



STATE TRADING CORPORATION



ANNUAL REPORT

For the Financial Year ended
30 June 2022

Content

Overview	03
STC at a Glance	03
Corporate Vision	03
Mission Statement	03
Objectives of STC	03
Our External Business Environment	04
Salient indicators for the Financial Year	04
Our Operating Activities	06
Our Division in Rodrigues	06
Procurement of Goods and Services	07
Procurement Strategies	07
Our Products	08
Petroleum Pricing Committee (PPC)	09
Message from the Chairman	15
Message from the General Manager	17
Corporate Governance	18
Reporting Structure	20
The Board	20
The Role of the Board	21
Sub-committees of the Board	23
1. Audit and Risk Management Committee	24
2. Corporate Governance Committee	24
3. Staff and Remuneration Committee	24
4. Finance and Investment Committee	25

Director's Profile	27
Management Profile	30
Directors' Responsibilities	33
Statement of Compliance	39
Report of the Director of Audit	40
Financial Statements	45
Our Stakeholders	75
Communication with our Stakeholders	78
Statistics	79
Trade & Other Statistics	80
Long Grain White Rice (LGWR)	85
Flour	87
Liquefied Petroleum Gas (LPG)	88

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.

As was the case for 2020-2021, during this financial year also, 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.

Salient indicators for the Financial Year

- **Financial performance**

The Corporation ended its Financial Year with a deficit of MUR 3.7 billion.

- **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 2022 on these three products amounted to MUR 3.9 billion.

- **Liquefied Petroleum Gas (LPG)**

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

- **Investment in Storage Tanks**

During the Financial Year ended 30 June 2022, STC has disposed 3.5% shares in MOST to Indian Oil Mauritius Ltd for a total amount of MUR 11.8 million. An amount of MUR 8.3 million was invested in Mer Rouge Oil Storage Terminal Co. Ltd (MOST) for this accounting period, thus bringing the total investment in the company to MUR 75.9 million. All shareholders of MOST namely Vivo Energy Mauritius Ltd, Total (Mauritius) Ltd, Engen Petroleum (Mauritius) Ltd, IndianOil (Mauritius) Ltd and STC have now an equal shareholding of 20% each. MOST is a terminal with a capacity for the storage of 25,000 MT of Mogas and Gas Oil.

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.

As a result of significant increase in purchase price of products, the amount of subsidy in respect of Long Grain White Rice, Flour and LPG for the Financial Year ending 30 June 2022 is MUR 3.9 billion.

The volume of commodities sold by the Corporation during the period July 2021 to June 2022 were as follows:

Commodities	MT
Petroleum Products	957,307
LPG	82,228
Flour	93,794
Long Grain White Rice	24,430
Basmati Rice	339
Sugar (Rodrigues only)	217

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.

A. Kader Bhayat STC Warehouse

The A. Kader Bhayat STC Warehouse has an area of 7,800 m² at Freeport Zone 1, Mer Rouge for the storage of rice, flour and other essential commodities like edible Oil.

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 2022, 31 consignments were shipped to Rodrigues by Black Rhino as follows:

Product	MT
Long Grain White Rice	4,685
Basmati Rice	78
Flour	2,140
Sugar	200

The Corporation has a department in Rodrigues which is manned by 17 employees both from Mauritius as well as personnel recruited from Rodrigues. In addition, a team of 40 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.

The STC is exempted from the provisions of the Public Procurement Act, by Government Notice No. 68 of 29 June 2009, in respect of procurement of goods destined for resale. The exemption applies equally to services incidental to the purchase or the distribution of such goods.

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 Indian Oil Corporation Ltd from November 2020 to December 2021, and OQ Trading Limited, from January 2022 to December 2022

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

to B.B. Energy (Gulf) DMCC for period February 2021 to January 2022, and Coral Energy DMCC for period February 2022 to January 2023.

Our Products

Rice

- **Long Grain White Rice**

The sales of Long Grain White Rice are 24,430 MT (including 4,685 MT for Rodrigues) for the Financial Year ended 30 June 2022. 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 2022, 339 MT of Basmati Rice (including 78 MT for Rodrigues) has been sold.

- **Flour**

The sales of Flour are 93,794 MT (including 2,140 MT for Rodrigues) for the Financial Year ended 30 June 2022. 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 82,228 MT for the Financial Year ended 30 June 2022. 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. 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 957,307 MT for the Financial Year ended 30 June 2022, 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.

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.

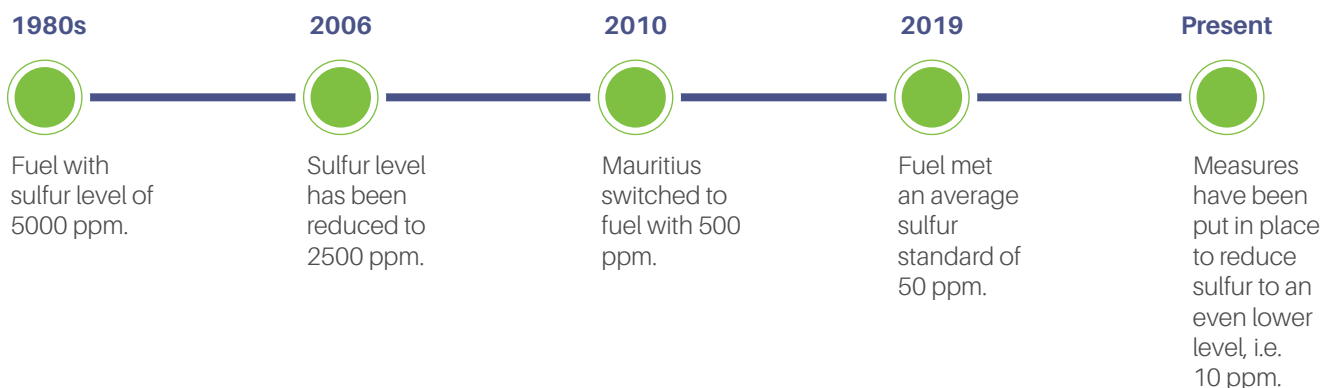
Transition to Low-Sulfur Fuels

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

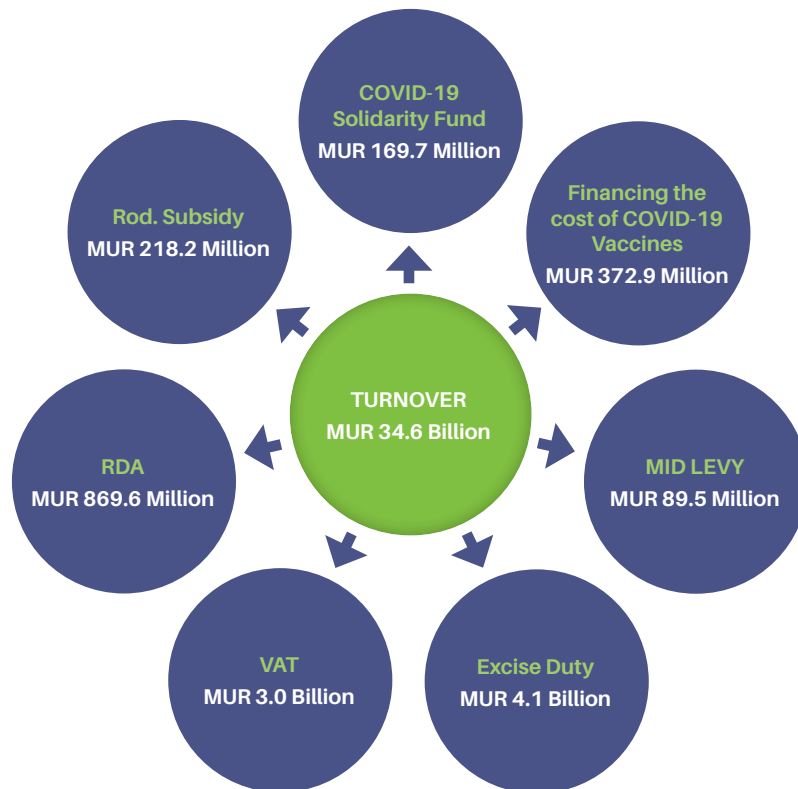
Quality control of fuel oil is an essential risk management activity for producers, traders and distributors. As the market in fuel oil becomes ever more diverse and sophisticated, there is a need for consistent, detailed in-depth analysis.

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 2022, an amount of MUR 9.8 billion has been collected on behalf of Government institutions out of which MUR 8.8 billion has been remitted 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.

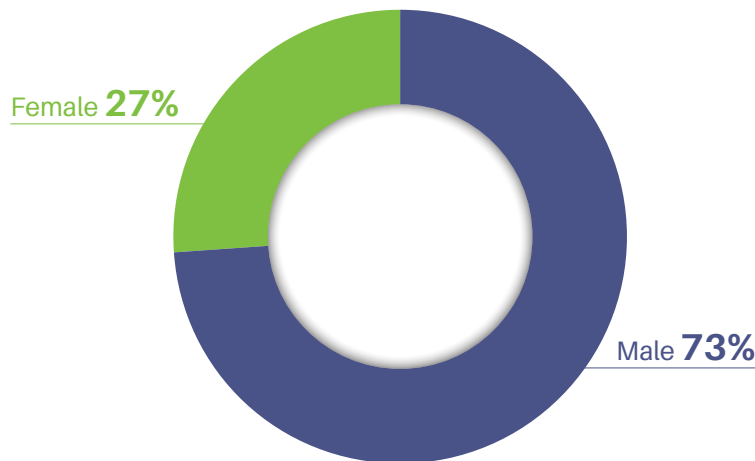
MID Levy

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 kilogram 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 2022, 249 persons were employed at STC, as illustrated below.

STC Gender of Employees



Age Categories - STC Employees



EMBRACING SUSTAINABILITY AT STC

At STC, we are conscious of the social, environmental and economic problems which are building up around the world. We are concerned by the issues which are rising in the Mauritian society and we are mindful of our impact. Aware of our responsibility towards Mauritius, we believe that a holistic approach, based on the United Nations 2030 Agenda for Sustainable Development which consists of 17 Sustainable Development Goals (SDGs), and an inclusive approach is required.

Since its foundation in 1982, STC has been a key economic contributor in Mauritius and has over the past 40 years, continuously strive to improve the quality of its products. Now more than ever, addressing societal and environmental needs and concerns cannot be haphazardly approached.

