, the country's buffer stock level (time interval between the arrival of two tankers) has improved from 2 to 33 days for Mogas and from 10 to 27 days for Gas Oil.

9. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Office Equipment & Furniture	Plant & Machinery	Computer System-Hardware	Building	Land	Leasehold Land	Total Property, Plant and Equipment
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
COST								
At 1 July 2020	12,834,526	41,434,735	33,712,577	24,617,378	240,889,320	17,000,000	-	370,488,536
Adjustment				(463,504)	17,000,000	(17,000,000)	11,766,273	11,302,769
Additions	-	-	-	43,391	-	-	-	43,391
Disposal	(1,137,160)	-	-	(59,440)	-	-	-	(1,196,600)
Derecognised		(1,059,394)	(189,839)	(193,904)	-	-	-	(1,443,137)
At 30 June 2021	11,697,366	40,375,341	33,522,738	23,943,921	257,889,320	-	11,766,273	379,194,959
DEPRECIATION								
At 1 July 2020	11,411,334	17,274,291	22,853,934	17,880,346	24,670,077	-	-	94,089,982
Adjustment	-	-	-	(463,504)	-	-	-	(463,504)
Prior Year Adjustment	(888,172)	(47,272)	(980,400)	(1,199,692)	378,890	-	-	(2,736,646)
Charge for the year	505,389	4,004,115	1,981,034	2,952,412	6,138,896	-	-	15,581,846
Disposal	(1,137,160)	-	-	(39,627)	-	-	-	(1,176,787)
Derecognised	-	(1,059,394)	(189,839)	(193,904)	-	-	-	(1,443,137)
At 30 June 2021	9,891,391	20,171,740	23,664,729	18,936,031	31,187,863	-	-	103,851,754
CARRYING AMOUNT								
At 1 July 2020	1,423,192	24,160,444	10,858,643	6,737,032	216,219,243	17,000,000	-	276,398,553
At 30 June 2021	1,805,975	20,203,601	9,858,009	5,007,890	226,701,457	-	11,766,273	275,343,205

A gain on Disposal of Motor vehicles amounting to MUR 485,000 and a loss on disposal of laptop amounting to MUR 8,916.33 were included in the Statement of Financial Performance for the Financial Year ended 30 June 2021.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

9A. FINANCE LEASE

An amount of MUR 11.8 million has been recognized as Leasehold Land as per IPSAS 17. A prior year adjustment of MUR 1,473,686 has been effected to account for the finance lease since its inception in the year 2016

The finance lease obligations payable under the Leasehold Land are as follows:

- Within one year MUR 320,787
- More than one year MUR 9,971,799

9B. OPERATING LEASE

Rentals payable amounting to MUR 12.5 million are charged to income on an accrual basis.

The future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods are as follows:

- (i) One year: - MUR 11,704,173
- (ii) Later than one year and not later than five years: - MUR 49,012,000

Total rents recognized in the Statement of Financial Performance during the Financial Year ended 30 June 2021 - MUR 12,541,353

10. INTANGIBLE ASSETS

	Logo	Computer System-Hardware	Total Intangible Assets
	MUR	MUR	MUR
COST			
At 1 July 2020	190,000	26,128,793	26,318,793
Additions	-	-	-
Disposals	-	-	-
Derecognised	-	-	-
At 30 June 2021	190,000	26,128,793	26,318,793
AMORTISATION			
At 1 July 2020	148,833	22,406,919	22,555,752
Prior Year Adjustment		(3,656,600)	(3,656,600)
Charge for the year	38,000	1,723,276	1,761,276
Derecognised			-
At 30 June 2021	186,833	20,473,595	20,660,428
NET BOOK VALUE			
At 30 June 2020	41,167	3,721,874	3,763,041
At 30 June 2021	3,167	5,655,198	5,658,365

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

11. PAYABLES

Payables principally comprise of amounts outstanding for trade purchases and ongoing costs.

Management considers that the carrying amount of trade payables approximates to their fair value. The Payables have been split between Exchange and Non Exchange as follows:

	30 June 2021	30 June 2020
	MUR	MUR
CURRENT LIABILITIES		
Exchange Transactions	1,128,054,788	1,485,026,941
Non Exchange Transactions	20,869,715	5,583,079,208
TOTAL	1,148,924,503	7,068,106,149

12. EMPLOYEE BENEFITS

Employee Benefits consist of Bank Sick Leave, Passage Benefits and Vacation Leave due to employees of the Corporation as shown below:

	30 June 2021	30 June 2020
	MUR	MUR
Less than 1 year		
Passage Benefits	2,499,681	1,405,616
Bank Sick Leave	6,803,543	2,708,316
Vacation Leave	8,078,616	2,452,976
Total	17,381,840	6,566,908
More than 1 year		
Passage Benefits	6,412,674	6,328,228
Bank Sick Leave	18,412,006	24,746,185
Vacation Leave	19,899,715	27,154,802
Total	44,724,395	58,229,215
Grand Total	62,106,235	64,796,123

13. NET DEFINED BENEFIT LIABILITY

The amount of MUR 226.4 million in respect of wages, salaries and employee benefits includes MUR 11.3 million contributed by STC in the Defined Benefit Pension Plan and MUR 2.2 million for the year ended 30 June 2021 in the Defined Contribution Pension Scheme managed by SICOM Ltd. As such the cumulative balance contributed to the Defined Contribution Pension Scheme by STC stands at MUR 8.0 million at 30 June 2021.

NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Actuarial Report on the Defined Benefit Pension plan for STC employees

FIGURES FOR IPSAS 39 ADOPTION FOR: State Trading Corporation for year ending 30 June 2021

	Year ending 30 June 2021	Year ending 30 June 2020
	MUR	MUR
Amounts recognised in Statement of Financial Position at end of year:		
Defined benefit obligation	638,503,708	554,361,205
Fair value of plan assets	(478,143,228)	(478,687,342)
Liability recognised in balance sheet at end of year	160,360,480	75,673,863
Amounts recognised in Statement of Financial Performance:		
Service cost:		
Current service cost	8,606,189	10,536,960
Past service cost	-	-
(Employee contributions)	(3,561,901)	(3,878,215)
Fund Expenses	674,101	259,007
Net Interest expense/ (revenue)	3,113,664	1,997,044
P&L Charge	8,832,053	8,914,796
Remeasurement:		
Liability (gain)/loss	96,858,191	55,436,328
Assets (gain)/loss	(9,742,858)	(19,865,989)
Net Assets/Equity (NAE)	87,115,333	35,570,339
Total	95,947,386	44,485,135
Movements in liability recognised in Statement of Financial Position:	MUR	MUR
At start of year	75,673,863	50,890,205
Amount recognised in P&L	8,832,053	8,914,796
(Past Service Funding)	-	(7,400,000)
(Contributions paid by employer)	(11,260,769)	(12,301,477)
Amount recognised in NAE	87,115,333	35,570,339
At end of year	160,360,480	75,673,863

The plan is a defined benefit arrangement for the employees and it is a funded plan. The assets of the funded plan are held independently and administered by the State Insurance Company of Mauritius Ltd.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