In terms of environmental impact, STC aligns with the Mauritian Government commitment, stated in the 2021/2022 budget, to transition to a cleaner, greener, sustainable, low emission and climate resilient country. STC is continuously looking for opportunities to reduce the level of pollution and to enhance its environment. For instance, 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. The packaging of commodities and the processes involved are being modified to minimise their environmental impact. For instance, STC is planning to use biodegradable plastic for the packing of rice and flour. Another project under consideration, in accordance with Government's commitment for cleaner fuel is the use of Liquefied Natural Gas, being a cleaner source of energy. STC has also invested in photovoltaic system and has adopted rainwater harvesting in its endeavor to use renewable sources of energy.

STC considers affreightment of ships that meet the latest emission standards of the International Maritime Organization and Oil majors. STC is also responsible for the bunkering initiatives and will keep the highest reasonable standards in this endeavour. STC also partners with the Mauritius Ports Authority to reduce and avoid sea pollution due to its activities. All safety and health and technical precautions are considered to minimise possible impact of spills and leaks.

Wastewater from STC premises is sent to a centralised Wastewater Management Facility and water saving taps are used on its sites where possible. The warehouses have also been fitted with special anti bird netting and cleaning contractors are appointed for regular cleaning. The cleaning solutions and fumigation used are mostly ecological, and according to our specifications. Adequate washing facilities are also provided on all our sites.

In terms of societal and economic impact, at the time of creation of the STC in 1982, poverty was rife in Mauritius and touched almost 80% of the population, with unemployment reaching 25%. One of the tenets on which the STC was founded was access of the population to basic necessities and commodities, such as rice and flour. Furthermore, since 2003, STC started subsidizing domestic LPG so as to assist in improving the standard of living of Mauritian households.

STC, as the trading arm of the Government assists in implementing relevant parts of the Government poverty alleviation measures. For instance, the current subsidies help distressed families and lower paid workers to subsist adequately. STC also contributed with respect to the Government recovery measures, such as food packs to households, during the COVID-19 pandemic.

The specifications of Whole wheat bran are determined for optimal health benefits. This product is sold at heavily subsidised prices to encourage consumption as the higher fibre content and lower calories help combat weight gain and associated conditions, Diabetes Mellitus, the national scourge and other illnesses. STC also works with the Bakers Unions to help standardise the bread quality and standards of production.

In terms of human capital, in a time where pandemic, war and scarcity of resources are redefining our life and economy, STC has shown resilience all throughout the way. Our teams have demonstrated and continue to demonstrate their agility while overcoming the obstacles to innovate and to seize new development opportunities.

In order to promote good health and wellbeing of its employees, STC provides access to a free gymnasium at its headquarter and several annual dedicated programs are offered to them.

STC ensures equal access of all employees to promotions and job enrichment opportunities within the organisation. Employees are encouraged to follow additional courses for better understanding of the processes. They are also allowed whenever feasible, to move temporarily or on a permanent basis to other Departments or to the private sector so as to acquire new skills. Lesser skilled employees are encouraged to study and meet the academic requirements for higher responsibilities.

Furthermore, STC is an equal opportunity employer. Around 27% of employees are female and it is our aim to increase the number in time at all levels of the organization structure. Infrastructure facilities also take into account the specific needs of female employees and visitors.

STC employs a certain number of disabled persons according to their abilities. Workplace conditions are reviewed periodically and additional comforts and aids are provided. Existing amenities have been upgraded to meet their requirements and this is a continuing process. STC currently has plans for a fully refurbished warehouse to be fitted with new offices and amenities for the employees. STC continues to look, with Government guidance, for further avenues to improve its operation and to provide more jobs for the smaller subcontractors, Small and Medium Enterprises by looking to resourcing supplies locally and thus help the economy while preserving jobs.

The initiatives and actions we take at STC aim, as much as possible, to be aligned with the SDGs. We strongly believe that the continuous adoption of these practices will trigger improvements in our business operations, procurement, sales, marketing and stakeholder engagement as well as promoting sector wide change.

Board and Management have been working together at identifying the impact of STC's operations on the environment, society and economy and accordingly, control and mitigating measures are developed in order to uphold the sustainability goals.

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-1, 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 2021 - 2022 ended 30th June 2022.

The STC is the trading arm of the Government under the aegis of the Ministry of Commerce and Consumer Protection and has as mandate to implement certain Government policies and procure 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 emerging from troubled times with frequent and unexpected new adverse events in a very dynamic commercial world. The disruptions of harvests and of refining of fuels abroad, shortages and erratic supply chains have almost become the norm.

Previously, STC was hard pressed to honour its commitments due to the COVID lockdown practically worldwide. This year, when we had hopes of a return to more normal conditions, we have been shaken by the war situation between two main producers of goods and fuels, compounded by other Government restrictions on exports, effects of climate change, currency fluctuations and even shortages and multiple other situations. COVID is still lurking and present, it still has a damaging effect on economies. STC has had to navigate very dynamic and changeable markets for all its imports.

Disruptions have continued and affected practically every commercial field. However, with the return of activity, the turnover of the STC has risen from around 17 Bln. MUR to around 35 Bln MUR. The increase in retained earnings is around 0.5 Bln MUR, compared to a deficit of 541 Mln MUR in the past year.

High prices of commodities have caused a dramatic increase in the amounts of subsidy on LGWR, flour and LPG. This financial year, the subsidy on the above products has gone up to 4 Bln. MUR.

STC has, in spite of a very difficult situation, maintained its commitment to stabilise the retail prices of these staple commodities for the benefit of the Mauritian population,

Fuel costs have also shot up and the deficit in the Price Stabilisation Account for fuels has increased from 314 Mln to 4.2 Bln MUR. This deficit is due to the retail sale of mogas below cost, with a loss of over MUR 9.50 per litre, resulting in a total loss of 1,7 Bln MUR. For gasoil (diesel), which is the backbone of our transport and distribution, the deficit was over MUR 14.50 per litre and this resulted in a loss of 3.03 Bln MUR over the year.

The prices of LGWR and Flour too have gone up, due to scarcity and lack of visibility on the market. Flour prices have increased on average by 38%, LGWR price has increased by over 32%.

Food security has remained paramount, so during the reporting period, the STC launched into the importation of edible oil, milk powder and pulses, such as lima beans, red and white kidney beans and chana dal. The aim is to help stabilise the retail prices of these items and their derivatives.

Rodrigues and the outer islands have also benefited from the subsidies and the various imports by the STC. Prices are fixed all over the Republic.

The Board and Management have had to meet often to take the appropriate corrective measures and decisions. Staff turnover and attrition has become a major issue and the STC is making continuous efforts to address this situation and recruit new staff.

STC has undergone changes at Board level and I wish here to express my appreciation for the time and efforts Board Directors and Management have put in the various sub committees of the Board. It has been a most challenging time to resolve the issues over the year, but the staff has risen to the new demands made on them.

The following Director has left during this period and I thank him for his efforts:
Mr. K. Conhye, for the Ministry of Agro-Industry and Food Security.

I have also had the pleasure to welcome new Directors, namely:
For the Mauritius Ports Authority, Mr. Rogbeer as from June 2021 to April 2022 and Mr. Sandesh Seelochun as from April 2022 and for the Ministry of Agro-Industry and Food Security, Mrs S. D. Soborun as from July 2021.

I thank the Board members for the advice given and their shared experience. I am pleased to observe that STC continuously has and still has female Directors and alternates on its Board.

Among the major decisions taken at Board level were the procurement of strategic products of national importance as well as new commodities, implementation of a New Warehouse facility, financing of working capital, a continuous review and upgrading or reinforcement of our infrastructure and processes and ongoing improvement of staffing and of internal STC processes, Risk Management and Corporate Governance.

The STC has continued on its path to recruit high calibre and motivated people for our future expansion. We are committed to improved and continuous collaboration with our local oil majors and with local industry with an emphasis on sustainability. The basic needs of the population are being catered for and the Ministry of Commerce and CP assists the STC greatly in this process. Other Ministries step in as and when required and the STC is grateful for their inputs.

I would like once more to thank the Directors on the Board of the STC, the Management and the Staff for their collaboration and assistance in the accomplishment of the challenging and varied tasks of the STC and for their continued support in these times of 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 2021 - 2022. I hereby commend to you the reading of this Annual report.

Dr Ramchandra BHEENICK

Chairperson of the Board of the STC

30th May 2023

Message from the General Manager



One can safely argue that financial year 2021-22 could be characterized as one of the most critical and demanding on the management cadre of the Corporation faced with an exceptionally volatile and harsh external environment coupled with huge challenges on the internal front. Coming out of the Covid 19 experience which had unjustly caused considerable reputational damage to the organization, management had to cope with this “toxic mix” of adverse conditions.

It is to the credit of the experienced and dedicated management cadre that in the end one can positively state that the year ended up as one of the most eventful characterized by some singular achievements. The year also set the scene for a new emerging State Trading Corporation readying to take up new challenges in the realization of its mission.

The year 2022 marked the 40th anniversary of the Corporation and witnessed a gesture of recognition to one of the prominent drivers of the setting up of the institution under the first government led by Sir Aneerood Jugnauth as Prime Minister.

The new warehouse of the Corporation was named as the Kader Bhayat Warehouse to commemorate the memory of the Minister of Commerce who was highly committed and motivated to introduce the State Trading Corporation Bill in Parliament in 1982. A series of events were organized with the active participation of the staff of the corporation to celebrate this 40th Anniversary culminating with Gala dinners for all personnel of the STC.

The immediate post Covid (2021/2022) global economic and trading environment was dominated by the near break-down of the international supply chains and quasi absence of available shipping lines and container freight transportation. Added to this the intrinsic price of all commodities from basic food items to petroleum products shot up to record levels as a result of disruptions in production processes and crop growing seasons. It is to the credit of the Corporation that, in the face of these game changing events the country was at no time in a situation of shortage of any of the basic products which it is mandated to procure for the population of Mauritius. Of course, there was a high pecuniary price to pay in order to ensure continuous supply of flour, rice, LPG, not to mention petroleum products for mobility as well as production input for industries and electricity production. Our audited financial records for the financial year 2021-22 reflect these extremely harsh international trading conditions.

Arguably the post Covid world has definitely and permanently impacted the working environment within organizations even as such factors as digitalization and work from home keep changing the pattern of internal organizational dynamics. The STC has not been totally immune from these effects and is coping quite satisfactorily with them especially so far as deeper digitalization is concerned. It is notable, however, that the larger challenge posed by the post Covid environment has been one of organizational culture transformation to quickly adapt to the new exigencies of further involvement in the competitive commercial domains with a widening portfolio of products. The unveiling of the SMATCH brand of products has indeed served as the platform for the launch of this transformation as the Corporation actively engages in moving from a “sale” dominated culture to a “marketing” driven one.

Considering the above developments, the State Trading Corporation will pursue its endeavour to position itself as a major player in the procurement and distribution of basic food and non- food items in the country. We shall continue to invest in our human resources through training and transformational skills development to match the ambition of the Corporation to have an important role in the market place as a participant as well as a disciplining agent.

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 community 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.

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 2023. The code of ethics has been 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. The code of ethics is circulated to all employees on an annual basis in order to ensure compliance with the provisions of the code. During the financial year 2021-2022, 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.

Conflict of Interest and Related Party Transactions

According to the code of ethics, Directors and employees must avoid instances that may give rise to conflicts of interest or which may be perceived by others as conflicting situations. They are required to declare any conflict of interest that arose during the exercise of their functions. At Board level, Directors are required to declare any conflict or potential conflict of interest to the Board at each meeting and same is recorded accordingly. The onus is on the directors to advise the Board on any change in their situation.

When the Board is considering matters in which any Director may be conflicted, the concerned director shall not participate in the discussions and/or decision-making process on the transaction in relation to which conflict arises and recuse himself from the meeting.

A register is maintained whereby all disclosures of interests of the Directors are recorded.

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 are provided in the Notes to the Financial Statement.

Additionally, information regarding Board members' fees and compensation to key Management Personnel has also been provided in the Notes to the Financial Statement.

IT Policies and Procedures

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.

It is an established practice to retain our financial and other documents for a minimum of 10 years. Procurement and Personnel files are retained permanently.

Corporate Social Responsibility

In line with Government policy and as part of our mission STC provides basic necessities, namely Long Grain White Rice, Flour and LPG, at subsidised 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.

Moreover, during the year 2022, STC donated 500 MT of Long Grain White Rice to Madagascar due to severe humanitarian distress caused by Cyclone Batsirai.

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 2021-2022, the trainings provided to STC employees were mainly in respect of, 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.

According to the STC Act, 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. During the Financial Year 2021-2022, none of STC's Directors had directorship in more than three other organisations. The level of participation and contribution of each director is assessed during the annual evaluation exercise.

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/Government;
- the Corporation;
- our stakeholders and clients; and
- 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 as and when required.

During the Financial Year ended 30 June 2022, the Board has met 14 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. 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.

STC is a member of the Mauritius Institute of Directors (MlOD) and training on corporate governance was provided to the Directors.

Board Evaluation

The Board evaluates its performance on a yearly basis. During this financial year, a Board appraisal was carried out through a questionnaire by all Directors. The evaluation includes an assessment of the Board composition and independence, performance and effectiveness of the Board’s responsibilities, maintenance and implementation of the Board’s governance, relationship with management as well as an evaluation of its committees. The findings of the aforesaid appraisal have been considered at the level of the Board

Moreover, 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”. Accordingly, the Board evaluation for each Director and the Chairperson during the financial year 2021 – 2022 was completed in November 2022.

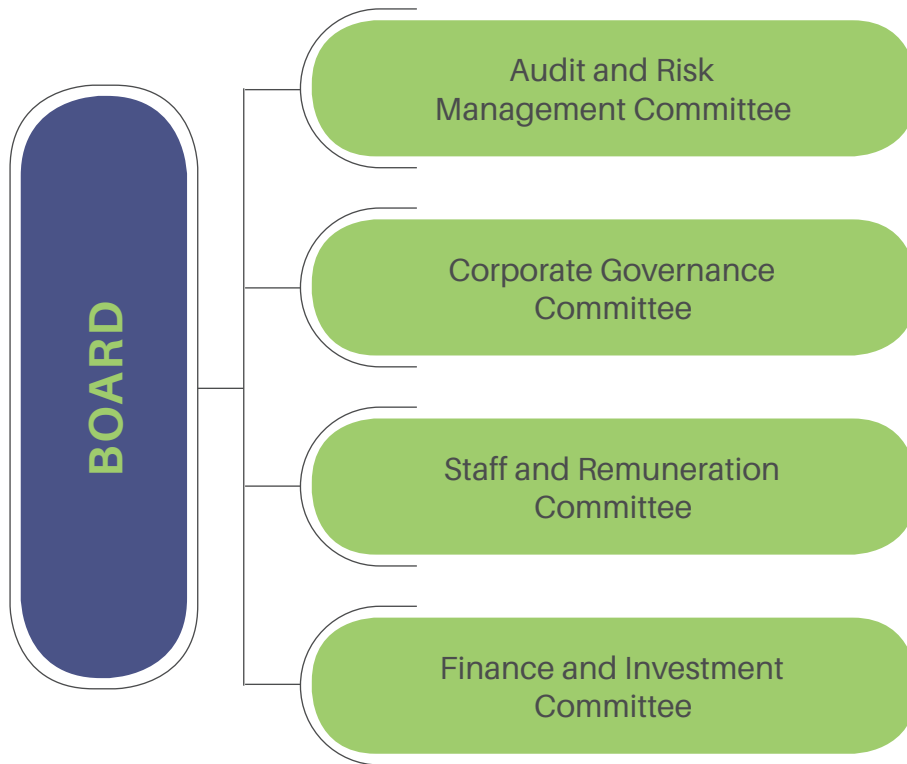
The Acting Board Secretary assisted the Board in its proper functioning and ensured that the Board followed correct procedures and complies with its obligations under law. He also acted as adviser to the Chairperson, Directors and officers of the Corporation. The Acting Board Secretary assisted the Chairperson of the Board in organizing the Board's activities. He also maintained a conflict-of-interest register which is available to Directors and other authorities upon written request. The Acting Board Secretary also ensured that Board papers, notices and agendas were 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 2022, was comprised as follows:

Chairperson	
Dr. Ramchandra BHEENICK	
Non-Executive Directors	Representative of
Mr. Ishwarlall BONOMAULLY	Ministry of Finance, Economic Planning and Development
Mr. Jaganathan Parasivam RANGAN	Ministry of Commerce and Consumer Protection
Mrs Soondaree Devi SOBORUN (from 21 July 2021)	Ministry of Agro-Industry and Food Security
Mrs Madhumattee RAMKHELAWON	Ministry of Energy and Public Utilities
Mr. Sandesh Kumar SEELOCHUN (from 8 April 2022)	Mauritius Ports Authority
Mr. Chandradutt ROGBEER (Left 1 March 2022)	
Mr. Feizal JEETOO	Independent Member
Mr. Chetnarain POONEETH	Independent Member

Sub-committees of the Board

The Board established its sub-committees for the Financial Year ended 30 June 2022 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 designated 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 2022, comprised of the following members:

Audit and Risk Management Committee			
Mr I. Bonomaully Chairperson	Mrs M. Ramkhelawon	Mr. C. Rogbeer (left 1 March 2022)	Mr. F. Jeetoo

- 1.4 The Committee met five times during the Financial Year ended 30 June 2022 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 2022, comprised of the following members:

Corporate Governance Committee			
Mr. C. Pooneeth Chairperson	Mr. I. Bonomaully	Mrs S. D. Soborun	(Vacant)

- 2.4 No Corporate Governance Committee was held during the Financial Year ended 30 June 2022.

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 2022, comprised of the following members:

Staff and Remuneration Committee			
Mr. J. P. Rangan Chairperson	Mrs M. Ramkhelawon	Mr. F. Jeetoo	Mr. C. Pooneeth

- 3.4 During the Financial Year 30 June 2022, the Staff and Remuneration Committee met 19 (nineteen) 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 2022, was comprised of the following members:

Finance and Investment Committee			
Mrs S. D. Soborun Chairperson	Mr. J. P. Rangan	Mr. S. Seelochun	Mr. C. Pooneeth

- 4.4 During the Financial Year ended 30 June 2022, 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 2022 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. I. Bonomaully	√	√	√		
Mr. J. P. Rangan	√			√	√
Mrs S. D. Soborun	√		√		√
Mrs M. Ramkhelawon	√	√		√	
Mr. S. Seelochun	√				√
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 2022 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	14	-	5	19	1	-
Dr. R. Bheenick	14	-	-	-	-	531,000
Mr. J. P. Rangan	14	-	-	19	1	140,975
Mr. I. Bonomaully	9	-	5	-	-	125,600
Mrs P. Rojoa (Alternate)	2	-	-	-	-	2,670
Mrs S. D. Soborun (from 21 July 2021)	12	-	-	-	1	121,120
Mrs K. Jugroo (Alternate)	1	-	-	-	-	890
Mrs M. Ramkhelawon	8	-	3	14	-	133,040
Mr. D. Jahajeeah (Alternate)	4	-	-	1	-	4,375
Mr. S. Seelochun (from 8 April 2022)	3	-	-	-	-	30,000
Mr. C. Rogbeer (left 1 March 2022)	8	-	4	-	-	83,260
Mr. S. Ganga (Alternate)	1	-	-	-	-	890
Mr. F. Jeetoo	10	-	3	9	-	128,150
Mr. C. Pooneeth	13	-	-	15	1	132,225

*Note:

1. Mrs S.D. Soborun was appointed on 21 July 2021
2. Mr. C. Rogbeer left on 1 March 2022
3. Mr. S. Seelochun was appointed on 8 April 2022

Directors' remunerations are determined by the Minister.

Director's Profile

1. **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 active in various social and socio cultural organisations.

2. **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)

3. **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.

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

4. **Mrs. Soondaree Devi SOBORUN, Master's Degree in Public Sector Management** **Deputy Permanent Secretary, Ministry of Agro-Industry & Food Security**

Mrs. Soondaree Devi Soborun was appointed on the Board of STC in July 2021 as representative of the Ministry of Agro Industry and Food Security. She is the Chairperson of the Finance and Investment Committee and also a member of the Corporate Governance Committee, sub-committees of the Board.

Mrs. Soondaree Devi Soborun holds a Master's degree in Public Sector Management, a Bachelor's Degree in Economics and a Post Graduate Certificate in Quality Management and Performance Excellence. She has wide experience in the public sector in various fields such as shipping, broadcasting and general administration.

In the last 20 years, she has served at the Prime Minister's Office, the Ministry of Civil Service and Administrative Reforms, Ministry of Environment and Sustainable Development and the Ministry of Public Infrastructure and Land Transport.