FIGURES FOR IPSAS 39 ADOPTION FOR: State Trading Corporation for year ending 30 June 2021

	Year ending 30 June 2021	Year ending 30 June 2020
	MUR	MUR
<i>Reconciliation of the present value of defined benefit obligation</i>		
Present value of obligation at start of period	554,361,205	506,323,649
Current service cost	8,606,189	10,536,960
Interest cost	19,402,642	17,721,328
(Benefits paid)	(40,724,519)	(35,657,060)
Liability (gain)/loss	96,858,191	55,436,328
Present value of obligation at end of period	638,503,708	554,361,205

Reconciliation of fair value of plan assets

Fair value of plan assets at start of period	478,687,342	455,433,444
Expected return on plan assets	16,288,978	15,724,284
Employer contributions	11,260,769	12,301,477
Employee Contributions	3,561,901	3,878,215
Past Service Funding	-	7,400,000
(Benefits paid + other outgo)	(41,398,620)	(35,916,067)
Asset gain/ (loss)	9,742,858	19,865,989
Fair value of plan assets at end of period	478,143,228	478,687,342

Distribution of plan assets at end of period

Percentage of assets at end of year

	June 2021	June 2020
Government securities and cash	54.8%	61.7%
Loans	2.8%	3.0%
Local equities	11.8%	10.1%
Overseas bonds and equities	30.1%	24.6%
Property	0.5%	0.6%
Total	100%	100%

Additional disclosure on assets issued or used by the reporting entity

Percentage of assets at end of year

	June 2021	June 2020
	%	%
Assets held in the entity's own financial instruments	0	0
Property occupied by the entity	0	0
Other assets used by the entity	0	0

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Components of the amount recognised in NAE

	June 2021	June 2020
Year	MUR	MUR
Currency		
Asset experience gain/ (loss) during the period	9,742,858	19,865,989
Liability experience gain/ (loss) during the period	(96,858,191)	(55,436,328)
	(87,115,333)	(35,570,339)

Year	2021/2022
Expected employer contributions	10,964,989
(Estimate to be reviewed by State Trading Corporation)	
Weighted average duration of the defined benefit obligation	11 years
(Calculated as a % change in PV of liabilities for a 1% change in discount rate)	

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

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

	Year ending 30 June 2021	Year ending 30 June 2020
Discount rate	4.65%	3.50%
Future salary increases	3.00%	2.40%
Future pension increases	2.00%	1.40%
Mortality before retirement	NIL	A 6770 Ultimate Tables
	PA (90) Tables- rated down by 2 years	PA (90) Tables
Mortality in retirement		
Retirement age		65 years

The discount rate is determined by reference to market yields on bonds.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligation would decrease by MUR 65.6 million (increase by MUR 79.4 million) if all other assumptions were held unchanged.
- If the expected salary growth would increase (decrease) by 100 basis points, the defined benefit obligation would increase by MUR 23.5 million (decrease by MUR 21.0 million) if all assumptions were held unchanged.
- If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by MUR 19.8 million (decrease by MUR 19.6 million) if all assumptions were held unchanged.

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depends to a certain extent on expected inflation rates. The analysis above abstracts from these interdependences between the assumptions.

14. CONTRIBUTED CAPITAL

According to Section 15 of the STC Act, the Share Capital of the Corporation shall be 10,000,000 rupees made up of 1,000,000 shares of 10 rupees each to be allocated as follows:

- 100,000 shares shall be fully subscribed by Government;
- The remaining shares shall be subscribed, at such time and in such manner the Minister may determine.

In 1983, when STC was set up, Government contributed an amount of MUR 400,000 which was treated as Share Capital and the item has been renamed as Contributed Capital in line with IPSAS.

15. RESERVE FUND

	30 June 2021	30 June 2020
	MUR	MUR
Infrastructure Development Reserve Fund	296,104,172	816,094,205
Price Stabilisation Account	509,905,242	22,239,457
Total	806,009,414	838,333,662

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Reserve Funds consist of the following:

- Infrastructure Development Reserve Fund**

(i) Storage Tank Development Fund

This fund includes an amount of MUR 132,355,354 million for Storage Tank Development and MUR 163,748,819 in respect of Bunker Fuel Development as detailed below:

During the Financial Year 30 June 2021, an amount of MUR 295,251,849 has been collected and credited to this account. Out of this fund, an amount of MUR 15,241,881 had been invested in Mer Rouge Oil Storage Terminal Co. Ltd (MOST). The balance in this fund stands at MUR 132,355,354 at 30 June 2021.

(ii) Bunker Fuel Development Fund

A Bunker Fuel Fund has been created to promote marine bunker fuel oil business in Mauritius and the balance is MUR 163,748,819 as at 30 June 2021.

- Price Stabilisation Account**

As at 30 June 2020, the balance of the Price Stabilisation Account (PSA) of Mogas and Gas Oil stood at MUR 22,239,457. During the Financial Year 30 June 2021, the Corporation incurred loss on tankers amounting to MUR 312,334,215. An amount of MUR 800,000,000 was transferred from the item "Contribution to the Construction of storage facilities for petroleum products" to the PSA of Mogas (MUR 340,000,000) and Gas Oil (MUR 460,000,000) respectively. The balance in the PSA stands at MUR 509,905,242 at 30 June 2021. Notes to Financial Statements for the Financial Year ended 30 June 2021

16. REVENUE FROM EXCHANGE TRANSACTIONS

An analysis of the Corporation's revenue is as follows:

	30 June 2021		30 June 2020	
	Metric Tons	MUR	Metric Tons	MUR
Petroleum Products	672,656	15,908,310,468	905,397	21,960,347,622
Rice	23,672	254,228,473	23,152	248,669,593
Flour	90,903	742,619,847	93,341	817,490,214
LPG	76,490	731,340,359	74,613	892,763,991
Sugar	129	3,650,150	110	3,292,910
Others	-	307,130	-	1,321,000
TOTAL	863,850	17,640,456,427	1,096,613	23,923,885,330

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

- Note:** (i) Revenue is net of VAT and net of amount collected on behalf of third parties as follows: -
- (a) Road Development Authority/Bus Company Recovery Account – MUR 815.5 million.
 - (b) Subsidy for transportation and storage of Petroleum Products and LPG to Rodrigues – MUR 204.4 million
 - (c) Contribution to COVID 19 solidarity Fund- MUR 731.7 million.
- (ii) The selling prices of Rice, Flour and LPG are fixed by Government. Shortfalls on these products are met from:
- (a) amount collected under the item 'Contribution to Subsidy on LPG, Rice and Flour' in the price structure of Mogas and Gas Oil; and
 - (b) surpluses on sales of other products.