Mrs. Soborun is presently Deputy Permanent Secretary at the Ministry of Agro Industry and Food Security. She is an ex-officio member of the following boards: -

- Agricultural Marketing Board;
- Food and Agricultural and Research Extension Institute; and

5. **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;
- ii. CEB (Facilities) Co. Ltd

6. Mr. Sandesh Kumar Seelochun, MSc degree in Industrial & Civil Engineering, MBA (from 8 April 2022)
Director Port Development, Mauritius Ports Authority

Mr. Sandesh Kumar Seelochun was appointed on the Board of STC on 8 April 2022 as representative of the Mauritius Ports Authority. He is also a member of the Finance and Investment Committee, sub-committee of the Board.

Mr. Seelochun is a Registered Professional Engineer with the Council of Registered Professional Engineers of Mauritius; a Fellow Member of the Chartered Institute of Logistics & Transport (UK), a Corporate Member of the Institution of Engineers of Mauritius as well as an Associate Member of the Chartered Institute of Arbitrators (UK).

7. Mr. Chandradutt Rogbeer, ACMA, CILT, ICAEW, FCA (left 1 March 2022)
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 (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 22 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.

8. 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 the Chairperson of the Corporate Governance Committee and also member of the Finance and Investment Committee and Staff & Remuneration Committee, sub-committees of the Board.

9. 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 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.

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. 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 and was appointed Financial Manager on 3 August 2021.

Mr. Chandradeo Dabeea, FCCA, MBA
Commercial Manager

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

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. 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.

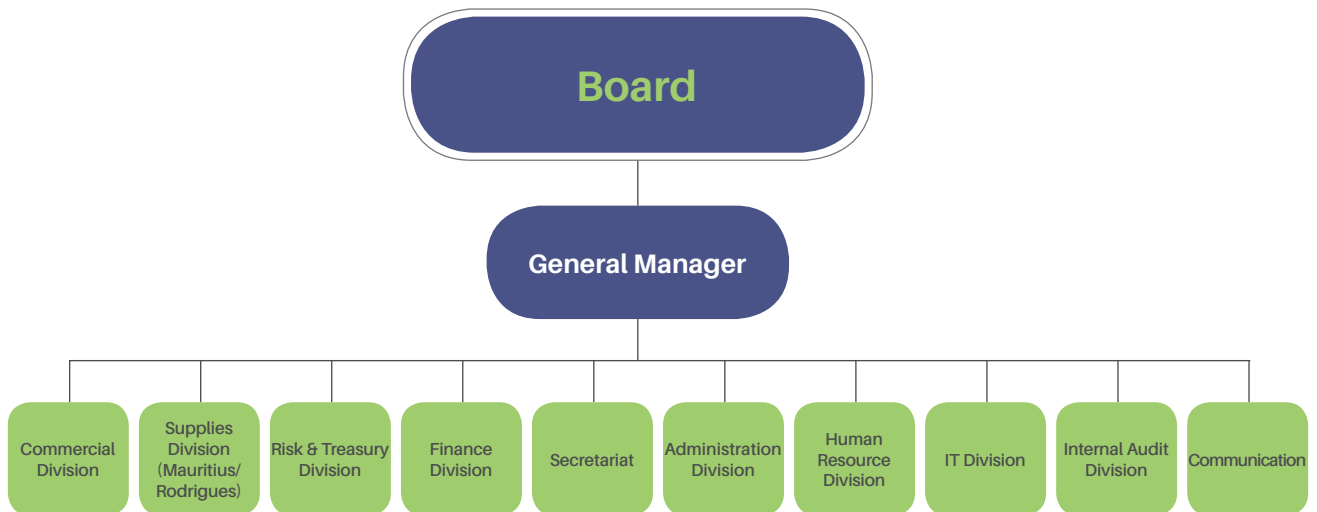
Mr. Krishnamoorti Ragaven
Office Superintendent, Ex-Officer-in -Charge of Administration Division (up to August 2021)

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 four 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 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 5 times during the financial year.

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 pandemic, 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

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 employees 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.

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.

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, Fleet Management, 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 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.

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.

The Financial Statements were approved by the Board on 28 April 2023.

"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 2021 to 30 June 2022

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 18*)
- The Structure of the Board and its Committees (*refer to pages 20-26*)
- Director Appointment Procedures (*refer to pages 20-21*)
- Director Duties, Remuneration and Performance (*refer to pages 21-33*)
- Risk Governance and Internal Control (*refer to page 34*)
- Reporting with integrity (*refer to page 19*)
- Audit (*refer to pages 37-38*)
- Relations with Shareholders (*refer to pages 18-19*)

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 2022 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 2022, and of its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

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.

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.

Emphasis of Matter

I draw attention to:

- Note 17 concerning the Price Stabilisation Account of Mogas and Gas Oil which showed a surplus of Rs 508 million as at 30 June 2021. During the financial year 2021-22, the Corporation incurred loss on tankers amounting to Rs 4.2 billion. The Price Stabilisation Account was in deficit of Rs 3.8 billion as at 30 June 2022.
- The net asset of the Corporation stood at a negative balance of Rs 273 million as at 30 June 2022.
- Note 21.1 regarding an amount of Rs 985.1 million collected for COVID-19 Solidarity Fund and Contribution to finance COVID-19 Vaccines that has been used to part finance subsidy for Rice, Flour and Liquefied Petroleum Gas (LPG) as authorised by Government.

My opinion is not modified in respect of these matters.

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 for 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;
- (e) the provisions of Part V of the Public Procurement Act regarding the bidding process have been complied with for goods and services other than goods purchased for resale, including services incidental to the purchase or distribution of such goods; and
- (f) 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.

Public Procurement Act

In my opinion, the provisions of Part V of the Act have been complied with as far as it could be ascertained from my examination of the relevant records in respect of procurement of goods and services other than goods purchased for resale, including services incidental to the purchase or distribution of such goods.

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.

**C. ROMOOAH**

Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS

2 May 2023

Financial Statements



Statement of Financial Position

as at 30 June 2022

		30 June 2022	Restated 30 June 2021
	Notes	MUR	MUR
ASSETS			
Current Assets			
Cash and Cash Equivalent	5	3,437,573,488	959,011,997
Trade & Other Receivables	6	7,013,555,754	2,639,070,571
Inventories	7	1,289,079,879	570,623,183
Total Current Assets		11,740,209,121	4,168,705,751
Non Current Assets			
Investments	8	23,737,000	23,684,228
Investment in Associate	8	75,910,631	79,432,949
Property, Plant and Equipment	9	264,368,196	275,343,207
Intangible Assets	10	2,504,880	5,658,365
Total Non Current Assets		366,520,707	384,118,749
Total Assets		12,106,729,828	4,552,824,500
LIABILITIES			
Current Liabilities			
Payables	11	5,043,189,492	1,148,924,503
Short Term Borrowings	12	6,994,319,512	-
Employee Benefits	13	21,083,768	17,381,840
Lease Liability-Leasehold Land	14	320,787	320,787
Total Current Liabilities		12,058,913,560	1,166,627,130
Non Current Liabilities			
Net Defined Benefit Liability	15	267,426,367	160,360,480
Employee Benefits	13	43,462,643	44,724,395
Lease Liability-Leasehold Land	14	9,651,012	9,971,799
Total Non Current Liabilities		320,540,022	215,056,674
Total Liabilities		12,379,453,582	1,381,683,804
Net Assets		(272,723,754)	3,171,140,695
NET ASSETS/EQUITY			
Contributed Capital	16	400,000	400,000
Accumulated Surplus		2,866,705,041	2,366,400,212
Reserve Funds	17	(3,139,828,795)	804,340,483
Total Net Assets/Equity		(272,723,754)	3,171,140,695

Notes 1 to 28 form an integral part of these Financial Statements. The Financial Statements were approved by the Board on 28 April 2023



Dr R. Bheenick
Chairman



I. Bonomaully
Board Member

Statement of Financial Performance

for the Financial Year ended 30 June 2022

		30 June 2022	Restated 30 June 2021
	Notes	MUR	MUR
Revenue			
Revenue from Exchange Transactions	18	34,754,953,264	17,326,453,282
Revenue from Non Exchange Transactions:			
Gain/Loss on Foreign Exchange	19	(83,094,216)	65,423,760
Contribution for Subsidy on LPG, Rice and Flour	18	2,092,457,207	1,484,518,203
Subsidy received/receivable from Government	21	1,875,011,400	-
Other Revenue	20	12,316,787	26,270,656
Total Revenue		38,651,644,442	18,902,665,901
Expenses			
Cost of Sales	21	(41,992,300,336)	(19,457,660,724)
General Administrative Expenses	22,23	(280,185,636)	(209,814,942)
Finance Costs	24	(16,534,832)	(1,209,428)
Depreciation	9,10	(21,054,999)	(17,343,120)
Total Expenses		(42,310,075,803)	(19,686,028,214)
Deficit for the Year		(3,658,431,361)	(783,362,313)

Statement of Changes in Net Asset/Equity for the Financial Year ended 30 June 2022

	Contributed Capital	Accumulated Surplus		Reserve Funds		Total Equity
	MUR	MUR	MUR	Infrastructure Development Reserve Fund	Price Stabilisation Account (PSA)	MUR
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	
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		314,003,145		(314,003,145)	-	
Restated Deficit for the 12-month ended 30 June 2021		(783,362,313)			(783,362,313)	
Remeasurement of Pension as per Statement from SICOM Ltd		(87,115,333)			(87,115,333)	
* Restated Balance as at 30 June 2021	400,000	2,366,400,211	296,104,171	508,236,312	3,171,140,695	
Amount collected during the year			318,252,745		318,252,745	
Transfer from Infrastructure Development Fund for investment in MOST		(3,522,318)	3,522,318		-	
Movements in PSA		4,265,944,341		(4,265,944,341)	-	
Deficit for the 12-month ended 30 June 2022		(3,658,431,361)			(3,658,431,361)	
Remeasurement of Pension as per Statement from SICOM Ltd		(103,685,831)			(103,685,831)	
Balance as at 30 June 2022	400,000	2,866,705,041	617,879,234	(3,757,708,029)	(272,723,754)	

* The balance has been restated due to the movement in PSA being transferred to Accumulated Surplus instead of the Statement of Financial Performance.

Cashflow Statement

for the Financial Year ended 30 June 2022

	30 June 2022	Restated 30 June 2021
	MUR	MUR
Cash flows from Operating Activities		
Deficit for the Year	(3,658,431,361)	(783,362,313)
Retirement Benefit Obligations	3,380,056	(2,428,716)
Investment income recognised in Statement of Financial Performance	(296,668)	(225,860)
Gain on sale or disposal of property, plant and equipment	(232,562)	(476,083)
Gain on Investment	(52,772)	(2,958,487)
Depreciation of non-current assets	21,054,999	17,343,120
Effects of Exchange Rate changes on the balance of Cash /Lines of Credit held in foreign currencies	102,330,576	(46,825,840)
Interest Receivable	(8,204,052)	(20,850,350)
Interest Payable	16,534,832	1,209,428
	(3,523,916,952)	(838,575,101)
Movements in Working Capital		
(Increase)/Decrease in trade and other receivables	(4,374,485,183)	4,806,225,431
(Increase)/Decrease in inventories	(718,456,696)	(141,582,586)
Increase/(Decrease) in trade and other payables	3,893,944,202	(5,919,181,649)
Increase/(Decrease) in Employee Benefits	2,440,174	(2,689,886)
Net Cash generated from operating activities	(4,720,474,455)	(2,095,803,791)
Cash flow from investing activities		
Interest received	8,204,052	22,930,843
Acquisition of Non Current Assets	(7,361,770)	(43,391)
Financing of Investment in MOST	3,522,318	(15,241,881)
Investment revenue recognised in Statement of Financial Performance	296,668	225,860
Proceeds from disposal of Non-Current Assets	667,826	495,897
Net cash (used in)/generated by investing activities	(5,329,094)	8,367,327
Cash flow from financing activities		
Amount collected under Infrastructure Development Fund	318,252,745	295,251,848
Proceeds from borrowings	21,327,361,404	5,155,535,940
Repayment of borrowings	(14,428,475,664)	(5,112,784,558)
Interest paid	(16,534,832)	(1,209,428)
Net cash generated from financing activities	7,200,603,653	336,793,802
Net(decrease in cash and cash equivalents	2,485,458,292	(1,750,642,662)
Cash and cash equivalents at the beginning of the year	959,011,997	2,705,580,201
Effects of Exchange Rate changes on the balance of cash held in foreign currencies	(6,896,802)	4,074,458
Total Cash and cash equivalents at the end of the year	3,437,573,488	959,011,997

Statement of Comparison of Budget and Actual Amounts

for the Financial Year ended 30 June 2022

PARTICULARS	Original Budget 1 July 2021- 30 June 2022 (Note i)	Revised Budget 1 July 2021- 30 June 2022 (Note ii)	Actual 1 July 2021- 30 June 2022	Difference (Note iii)	Remark
	MUR 000	MUR 000	MUR 000	MUR 000	
Revenue from Exchange Transactions	27,561,610	32,607,791	34,754,953	2,147,162	*see below
Price Stabilisation Account	-	4,112,354	-	(4,112,354)	
Cost of Sales	(29,483,108)	(39,899,930)	(41,992,300)	(2,092,370)	*see below
Gross Surplus/(Deficit)	(1,921,498)	(3,179,785)	(7,237,347)	(4,057,562)	
Contribution to Subsidy on LPG, Rice and Flour	2,314,200	2,266,806	2,092,457	(174,349)	Based on quantity sold.
Subsidy from Government		-	1,875,011	1,875,011	
Other Revenue	45,129	117,648	12,317	(105,331)	
Revenue from Non Exchange Transaction	-	(31,862)	(83,094)	(114,956)	
Staff Costs- Salaries and Employee Benefits	(206,569)	(185,723)	(165,579)	20,144	
Supplies and Consumables	(24,720)	(24,856)	(17,635)	7,221	
Utilities	(6,638)	(4,901)	(6,604)	(1,703)	
Rent & Lease	(13,118)	(16,335)	(16,086)	249	
Repairs and Maintenance	(16,532)	(14,020)	(27,816)	(13,796)	
Other Adm. Expenses	(56,974)	(31,308)	(46,466)	(15,158)	
Depreciation	(39,518)	(16,674)	(21,055)	(4,381)	
Interest Payable	(5,000)	(12,219)	(16,535)	(4,316)	
Net Surplus/(Deficit) for the Year	68,762	(1,069,505)	(3,658,431)	(2,588,926)	

PARTICULARS	Original Budget 1 July 2021- 30 June 2022 (Note i)	Revised Budget 1 July 2021- 30 June 2022 (Note ii)	Actual 1 July 2021- 30 June 2022	Difference (Note iii)	Remark
	MUR 000	MUR 000	MUR 000	MUR 000	
Office Equipment & Furniture	6,000	18,700	-	18,700	
Plant and Machinery	5,000	10,000	3,130	6,870	
Information Technology	11,500	-	726	(726)	
Motor Vehicles	8,200	10,000	3,506	6,494	
Warehouse in Mauritius	800,000	-	-	-	Projects not yet materialised
Warehouse in Rodrigues	200,000	-	-	-	
TOTAL	1,030,700	38,700	7,362	31,338	

Note:

- Represents the original budget of the Corporation for the Financial year ended 30 June 2022 approved in February 2021.
- represents the revised budget of the Corporation for the Financial Year ended 30 June 2022 approved in March 2022.

- (iii) represents the difference between revised budget for the Financial Year ended 30 June 2022 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 2022 approved by the Board of STC in February 2021 as per statutory requirement, was based on information available at that time. Thereafter, in March 2022, 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 2022

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 a going concern 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) on an accrual basis. The measurement base applied is historical cost adjusted for revaluations of assets.

ii) Basis of preparation

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 2023
IPSAS 42	Social Benefits	Jan 2019	1 Jan 2023
IPSAS 43	Leases	Jan 2022	1 Jan 2025
IPSAS 44	Non- Current Assets Held for sale and Discontinued Operations	May 2022	1 Jan 2025

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

Notes to Financial Statements

for the Financial Year ended 30 June 2022

iii) Accounting Period

The Financial Statements for the current financial year have been prepared for the twelve months ended 30 June 2022.

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.

Subsidy on Rice, Flour and LPG

The retail prices of Long Grain White Rice, Flour and liquefied Petroleum Gas (LPG) in cylinders up to 12 kg are fixed by Government and STC is required to sell these three products at subsidised prices, that is, below their cost prices. These subsidies are finance through a contribution in the price structures of Mogas and Gas Oil and any gap in the subsidy account would be financed by the Ministry of Finance, Economic Planning and Development. The Corporation has been authorized by Government to apply a change in its accounting policy to reflect the deficit in the subsidy account of Rice, Flour and LPG as a receivable (debtor) in its books at end of the Financial Year.

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) except for Petroleum Products which are valued using the Average Cost method (AVCO).

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

vii) Investment

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

Notes to Financial Statements

for the Financial Year ended 30 June 2022

viii) Investment in Associate

An associate is one 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.

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.

Notes to Financial Statements

for the Financial Year ended 30 June 2022

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

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 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.

Notes to Financial Statements

for the Financial Year ended 30 June 2022

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.

The contribution in the Defined Benefit Pension Plan managed by SICOM Ltd for the period July 2021 to June 2022 was MUR 15.4 million out of which MUR 11.7 million has been contributed by the Corporation and the remaining MUR 3.7 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 2021 to June 2022 was MUR 4 million out of which MUR 2.6 million was contributed by the Corporation and the remaining MUR 1.4 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.

Notes to Financial Statements

for the Financial Year ended 30 June 2022

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.

- **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 2022 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.

Notes to Financial Statements

for the Financial Year ended 30 June 2022

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.

The Corporation procures all goods for resale in Foreign Currency. During the Financial Year ended 30 June 2022 about USD 357.1 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 357.1 million.

xvi) Loans

Loans comprise advances made to employees for the acquisition of motor cars and bear interest at the rate of 3%. 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.

Notes to Financial Statements

for the Financial Year ended 30 June 2022

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.

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 2022

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

Cash in Hand
Bank Balances
Gross Total

30 June 2022	30 June 2021
MUR	MUR
32,462	12,899
3,437,541,026	958,999,098
3,437,573,488	959,011,997

Notes to Financial Statements

for the Financial Year ended 30 June 2022

6. TRADE AND OTHER RECEIVABLES

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

	30 June 2022	30 June 2021
	MUR	MUR
Exchange Transaction	6,116,442,252	2,618,950,947
Non-Exchange Transaction	897,113,502	20,119,624
TOTAL	7,013,555,754	2,639,070,571

7. INVENTORIES

COMMODITIES	30 June 2022	30 June 2021
	MUR	MUR
Mogas	660,067,678	292,634,350
Gas Oil	332,679,864	138,226,950
Rice	45,236,011	54,548,335
Flour	45,585,855	45,430,708
Sugar	94,983	561,647
LPG	201,455,027	32,762,424
Others	3,960,460	6,458,769
TOTAL	1,289,079,879	570,623,183

Stock of Mogas and Gas Oil in MOST

At reporting date STC held a stock of 10,946 MT of Mogas and 6,581 MT of Gas Oil in the terminal valued at MUR 992.7 million.

Stock in Transit

The Corporation had no stock in transit of White and Black Oils at 30 June 2022.

8. INVESTMENT

Name of Company	Country of incorporation	% Ownership	Consideration	30 June 2022	30 June 2021
				MUR	MUR
Landscape (Mauritius) Ltd	Mauritius	less than 1	Cash	584,284	531,512
Africa Export – Import Bank (Afreximbank)	Egypt	less than 1	Cash	23,152,716	23,152,716
At Reporting date				23,737,000	23,684,228

Notes to Financial Statements

for the Financial Year ended 30 June 2022

8A. INVESTMENT IN ASSOCIATED COMPANY

Details of the Corporation's associate are as follows:

Name of Company	Country of incorporation	% Ownership	Consideration	30 June 2022	30 June 2021
Mer Rouge Oil Storage Terminal Co Ltd (MOST)	Mauritius	20	Cash	MUR 75,910,631	MUR 79,432,949
At Reporting date				75,910,631	79,432,949

Mer Rouge Oil Storage Terminal Co Ltd is an associate as STC has significant influence over the company.

For the purpose of applying the equity method of accounting, the audited financial statements of MOST for the year ended 31 December 2021, which was received in August 2022 has been used.

Summarised financial information of MOST for the year 2021 is set out below:

	31 December 2021	Restated 31 December 2020
	MUR	MUR
Total Assets	735,115,448	708,959,676
Total Liabilities	(340,216,914)	(404,573,667)
Net Assets/Equity	394,898,534	304,386,009
Total revenue	73,913,299	43,148,396
Total expenses	(34,843,014)	(36,708,034)
Net Profit/(Loss)	39,070,285	6,440,362
STC's share of Net profit /(Loss) in Associate	7,814,057	1,288,072

	30 June 2022	30 June 2021
	MUR	MUR
Investment MOST	79,432,949	64,191,068
Investment during the reporting period	8,308,121	15,241,881
Disposal of 3.5% Shareholding	(11,830,439)	-
Total investment as at 30 June	75,910,631	79,432,949
STC's share of net profit for the period	NIL	NIL
Investment in Associate at 30 June	75,910,631	79,432,949

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 2022, STC has invested an amount of MUR 75.9 million in the company which has a storage capacity of 15,000 MT of Mogas and 10,000 MT of Gas Oil.