17. REVENUE FROM NON-EXCHANGE TRANSACTION

Revenue from non-exchange transactions for Financial Year ended 30 June 2021 is made up of net foreign exchange gains and losses and Contribution for Subsidy on LPG, Rice and Flour as follows:

Description	30 June 2021					30 June 2020
	Gain	Loss	Net Gain/(Loss)	Contribution for Subsidy on LPG, Rice and Flour	Total	Total
	MUR	MUR	MUR	MUR	MUR	MUR
Accounts payable	17,050,705	(19,164,369)	(2,113,664)	-	(2,113,664)	59,540,845
Accounts receivable	22,598,671	(1,887,088)	20,711,583	-	20,711,584	136,294,722
Repayment of foreign currency borrowings	42,751,383	-	42,751,383	-	42,751,383	80,608,794
Subtotal realised gain/(loss)	82,400,759	(21,051,457)	61,349,302	-	61,349,303	276,444,362
Bank accounts & Deposits -unrealised gain/(Loss)	4,074,458	-	4,074,458	-	4,074,458	30,975,250
Gain/(Loss) on Forward, Spot & Swap Contracts	-	-	-	-	-	925,358
Net Foreign exchange gains and losses	86,475,217	(21,051,457)	65,423,760	-	65,423,761	308,344,969
Contribution for Subsidy on LPG, Rice and Flour	-	-	-	1,484,518,203	1,484,518,203	920,863,468
TOTAL	86,475,217	(21,051,457)	65,423,760	1,484,518,203	1,549,941,964	1,229,208,437

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

18. OTHER NON EXCHANGE REVENUE

	30 June 2021	30 June 2020
	MUR	MUR
Investment Income (Dividend Received)	225,860	202,056
Interest on bank balances and bank deposits, etc.	20,850,350	74,214,257
Other Income	3,525,516	4,606,095,470
TOTAL	24,601,726	4,680,511,783

19. ANALYSIS BY PRODUCT

The Corporation has identified as separate segments each distinguishable activity or group of activities by product for which financial information is reported, for purposes of:

- (a) evaluating the past performance of the entity in achieving its objectives, and
- (b) making decisions about the allocation of resources by the entity.

The deficit of MUR 471.0 million for the Financial Year ended 30 June 2021 is made up as shown below:

	RICE	FLOUR	PETROLEUM PRODUCTS	SUGAR	LPG	BASMATI RICE	OTHERS	TOTAL
MUR Million								
Revenue from Exchange Transactions	243.0	742.6	15,908.3	3.7	731.3	11.2	0.3	17,640.4
Revenue from Non Exchange Transactions	-	8.1	64.6	-	(7.2)	-	-	65.5
Contribution for Subsidy	-	-	-	-	-	-	1,484.5	1,484.5
Other Revenue	-	-	21.1	-	-	-	3.5	24.6
COST OF SALES	(430.3)	(1,655.9)	(15,629.8)	(3.5)	(1,725.4)	(10.6)	(2.1)	(19,457.6)
OTHER Expenses	(23.6)	(93.9)	(109.5)	(0.1)	(1.0)	(0.3)	-	(228.4)
Surplus/ (Deficit) for the year	(210.9)	(999.1)	254.7	0.1	(1,002.3)	0.4	1,486.2	(471.0)

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The subsidy requirement for the Financial Year ended 30 June 2021 has been financed as follows:

	RICE	FLOUR	LPG	TOTAL
	MUR m	MUR m	MUR m	MUR m
Subsidy	(210.9)	(999.1)	(1,002.3)	(2,212.3)
Subsidy Financed by:				
(i) Contribution to subsidy on LPG, Flour and Rice from Price structures of Mogas and Gas	-	-	-	1,484.5
(ii) Surplus and accumulated surplus	-	-	-	727.8

20. GENERAL ADMINISTRATIVE EXPENSES

	30 June 2021	30 June 2020
	MUR	MUR
Wages, salaries & Employee Benefits	139,192,909	141,786,211
Supplies and Consumables used	13,156,457	17,545,593
Utilities	6,326,277	5,269,540
Rent	12,541,353	12,524,388
Repairs and Maintenance	12,463,175	11,578,793
Other Administrative Expenses	26,134,771	36,661,958
Total	209,814,942	225,366,483

21. FINANCE COSTS

	30 June 2021	30 June 2020
	MUR	MUR
Interest on Lines of Credit	1,209,428	11,423,560

The Corporation had a credit facility of USD 65 million from AfrAsia Bank Limited for working capital needs. During the Financial Year ended 30 June 2021, an amount of USD 127.7 million was borrowed and has been fully paid. The balance due at reporting date was nil.

22. EXPENSES IN CONNECTION WITH COVID-19

Following sanitary confinement, Government, through the Ministry of Commerce and Consumer Protection mandated STC to effect payment in connection with procurement of Medical Supplies, Protective Equipment and Medicines by the Ministry of Health and Wellness through Emergency Procurement in line with Directive 44 of the Procurement Policy Office dated 19 March 2020. In this context, an amount of MUR 1,040.5 million has been spent and the total amount was refunded by the end of the Financial Year.

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

23. RELATED PARTY TRANSACTIONS

The State Trading Corporation is wholly owned by the Government of Mauritius. During the Financial Year ended 30 June 2021, the Corporation sold Petroleum Products (Fuel Oil) to the Central Electricity Board (CEB) which is equally owned by the Government of Mauritius.

Sales of goods to CEB:

30 June 2021	30 June 2020
MUR	MUR
3,309,805,064	3,246,040,289

- Sales of goods to CEB were made at market related prices.
- Outstanding balance as at 30 June 2021 was MUR 48,254,871 (Jun 2020: MUR 53,465,437)

23.1. Compensation of key management personnel

The remuneration of Chairman, Board Members and other members of key management during the Financial Year ended 30 June 2021 were as follows:

	30 June 2021	30 June 2020
	MUR	MUR
Short-term benefits	9,835,428	8,439,807
Post-employment benefits	3,230,342	9,367,998
Fees to Board Members	1,393,215	1,403,765

The remunerations of Board Members are determined by the parent Ministry and those of key management are determined by the Pay Research Bureau and Government.

At 30 June 2021, out of 4 key management personnel, two was on contract, two on substantive capacity.

24. CONTINGENCIES

At the reporting date, there were seventeen (17) cases (including three (3) for staff matters) pending at court awaiting hearing.

25. BETAMAX LTD

Following the judgment of the Privy council in the Betamax case, STC has paid to the latter damages amounting to MUR 5.5 billion in June 2021. Thereafter, Betamax Ltd has lodged claims for costs in the Supreme Court of Mauritius and at the Privy Council. The amount payable has not been finalized and no provision has been made in the financial Statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

26. FINANCIAL PERFORMANCE

The deficit of MUR 471.0 million in the Statement of Financial Performance for the Financial Year Ended 30 June 2021 is attributed mainly to the following factors:

- Fall in demand of Jet A1 following closure of border due to the COVID-19 pandemic, resulting in lower revenue for the Corporation.
- Financing of Subsidy on LPG, Flour and Rice from surplus and accumulated surplus of the Corporation by MUR 727.8 million. (See Note 15)

27. COMMITMENTS

The contracts for the supply of Petroleum Products have been awarded as follows:

27.1. Clean Petroleum Products (Mogas, Gas Oil and Jet Fuel):

to Vitol Bahrain E.C. (Vitol) up to October 2020 and
to Indian Oil Corporation Ltd from November 2020 to October 2021

27.2. Dirty Petroleum Products (Fuel Oils)

to PetroChina International (Singapore) Pte Ltd up to January 2021 and
to B.B. Energy (Gulf) DMCC for period February 2021 to January 2022.