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.

Notes to Financial Statements

for the Financial Year ended 30 June 2022

9. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Office Equipment & Furniture	Plant & Machinery	Computer System-Hardware	Building	Leasehold Land	Total Property, Plant and Equipment
	MUR	MUR	MUR	MUR	MUR	MUR	MUR
COST							
At 1 July 2021	11,697,366	40,375,341	33,522,738	23,943,921	257,889,321	11,766,273	379,194,960
Additions	3,505,870	-	3,130,000	725,900	-	-	7,361,770
Disposal	(4,194,807)	-	-	-	-	-	(4,194,807)
At 30 June 2022	11,008,429	40,375,341	36,652,738	24,669,821	257,889,321	11,766,273	382,361,923
DEPRECIATION							
At 1 July 2021	9,891,390	20,171,740	23,664,729	18,936,031	31,187,865	-	103,851,755
Charge for the year	1,575,288	4,017,927	2,972,555	4,177,957	5,157,786	-	17,901,513
Disposal	(3,759,543)	-	-	-	-	-	(3,759,543)
At 30 June 2022	7,707,135	24,189,667	26,637,284	23,113,988	36,345,651	-	117,993,725
CARRYING AMOUNT							
At 1 July 2021	1,805,976	20,203,601	9,858,009	5,007,890	226,701,456	11,766,273	275,343,205
At 30 June 2022	3,301,294	16,185,674	10,015,454	1,555,833	221,543,670	11,766,273	264,368,198

A gain on Disposal of Motor vehicles amounting to MUR 232,562 is included in the Statement of Financial Performance for the Financial Year ended 30 June 2022.

Notes to Financial Statements

for the Financial Year ended 30 June 2022

10. INTANGIBLE ASSETS

	Logo	Computer System-Software	Total Intangible Assets
	MUR	MUR	MUR
COST			
At 1 July 2021	190,000	26,128,793	26,318,793
Additions	-	-	-
Disposals	-	-	-
At 30 June 2022	190,000	26,128,793	26,318,793
AMORTISATION			
At 1 July 2021	186,833	20,473,594	20,660,427
Charge for the year	3,167	3,150,318	3,153,485
Derecognised	-	-	-
At 30 June 2022	190,000	23,623,912	23,813,912
NET BOOK VALUE			
At 1 July 2021	3,167	5,655,199	5,658,366
At 30 June 2022	-	2,504,881	2,504,881

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 2022	30 June 2021
	MUR	MUR
CURRENT LIABILITIES		
Exchange Transactions	4,743,510,860	1,128,054,788
Non-Exchange Transactions	299,678,632	20,869,715
TOTAL	5,043,189,492	1,148,924,503

12. SHORT TERM BORROWINGS

	30 June 2022	30 June 2021
	MUR	MUR
Short term Lines of Credit	6,994,319,512	-
TOTAL	6,994,319,512	-

Notes to Financial Statements

for the Financial Year ended 30 June 2022

13. 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 2022	30 June 2021
	MUR	MUR
Less than 1 year		
Passage Benefits	3,318,144	2,499,681
Bank Sick Leave	8,079,896	6,803,543
Vacation Leave	9,685,728	8,078,616
Total	21,083,768	17,381,840
More than 1 year		
Passage Benefits	4,366,257	6,412,674
Bank Sick Leave	19,514,377	18,412,006
Vacation Leave	19,582,008	19,899,715
Total	43,462,643	44,724,395
Grand Total	65,546,410	62,106,235

14. LEASE LIABILITY

An amount of MUR 11.8 million has been recognized as Leasehold Land as per IPSAS 17. The finance lease obligations payable under the Leasehold Land are as follows:

	30 June 2022	30 June 2021
	MUR	MUR
Less than 1 year		
Leasehold Land	320,787	320,787
Total	320,787	320,787
More than 1 year		
Leasehold Land	9,651,012	9,971,799
Total	9,651,012	9,971,799
Grand Total	9,971,799	10,292,586

15. NET DEFINED BENEFIT LIABILITY

The amount of MUR 269.3 million in respect of wages, salaries and employee benefits includes MUR 11.8 million contributed by STC in the Defined Benefit Pension Plan and MUR 2.6 million for the year ended 30 June 2022 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 10.6 million at 30 June 2022.

Notes to Financial Statements

for the Financial Year ended 30 June 2022

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 2022

	Year ending 30 June 2022	Year ending 30 June 2021
	MUR	MUR
Amounts recognised in Statement of Financial Position at end of year:		
Defined benefit obligation	716,651,198	638,503,708
Fair value of plan assets	(449,224,831)	(478,143,228)
Liability recognised in balance sheet at end of year	267,426,367	160,360,480
Amounts recognised in Statement of Financial Performance:		
Service cost:		
Current service cost	10,129,408	8,606,189
Past service cost	-	-
(Employee contributions)	(3,717,329)	(3,561,901)
Fund Expenses	616,854	674,101
Net Interest expense/ (revenue)	8,114,788	3,113,664
P&L Charge	15,143,721	8,832,053
Remeasurement:		
Liability (gain)/loss	81,494,009	96,858,191
Assets (gain)/loss	22,191,822	(9,742,858)
Net Assets/Equity (NAE)	103,685,831	87,115,333
Total	118,829,552	95,947,386
Movements in liability recognised in Statement of Financial Position:	MUR	MUR
At start of year	160,360,480	75,673,863
Amount recognised in P&L	15,143,721	8,832,053
(Past Service Funding)	-	-
(Contributions paid by employer)	(11,763,665)	(11,260,769)
Amount recognised in NAE	103,685,831	87,115,333
At end of year	267,426,367	160,360,480

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 2022

FIGURES FOR IPSAS 39 ADOPTION FOR: State Trading Corporation for year ending 30 June 2022

	Year ending 30 June 2022	Year ending 30 June 2021
	MUR	MUR
<i>Reconciliation of the present value of defined benefit obligation</i>		
Present value of obligation at start of period	638,503,708	554,361,205
Current service cost	10,129,408	8,606,189
Interest cost	29,690,422	19,402,642
(Benefits paid)	(43,166,349)	(40,724,519)
Liability (gain)/loss	81,494,009	96,858,191
Present value of obligation at end of period	716,651,198	638,503,708
<i>Reconciliation of fair value of plan assets</i>		
Fair value of plan assets at start of period	478,143,228	478,687,342
Expected return on plan assets	21,575,634	16,288,978
Employer contributions	11,763,665	11,260,769
Employee Contributions	3,717,329	3,561,901
Past Service Funding	-	-
(Benefits paid + other outgo)	(43,783,203)	(41,398,620)
Asset gain/ (loss)	(22,191,822)	9,742,858
Fair value of plan assets at end of period	449,224,831	478,143,228
<i>Distribution of plan assets at end of period</i>	June 2022	June 2021
<i>Percentage of assets at end of year</i>		
Fixed Interest securities and cash	58.0%	54.8%
Loans	2.9%	2.8%
Local equities	13.6%	11.8%
Overseas bonds and equities	25.0%	30.1%
Property	0.5%	0.5%
Total	100%	100%
<i>Additional disclosure on assets issued or used by the reporting entity</i>	June 2022	June 2021
	%	%
<i>Percentage of assets at end of year</i>		
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 2022

Components of the amount recognised in NAE

Year	June 2022	June 2021
Currency	MUR	MUR
Asset experience gain/ (loss) during the period	(22,191,822)	9,742,858
Liability experience gain/ (loss) during the period	(81,494,009)	(96,858,191)
	(103,685,831)	(87,115,333)

Year	2022/2023
Expected employer contributions	11,354,227

Weighted average duration of the defined benefit obligation 12 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 June 2022	Year ending June 2021
Discount rate	MUR 4.80%	MUR 4.65%
Future salary increases	3.50%	3.00%
Future pension increases	2.50%	2.00%
Mortality before retirement	NIL	
Mortality in retirement	PA (90) Tables rated down by 2 years	
Retirement age	65 years	

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

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 Rs 74.8 million (increase by Rs 90.7 million) if all other assumptions were held unchanged.
- If the expected salary growth would increase (decrease) by 1%, the defined benefit obligation would increase by Rs 26.4 million (decrease by Rs 23.4 million) if all assumptions were held unchanged.
- If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 23.3 million (decrease by Rs 23.1 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.

Notes to Financial Statements

for the Financial Year ended 30 June 2022

16. 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:

- (a) 100,000 shares shall be fully subscribed by Government;
- (b) 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.

17. RESERVE FUND

Infrastructure Development Reserve Fun
 Price Stabilisation Account
 Total

June 2022	June 2021
MUR	MUR
617,879,234	296,104,171
(3,757,708,029)	508,236,312
(3,139,828,795)	804,340,483

Reserve Funds consist of the following:

- **Infrastructure Development Reserve Fund**

This fund includes an amount of MUR 454.1 million for Storage Tank Development and MUR 163.7 million in respect of Bunker Fuel Development as detailed below:

- i) **Storage Tank Development Fund**

During the Financial Year 30 June 2022, an amount of MUR 318,252,745 has been collected and credited to this account. During the year an amount of MUR 11,830,439 has been credited to this account for disposal of 3.5% shares in MOST and an amount of MUR 8,308,121 had been invested in Mer Rouge Oil Storage Terminal Co. Ltd (MOST). The balance in this fund stands at MUR 454,130,416 at 30 June 2022.

- 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 2022.

- **Price Stabilisation Account**

As at 30 June 2021, the balance of the Price Stabilisation Account (PSA) of Mogas and Gas Oil stood at MUR 508,236,312. During the Financial Year 30 June 2022, the Corporation incurred loss on tankers amounting to MUR 4,265,944,341. The PSA was in deficit by MUR 3,757,708,029 at 30 June 2022.

Notes to Financial Statements

for the Financial Year ended 30 June 2022

18. REVENUE FROM EXCHANGE TRANSACTIONS

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

	30 June 2022		30 June 2021	
	Metric Tons	MUR	Metric Tons	MUR
Petroleum Products	957,307	32,750,796,522	672,656	15,594,307,323
Rice	24,769	271,470,862	23,672	254,228,473
Flour	93,794	682,216,358	90,903	742,619,847
LPG	82,228	1,042,399,587	76,490	731,340,359
Sugar	217	8,069,935	129	3,650,150
Others	-	-	-	307,130
TOTAL	1,158,315	34,754,953,264	863,850	17,326,453,282

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 869.6 million.
 - (b) Subsidy for transportation and storage of Petroleum Products and LPG to Rodrigues – MUR 218.2 million
 - (c) Contribution to COVID 19 solidarity Fund- MUR 497.5 million.
 - (d) Contribution to finance cost of COVID-19 Vaccines- MUR 1,029.3 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.

Notes to Financial Statements

for the Financial Year ended 30 June 2022

19. REVENUE FROM NON-EXCHANGE TRANSACTION

Revenue from non-exchange transactions for Financial Year ended 30 June 2022 is made up of net foreign exchange gains and losses and Contribution for Subsidy on LPG, Rice and Flour as follows:

Description	30 June 2022					30 June 2021
	Gain	Loss	Net Gain/ (Loss)	Contribution for Subsidy on LPG, Rice and Flour	Total	Total
	MUR	MUR	MUR	MUR	MUR	
Accounts payable	-	(149,541,747)	(149,541,747)	-	(149,541,747)	(2,113,664)
Accounts receivable	168,777,706		168,777,706	-	168,777,706	20,711,584
Repayment of foreign currency borrowings		(95,433,774)	(95,433,774)	-	(95,433,774)	42,751,383
Subtotal realised gain/ (loss)	168,777,706	(244,975,521)	(76,197,815)	-	(76,197,815)	61,349,303
Bank accounts & Deposits - unrealised gain/(Loss)		(6,896,401)	(6,896,401)	-	(6,896,401)	4,074,458
Gain/(Loss) on Forward, Spot & Swap Contracts				-		-
Net Foreign exchange gains and losses	168,777,706	(251,871,922)	(83,094,216)	-	(83,094,216)	65,423,761
Contribution for Subsidy on LPG, Rice and Flour	-	-	-	2,092,457,207	2,092,457,207	1,484,518,203
TOTAL	168,777,706	(251,871,922)	(83,094,216)	2,092,457,207	2,009,362,991	1,549,941,964

20. OTHER NON-EXCHANGE REVENUE

	30 June 2022	30 June 2021
	MUR	MUR
Investment Income (Dividend Received)	296,668	225,860
Interest on bank balances and bank deposits, etc.	8,204,052	22,519,280
Other Income	3,816,067	3,525,516
TOTAL	12,316,787	26,270,656

21. 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:

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

Notes to Financial Statements

for the Financial Year ended 30 June 2022

The deficit of MUR 3,658.4 million for the Financial Year ended 30 June 2022 is made up as shown below:

	RICE	FLOUR	PETROLEUM PRODUCTS	SUGAR	LPG	BASMATI RICE	OTHERS	TOTAL
MUR Million								
Revenue from Exchange Transactions	254.0	682.2	32,768.7	8.1	1,042.4	17.4	-	34,755.0
Revenue from Non Exchange Transactions	(2.8)	(3.6)	(55.4)	-	(21.3)	-	-	(83.1)
Contribution for Subsidy							2,092.5	2,092.5
Other Revenue			8.5				3.8	12.3
Subsidy from Government			1,875.0					1,875.0
COST OF SALES	(567.7)	(2,028.7)	(36,223.4)	(7.7)	(3,148.6)	(16.2)	-	(41,992.3)
OTHER Expenses	(35.1)	(137.3)	(143.6)	(0.2)	(1.1)	(0.5)	-	(317.8)
Surplus/ (Deficit) for the year	(351.5)	(1,487.3)	1,770.2	0.2	(2,128.6)	0.7	2,096.3	(3,658.4)

21.1 SUBSIDY REQUIREMENT

The subsidy requirement for the Financial Year ended 30 June 2022 has been financed as follows:

	June 2022
	MUR
Subsidy on Long Grain White Rice	351,524,073
Subsidy on Flour	1,487,325,500
Subsidy on LPG	2,128,619,034
Total subsidy	3,967,468,607
Less Contributions from Price Structures of Mogas and Gas Oil	(2,092,457,207)
Amount from Government from COVID-19 Solidarity Fund and the COVID 19 vaccination fund	(985,092,481)
Special subsidy for bakers received from Government	(17,951,340)
Subsidy Receivable from Government	871,967,579

An amount of MUR 985.1 million from "Contribution to Covid-19 Solidarity Fund and Contribution to finance the cost of COVID-19 Vaccines" has been used to part finance subsidy on Long Grain White Rice, Flour and LPG as authorised by Government.

22. GENERAL ADMINISTRATIVE EXPENSES

	June 2022	June 2021
	MUR	MUR
Wages, salaries & Employee Benefits	165,579,326	139,192,909
Supplies and Consumables used	17,634,563	13,156,457
Utilities	6,604,150	6,326,277
Rent	16,085,478	12,541,353
Repairs and Maintenance	27,816,219	12,463,175
Other Administrative Expenses	46,465,900	26,134,771
Total	280,185,636	209,814,942

Notes to Financial Statements

for the Financial Year ended 30 June 2022

23. OPERATING LEASE

Rentals payable amounting to MUR 16.1 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 12.4 million
- (ii) Later than one year and not later than five years: - MUR 37 million

Total rents recognized in the Statement of Financial Performance during the Financial Year ended 30 June 2022- MUR 16,085,478.

24. FINANCE COSTS

	30 June 2022	30 June 2021
	MUR	MUR
Interest on Lines of Credit	16,534,832	1,209,428

24.1 CREDIT FACILITY

During the Financial Year 2021-2022, the Corporation had the below credit facilities for working capital needs:

	USD million
AfrAsia Bank Limited	70
SBM Bank (Mauritius) Ltd	50
SBI (Mauritius) Ltd	35
Total	155

As at 30 June 2022, the outstanding balance was USD 154.2 million.

25. RELATED PARTY TRANSACTIONS

The State Trading Corporation is wholly owned by the Government of Mauritius. During the Financial Year ended 30 June 2022, 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 2022	30 June 2021
MUR	MUR
6,155,569,303	3,309,805,064

- a. Sales of goods to CEB were made at market related prices.
- b. Outstanding balance as at 30 June 2022 was MUR 860,880,625 (Jun 2021: MUR 48,254,871)

Notes to Financial Statements

for the Financial Year ended 30 June 2022

25.1 COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of Chairman, Board Members and other members of key management during the Financial Year ended 30 June 2022 were as follows:

	30 June 2022	30 June 2021
	MUR	MUR
Short-term benefits	12,789,300	9,835,428
Post-employment benefits	21,182,073	3,230,342
Fees to Board Members	1,435,010	1,393,215

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 2022, out of nine (9) key management personnel, three (3) were on contract and five (5) on substantive capacity and one (1) on probation basis.

26. CONTINGENCIES

At the reporting date, there were three (3) staff matters pending at court awaiting hearing. These cases do not have significant impact on our accounts.

27. 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.

28. COMMITMENTS

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

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

to Indian Oil Corporation Ltd from November 2020 to December 2021, and OQ Trading Limited, from January 2022 to December 2022.

28.2 Dirty Petroleum Products (Fuel Oils)

to B.B. Energy (Gulf) DMCC for period February 2021 to January 2022, and Coral Energy DMCC from February 2022 to January 2023.

The contract for the supply of Wheat Flour has been awarded to Les Moulins de la Concorde for period January 2022 to 31 December 2022.

Our Stakeholders



1. **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.

2. **OQ Trading Limited - Clean Petroleum Products**

OQ Trading Limited was incorporated as a Company limited by shares under Dubai International Financial Centre (DIFC) Companies Law No. 3 of 2006 and is 100% owned by the Investment Authority of the Government of the Sultanate of Oman. OQ Trading Limited operates in 17 countries around the world and covers the entire value chain from exploration and production to marketing and distribution of end-user products. It has presence in Middle East, East Africa, Asian and European Markets. Their fuel and chemicals are sold in over 60 countries worldwide, making them a key player in the energy sector.

3. **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.

4. **Coral Energy DMCC (CEDMCC) - Dirty Petroleum Products**

Coral Energy DMCC (CEDMCC) was established in year 2014 as a Private Limited Company based in Dubai, United Arab Emirates. It is also registered with the Dubai Multi Commodities Centre (DMCC), in Dubai, United Arab Emirates. In order to meet the ever-rising demand for corporate social responsibility and regulatory compliance, it emphasizes highly on corporate governance and compliance. The Company trades mainly in the Integrated Oil & Gas sector. Its licensed activities are petrochemicals trading, industrial and liquefied / natural gas trading, trading in refined oil products, lubricants and grease trading and crude oil trading. It has been supplying Fuel Oil mainly to Singapore, Russia and Turkey. Its total yearly export volume has exceeded 7 million metric tons. Its annual turnover for the last three years is between USD 2-3 billion.

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

SBI (Mauritius) Ltd

7th Floor
SBI Tower
Mindspace
45, Ebene Cybercity
Ebene

SBM Bank (Mauritius) Ltd

State Bank Tower
1 Queen Elizabeth Avenue
Port Louis

Bank of Mauritius

Sir William Newton Street
Port Louis

AfrAsia Bank Ltd

5th Floor NeXTeracom Tower III
Ebene

Mauritius Commercial Bank Ltd

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

MauBank Ltd

Bramer House
Ebene Cybercity
Ebene

BCP Bank (Mauritius)

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

Standard Bank (Mauritius) Ltd

Level 9, Tower A,
1 Cybercity
Ebene

Bank of Baroda

Bank of Baroda Building
Sir William Newton Street
Port Louis

Standard Chartered Bank (Mauritius) Ltd

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

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).

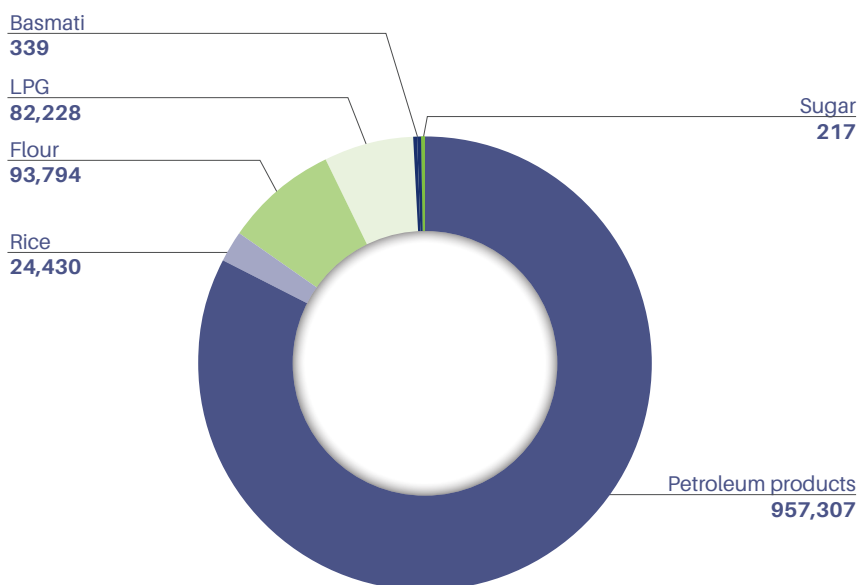
Sales volume and Turnover

The Turnover of STC which was about MUR 600 million in 1983-1984 when it was created and has reached MUR 39.0 billion in 2022. 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.