The contract for the supply of Wheat Flour has been awarded to Les Moulin de la Concorde for period January 2021 to 31 December 2021.

Our Stakeholders



OUR STAKEHOLDERS

1. Vitol Bahrain E.C - Clean Petroleum Products

Vitol Bahrain E.C is a private company operating within the Utilities sector focusing on Independent Power Producers and Energy Traders. It forms part of the Vitol group which has an existence of over 50 years in the Energy and Commodities market.

2. Indian Oil Corporation Ltd - Clean Petroleum Products

Indian Oil Corporation Limited (IOCL) is under the ownership of Ministry of Petroleum and Natural Gas, Government of India headquartered in New Delhi. IOCL's business interests overlap the entire hydrocarbon value-chain, including refining, pipeline transportation, marketing of petroleum products, exploration and production of crude oil, natural gas and petrochemicals.

3. PetroChina International (Singapore) Pte Ltd - Dirty Petroleum Products

PetroChina International is specialised in oil and gas exploration and production, petroleum refining, marketing, distribution and trading of crude oil and petroleum products equipped with 5 business units, 12 shared service centers, and more than 50 branches in more than 20 countries and regions around the world, its business has reached more than 80 countries and regions.

4. B.B. Energy (Gulf) DMCC - Dirty Petroleum Products

BB Energy (Gulf) DMCC is a trading company of BB Energy which was established in Dubai, United Arab Emirates (UAE), to emphasize the growing importance of the UAE region for refined product sourcing. BB Energy is among the world's leading independent energy trading companies, with consolidated experience in trading, operations, chartering, logistics, storage, refining and financing.

5. Les Moulins de La Concorde Ltée - Wheat Flour

Launched in 1989, Les Moulins de la Concorde Ltée is the only local miller and has 16 silos representing a total wheat-stocking capacity of 40,000 MT, overlooking the harbour. It has been supplying flour to STC since its creation.

6. Petredec Limited- LPG

Petredec Limited was formed as an LPG trading company in 1980 to develop a shipping and trading operation.

7. Four major Local Oil Companies that STC deals with:

- Vivo Energy Mauritius Ltd
- Total (Mauritius) Ltd
- Engen Petroleum (Mauritius) Ltd
- IndianOil (Mauritius) Ltd

8. Banking Services

ABSA Bank Mauritius Ltd

ABSA House
68, Wall Street, Cybercity
Ebene

SBM Bank (Mauritius) Ltd

State Bank Tower
1 Queen Elizabeth Avenue
Port Louis

AfrAsia Bank Ltd
5th Floor NeXTeracom Tower III
Ebene

MauBank Ltd

Bramer House
Ebene Cybercity
Ebene

Standard Bank (Mauritius) Ltd

Level 9, Tower A,
1 Cybercity
Ebene

Standard Chartered Bank (Mauritius) Ltd

Units 6A and 6B, 6th Floor Raffles Tower, Lot 19,
Cybercity, Ebene, Mauritius

SBI (Mauritius) Ltd

7th Floor
SBI Tower
Mindspace
45, Ebene Cybercity
Ebene

Bank of Mauritius

Sir William Newton Street
Port Louis

Mauritius Commercial Bank Ltd

Head Office, MCB Centre
9-15, Sir William Newton Street
Port Louis

BCP Bank (Mauritius)

Level 9, Maeva Tower
Cnr Silicon Avenue & Bank Street
Cybercity
Ebène 72201

Bank of Baroda

Bank of Baroda Building
Sir William Newton Street
Port Louis

9. Wholesalers Association

Wholesalers procure flour from STC and distribute to the whole population directly or through their retail distribution channels.

10. Bakers Association

Communication with our Stakeholders

- STC communicates regularly with its Suppliers during shipment planning regarding quantity and quality of the products being supplied and the shipment period.
- STC also communicates with its Customers on a regular basis in respect of the selling prices, availability and sales conditions of its products.
- The specification of its products quality are also published on STC's website and improvement in the quality of products are also communicated through its website and newspaper for its Stakeholders.





STATISTICS

Trade & Other Statistics

The STC was set up by an Act of Parliament of October 1982 (amended in 1988), to be the trading arm of the Government of Mauritius. It operates under the aegis of the Ministry of Commerce and Consumer Protection.

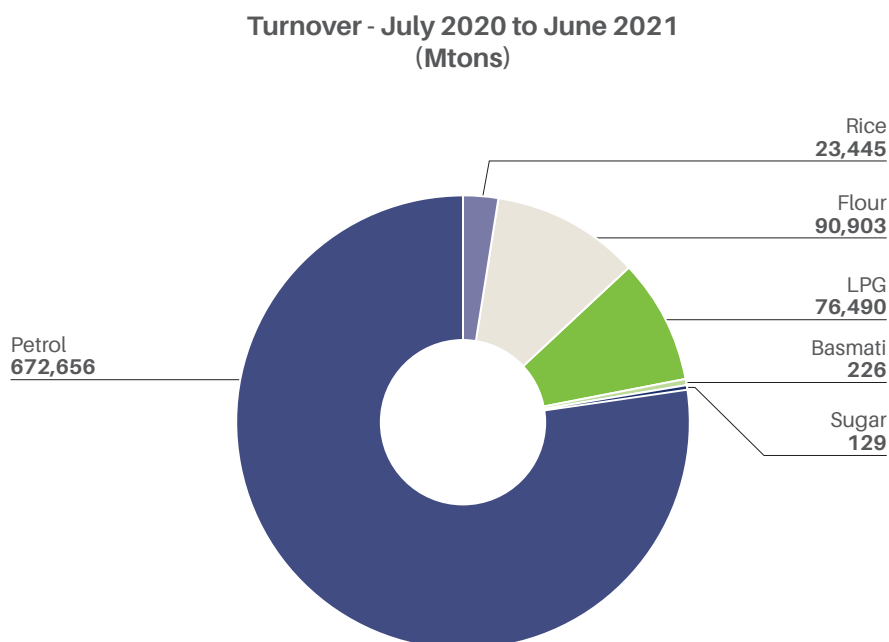
STC has been entrusted with the responsibility of importing certain essential commodities including almost all Petroleum Products and Liquefied Petroleum Gas (LPG) traded in Mauritius. STC also supplies the domestic market with all its requirements in Wheat Flour and Long Grain White Rice (LGWR).

Sales volume and Turnover

The Turnover of STC which was about MUR 600 million in 1983-1984 when it was created and has reached MUR 17.6 billion in 2021. During its first years of operation, STC took over the activities of the Department of Supplies and dealt only in importation of rice and flour. In 1985, STC started importing Petroleum Products and subsequently cement and in 1983 took over the country's importation of LPG.

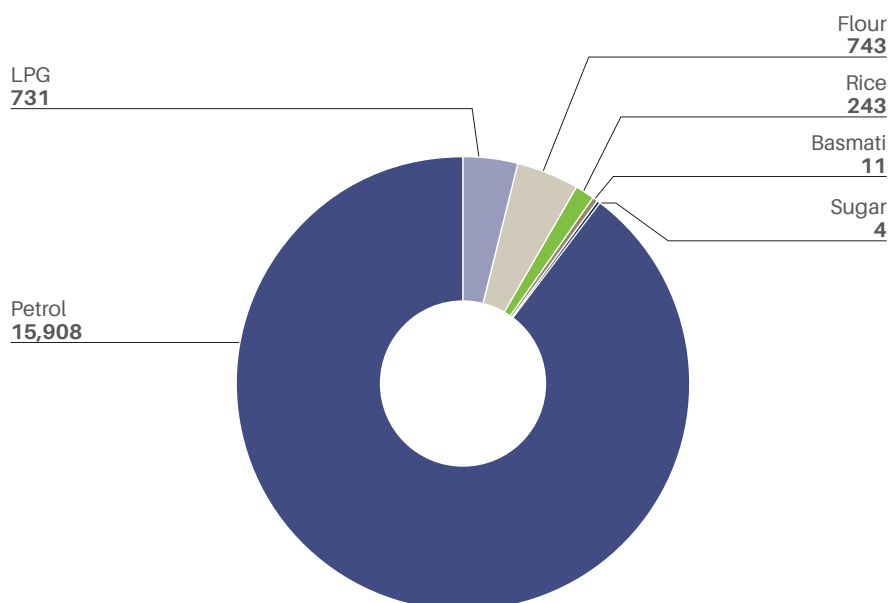
In July 2011 following the liberalization of the imports of Cement, STC stopped its importation. However, as the trading arm of Government, the Corporation may be called to intervene to stabilise the market if the need arises.

The sales volume of 863,849 MT for the Financial year ended 30 June 2021 consists mainly of Petroleum Products as shown below:



The Corporation's Turnover for the period reached MUR 17,640 million.

Turnover - July 2020 to June 2021 (MUR Million)



Petroleum Products

STC is responsible for the importation of almost all the country's requirements of Petroleum Products. These include the demands for the running of public transport, industrial and commercial activities, motor vehicles for personal and commercial use, the needs of the Central Electricity Board in fuel oils for its power plants, the needs for aircraft refueling at the SSR International Airport and the needs of bunker fuels for international shipping.

Upon arrival of the tanker at the New Oil Jetty of Port Louis Harbour, those products are pumped out and delivered through pipelines into fuel tanks owned and operated individually or jointly in the Port Area by local oil companies. They also operate a Jet Fuel tank near SSR Airport.

The local oil companies are represented by:

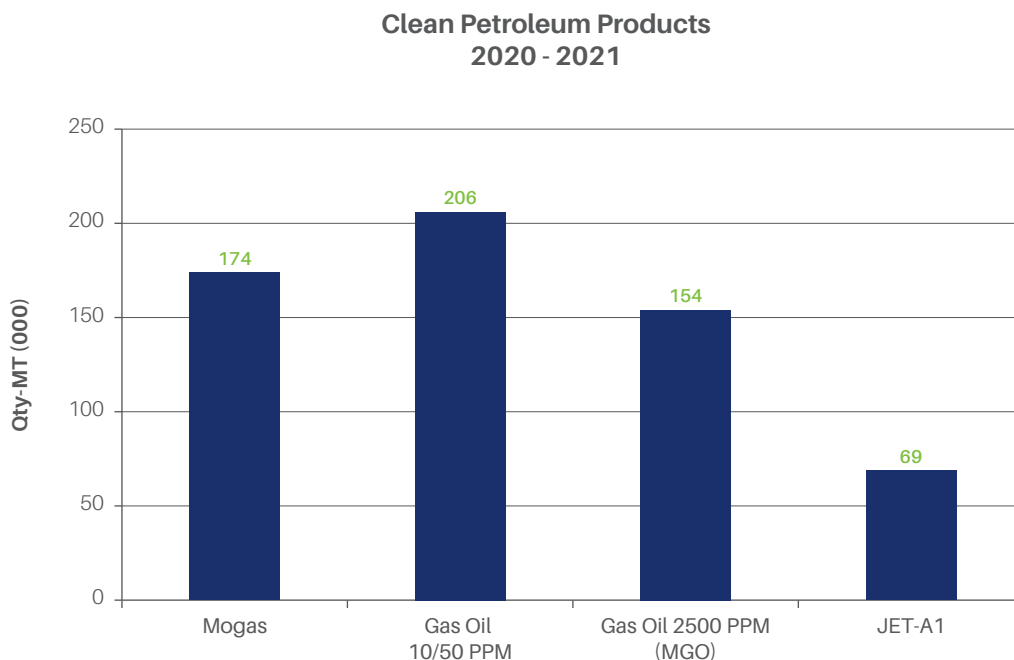
1. Vivo Energy (Mauritius) Ltd
2. Total Mauritius Ltd
3. Engen (Mauritius) Ltd
4. IndianOil (Mauritius) Ltd

The Oil Companies market, distribute and retail the products through their respective networks of retail outlets across the country. Some also operate barges to carry out their bunker supply operations at sea. During the year 2014, the bunkering trade was partly liberalised allowing the Oil Companies to import part of their bunkering requirement on their own. This decision was taken in view of making Mauritius a petroleum hub in the region.

For the Financial Year ended 30 June 2021, STC imported some 877,000 MT of 7 grades of Petroleum Products, namely:

White Oils: Super Unleaded Gasoline (Mogas), Automotive Diesel (50/10 ppm sulphur), Marine Diesel (2500 ppm sulphur) and Jet A-1 and

Fuel Oils: HSFO 180 CST CC, HSFO 180 CST SR and HSFO 380 CST SR.



Mogas

The import of 174,000 MT of Mogas for the Financial Year ended 30 June 2021 is sold entirely on the local market and the retail price is determined by the Petroleum Pricing Committee (PPC).

Gas Oil

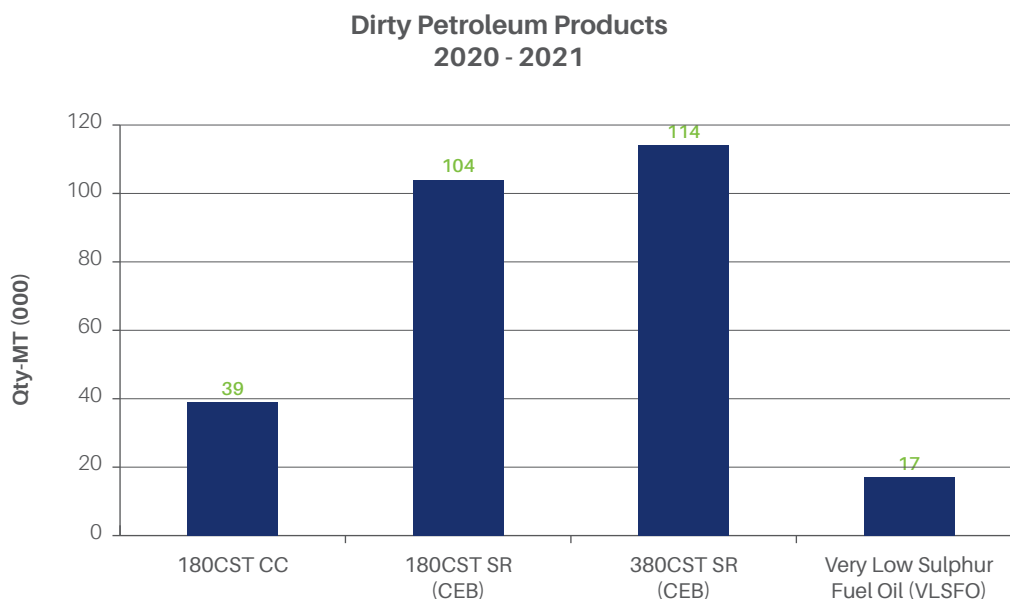
The total importation of Gas Oil for the Financial Year ended 30 June 2021 is 360,450 MT. STC imports three grades of Gas Oil, namely 2500 ppm, which is sold as Marine Diesel for bunkering of vessels, Gas Oil 50 ppm with 0.005% sulphur content and Gas Oil 10 ppm with 0.001% Sulphur content, which are sold for road transport. The price of Gas Oil sold for road transport is determined by the Petroleum Pricing Committee (PPC). Any deficit or surplus on Mogas and Gas Oil on the local market is accounted in the Price Stabilisation Account (PSA).

The selling price of Gas Oil 2500 ppm for bunkering purpose is fixed by STC for each consignment on a cost plus basis.

Jet A-1

The import of 68,719 MT of Jet A-1 for the Financial Year ended 30 June 2021, is mostly sold as aviation fuel and the price is fixed by STC for each consignment on a cost plus basis. A small volume is also sold on the local market as Kerosene.

Dirty Petroleum Products



STC imported 38,877 MT of Fuel Oil 180 CST Catalytic Cracked (CC) for sale to oil companies and 218,274 MT of Fuel Oil 180 CST SR and 380 CST SR for direct sales to CEB.

About 55% of Catalytic Cracked Fuel Oil 180 CST CC is sold on the local market for industrial purposes and the remaining 45% is sold for bunkering of vessels. The selling price of Fuel Oil for both inland and international trade is fixed by STC for each consignment on a cost plus basis.

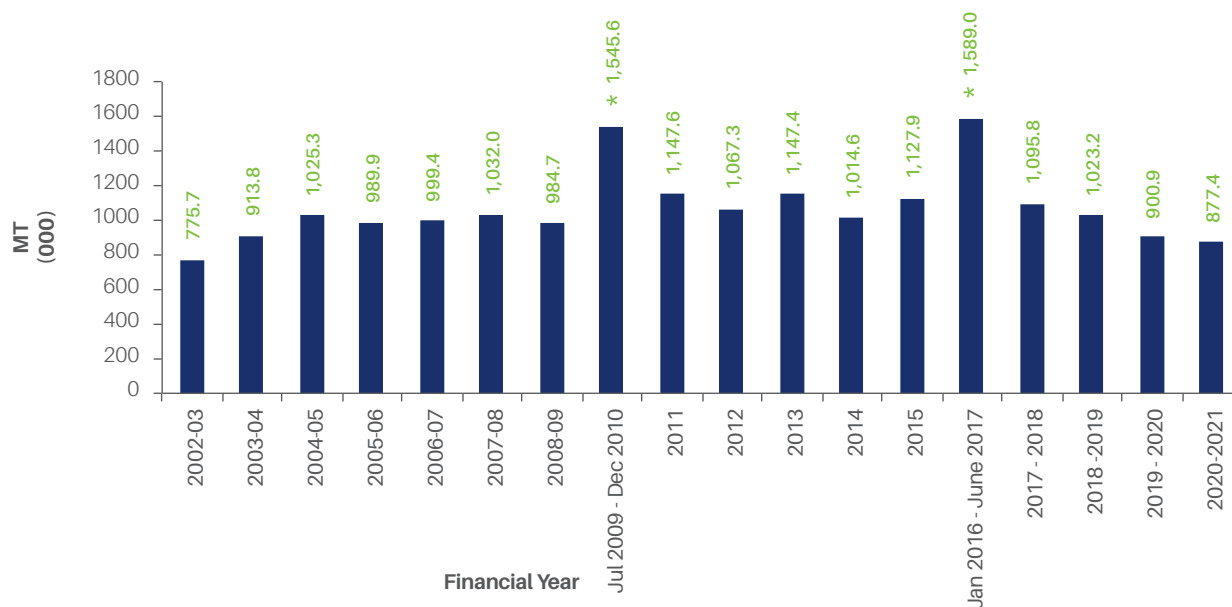
Mauritius is strategically positioned in the middle of the Indian Ocean with increasing Atlantic traffic plying at one end towards Africa, Madagascar and the West, while on the other hand, there is also a steep rise in traffic moving towards India, China, Japan, Malaysia and Thailand – essentially Asia and the Far East – and in both cases, round the Cape of Good Hope.

Today's new vessels with high speeds and perishable cargo cannot afford, and indeed do not need to wait and stand in queue to refuel at the Suez Canal bottleneck. Moreover, they cannot afford to bypass a refueling hub altogether as this would imply stocking higher quantities of fuel at the expense of more valuable cargo in their hold. Mauritius is a viable port of call for refueling vessels, resting their crew, allowing them to go onshore and to stock up on fresh water and fresh food. This, in turn, would also have a multiplier effect on consumption in the island economy.

STC plays a critical role in this development, as we are the importer and supplier of Petroleum Products in Mauritius. At the same time, we strongly support the Government's initiative to liberalise the Bunkering market – expert players that are engaged in the supply of oil to ships are best placed to tap into the opportunities arising from the development of Port Louis as a major refueling hub for maritime traffic.

The graphs below show quantity imported and Turnover per product for period 2002 to 2021:

Imports 2002 - 2021 Petroleum products



* 18 months

Turnover 2002 - 2021 Petroleum Products (MUR million)



* 18 months

Long Grain White Rice (LGWR)

STC imports basic long-grain white rice of about 24,000 MT per annum to meet popular demand representing about 20% of the market which is otherwise liberalized and occupied mainly by various luxury or premium varieties.

Rice is procured on the world market after periodic Requests for Quotations (RFQ) attracting a large number of offers. Since prices of Rice on the world market are volatile, it was to the disadvantage of STC to lock on prices for long term contract. In order to benefit from the fluctuation of prices on the world market, STC started purchasing rice, as from January 2010, in small lots through Request for Quotation (RFQ).

This process allows STC to benefit from full market play and obtain better quality at lower prices than it previously obtained by annual tenders.

Furthermore, being a socially responsible organisation, STC aims at ensuring that STC' Long Grain White Rice (LGWR) is widely available throughout the Republic of Mauritius at regulated prices. Constant improvements have been made in the quality of LGWR imported by STC during the last two decades, whereby the percentage broken which was 25% in the year 2000, has been brought down to less than 5%.

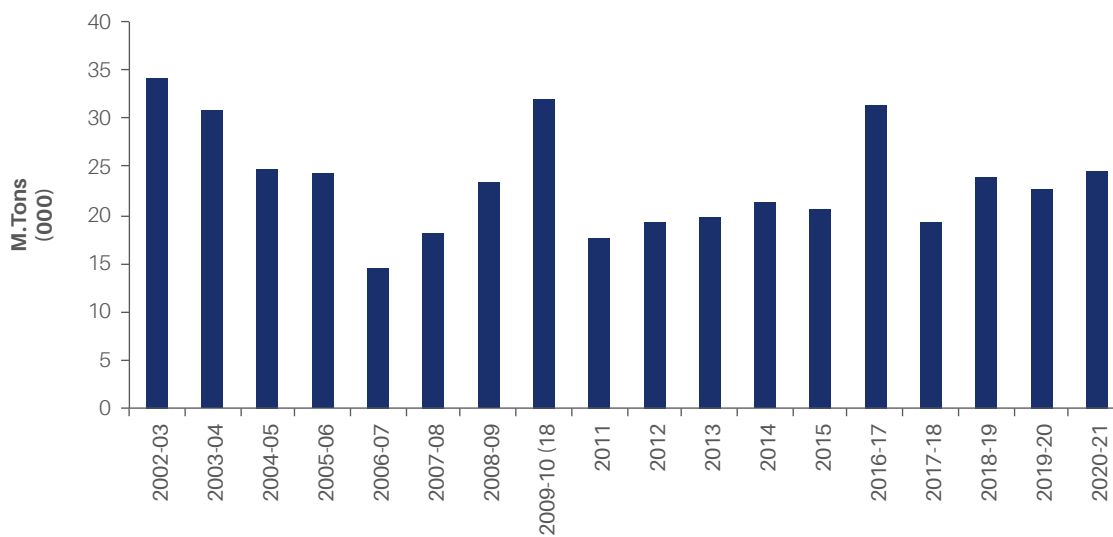
Rice is sold to wholesalers for retail at a heavily subsidized price that has remained unchanged since July 2006 as provided in the Consumer Protection (Price and Supplies Control) Act. However, as consumers were not benefitting from the improved quality at subsidised prices, STC embarked on a project ensuring that LGWR is widely available throughout the Republic of Mauritius at regulated prices. To this end, Private packers / distributors with proven experience in the field with strong distribution network, have been hired for this project. The implementation of this project has resulted in:

- Increased visibility of the STC' LGWR on the market at regulated retail prices;
- More proximity to consumers;
- Better quality control; and
- More trust of consumers on STC' s products and service.

The sale of Long Grain White Rice was 23,445 MT (including 4,281 MT for Rodrigues) for the Financial Year ended 30 June 2021. As the selling price of Long Grain White Rice imported by STC is fixed by Government at a lower price than the cost price, STC has incurred a shortfall of MUR 216.0 million for this period. The retail price of Long Grain White Rice was fixed in July 2006 at MUR 5.40 per half kg.

Imports/Purchases 2002-2021

Rice



Financial Year

Turnover 2002-2021

Rice (MUR million)



Financial Year

* 18 months

Importation of Basmati Rice

In January 2014, the Corporation started importing Basmati Rice. The objective of the Corporation is not to make profit, or to take over the market from traders, but to protect the consumers by avoiding an increase in retail price and at the same time, assuring quality Basmati Rice to meet acceptable standard. For the Financial Year ended 30 June 2021, STC has sold around 226 MT of Basmati Rice.

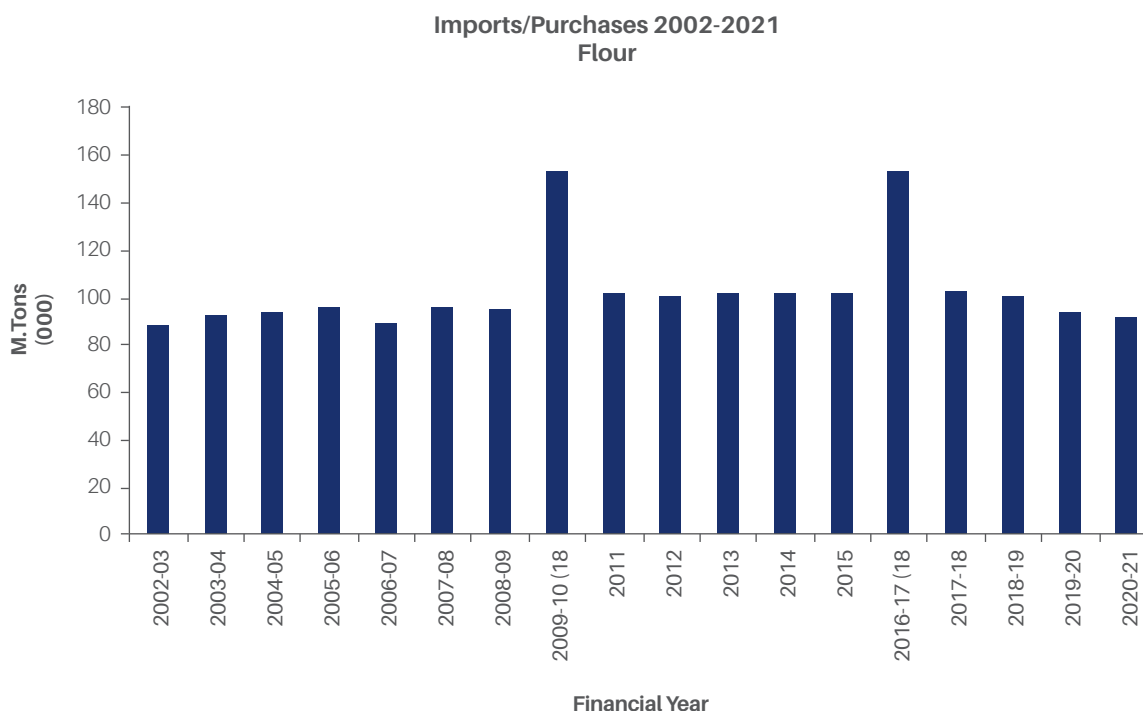
Flour

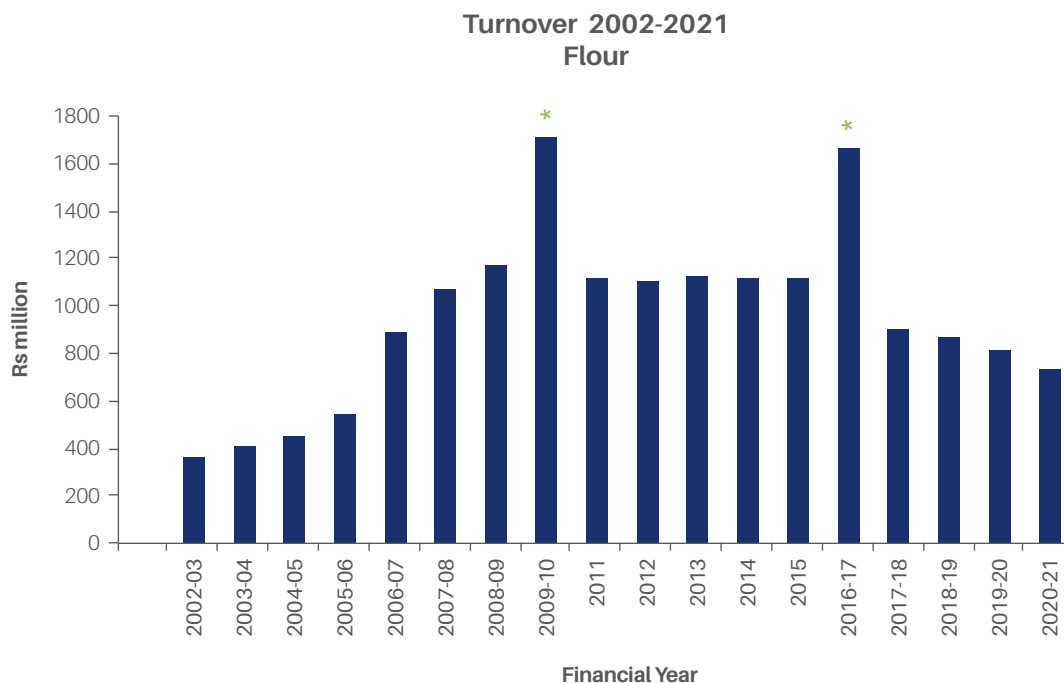
Wheat Flour is purchased annually through International Tenders. STC is required to launch tenders for only 50% of the country's demand as per Government's instructions. The other 50% are allocated to LMLC on the condition that the latter matches the lowest price obtained from the annual tender exercise.

STC supplies the market with around 100,000 MT of Wheat Flour yearly. Wheat Flour remains the main staple food other than rice. Efforts are currently underway to sensitize the market to the benefits of shifting eating habits from refined white Flour to the more nutritious Brown Bread Flour which is now also offered at similarly subsidized prices despite the initially low demand volumes.

In order to ensure good quality of Flour is delivered to consumers, STC regularly tests the Flour at Mauritius Standard Bureau (MSB). Baking tests are also carried out in bakeries wherever required.

The sale of Flour amounted to 90,903 MT (including 2,152 MT for Rodrigues) for the Financial Year ended 30 June 2021. The contract for the procurement of Flour for the year was allocated to LMLC. The retail price of Flour is also controlled by Government and has been fixed at MUR 5.85 per half kg since 22 December 2008 and was revised to MUR 4.85 per half kg on 9 June 2017, following Government budgetary measure. During this period, STC has incurred a shortfall of MUR 999.3 million on Flour.





* 18 months

Though Wheat Flour and Rice comprise only 3.5% of our annual turnover, these commodities are critical from an economic perspective as we provide for nearly 100% of the Wheat Flour and as much as 20% of the Rice being traded in Mauritius.

STC thus executes Government policy aimed at keeping the market fully supplied in those two basic staple foods namely Rice & Flour within reach of the whole population at low prices.

Liquefied Petroleum Gas (LPG)

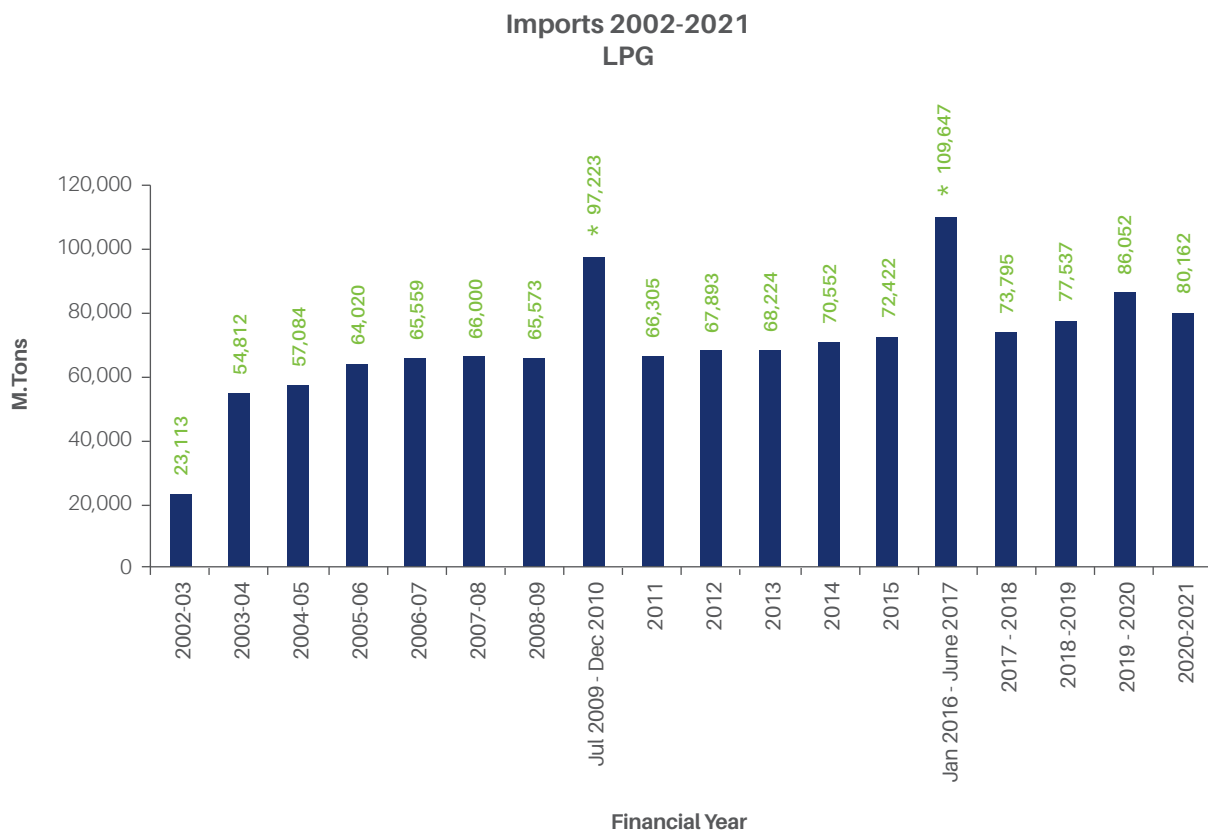
In 2002, the Government decided that there should be public intervention in the LPG market. The Corporation was instructed by the Government to take over the country's total requirements of 47,000 MT from the existing importers as from 2003.

Currently, STC procures and supplies about 80,000 MT of LPG to meet the domestic and industrial demand of Mauritius. LPG represents the main source of cooking and water-heating for 98% households and the retail price is heavily subsidised for 5, 6 and 12-kg bottles destined for domestic use.

As from February 2006, a dual pricing policy is being implemented for LPG. About 75% of the annual import is sold in cylinders. The retail price of cylinders of 5 kg, 6 kg and 12 kg destined for domestic market is fixed by Government. The sale of LPG for the Financial year ended 30 June 2021 amounts to 76,490 MT on which a shortfall of MUR 1,002.3 million has been incurred.

The price of LPG sold for auto gas and in cylinders above 12 kg for non-domestic purpose is reviewed on a monthly basis by STC on a cost plus margin basis.

All storage tanks for LPG are owned and managed by private companies. Storage capacities are also limited with regard to demand of the country. However, STC closely monitors stocks to avoid any stock out situation.



* 18 months

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