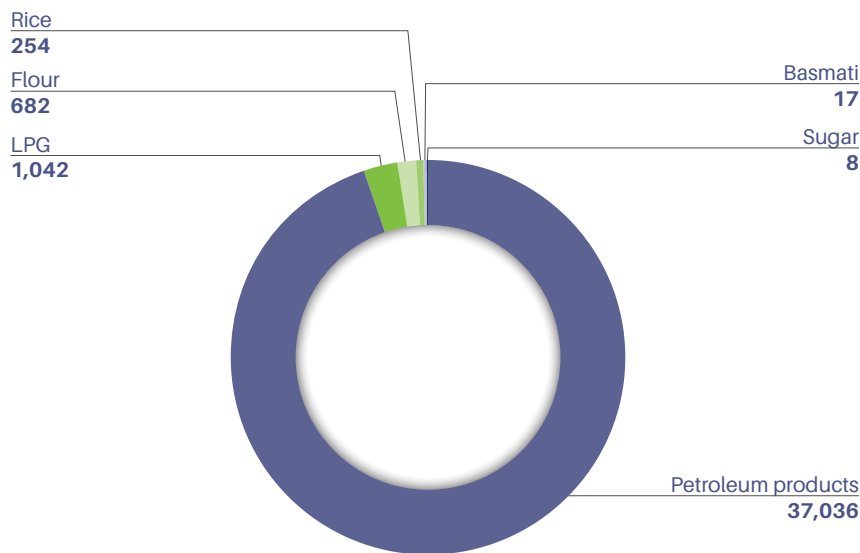
The sales volume of 1,158,316 MT for the Financial year ended 30 June 2022 consists mainly of Petroleum Products as shown below:

**Turnover - July 2021 to June 2022
(MTons)**



The Corporation's Turnover for the period reached MUR 39,040 million.

Turnover - July 2021 to June 2022 (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

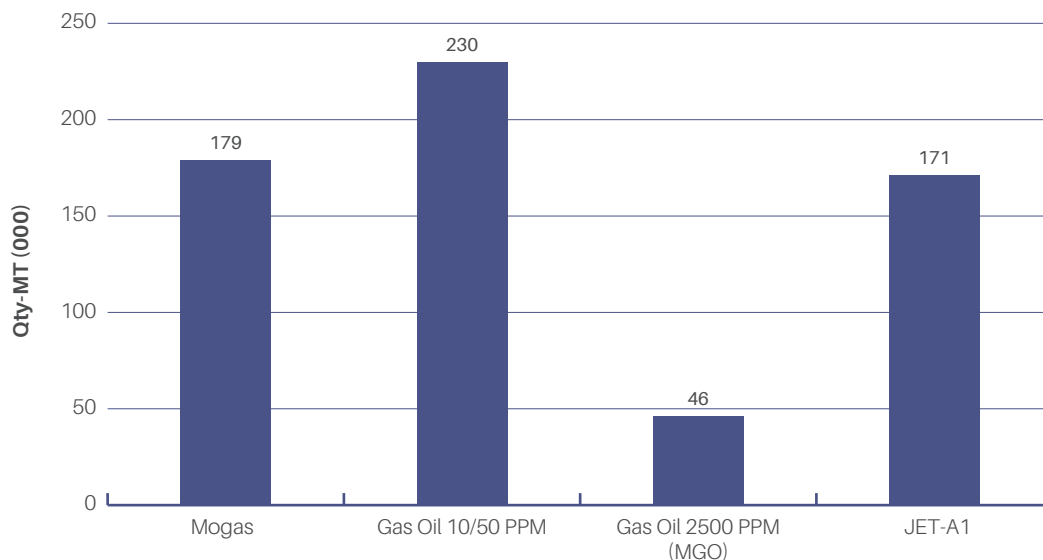
The Oil Companies market, distribute and retail the products through their respective networks of retail outlets across the country. Some also operate barges to carry out their bunker supply operations at sea. During the year 2014, the bunkering trade was partly liberalised allowing the Oil Companies 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 2022, STC imported some 957,000 MT of 8 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, HSFO 380 CST SR and Very Low Sulphur Fuel Oil.

Clean Petroleum Products 2021 - 2022



Mogas

The import of 179,000 MT of Mogas for the Financial Year ended 30 June 2022 is sold entirely on the local market and the retail price is determined by the Petroleum Pricing Committee (PPC).

Gas Oil

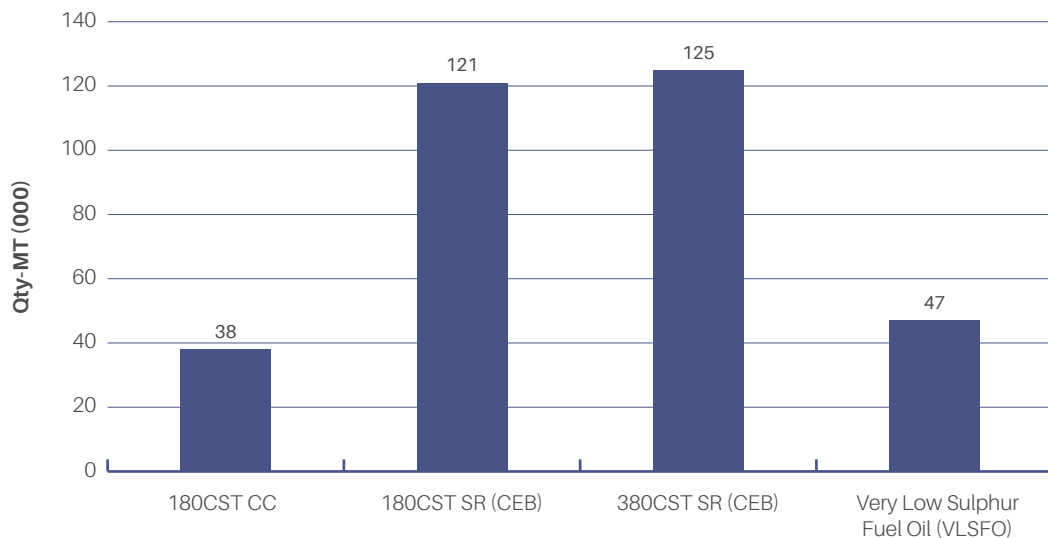
The total importation of Gas Oil for the Financial Year ended 30 June 2022 is 275,850 MT. STC imports three grades of Gas Oil, namely 2500 ppm, which is sold as Marine Diesel for bunkering of vessels, Gas Oil 50 ppm with 0.005% sulphur content and Gas Oil 10 ppm with 0.001% Sulphur content, which are 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 171,309 MT of Jet A-1 for the Financial Year ended 30 June 2022, 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 2021-2022



STC imported 37,690 MT of Fuel Oil 180 CST Catalytic Cracked (CC) for sale to oil companies and 246,436 MT of Fuel Oil 180 CST SR and 380 CST SR for direct sales to CEB.

Furthermore, STC imported 47,364 MT of Very Low Sulphur Fuel Oil for sale to Oil Companies.

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.

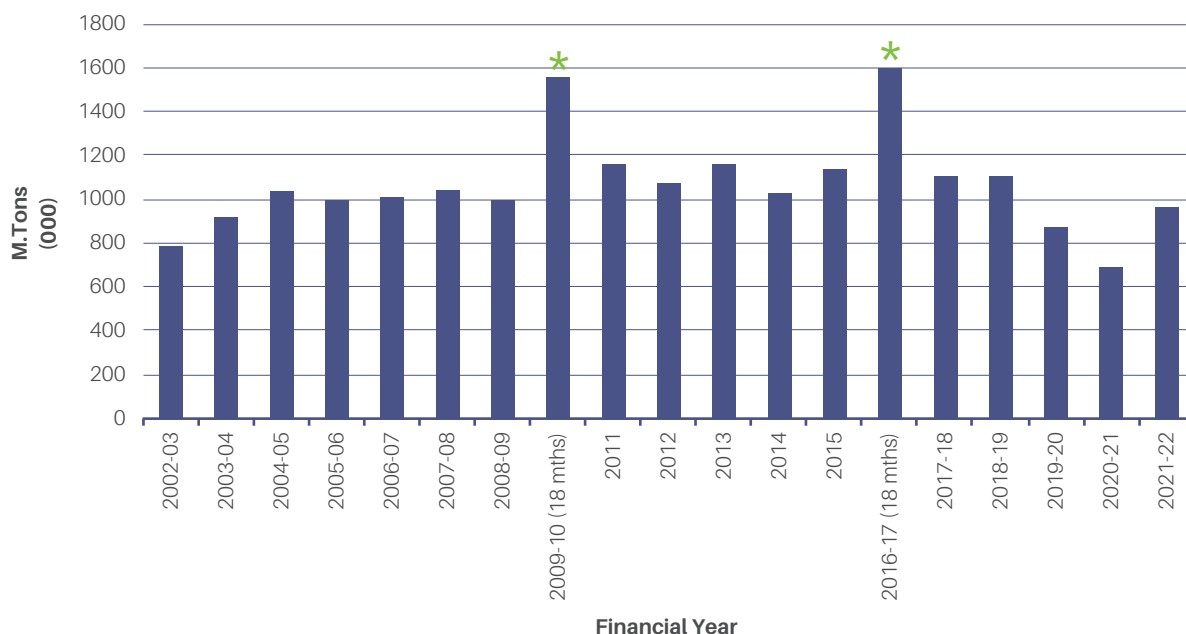
Mauritius is strategically positioned in the middle of the Indian Ocean with increasing Atlantic traffic plying at one end towards Africa, Madagascar and the West, while on the other hand, there is also a steep rise in traffic moving towards India, China, Japan, Malaysia and Thailand – essentially Asia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

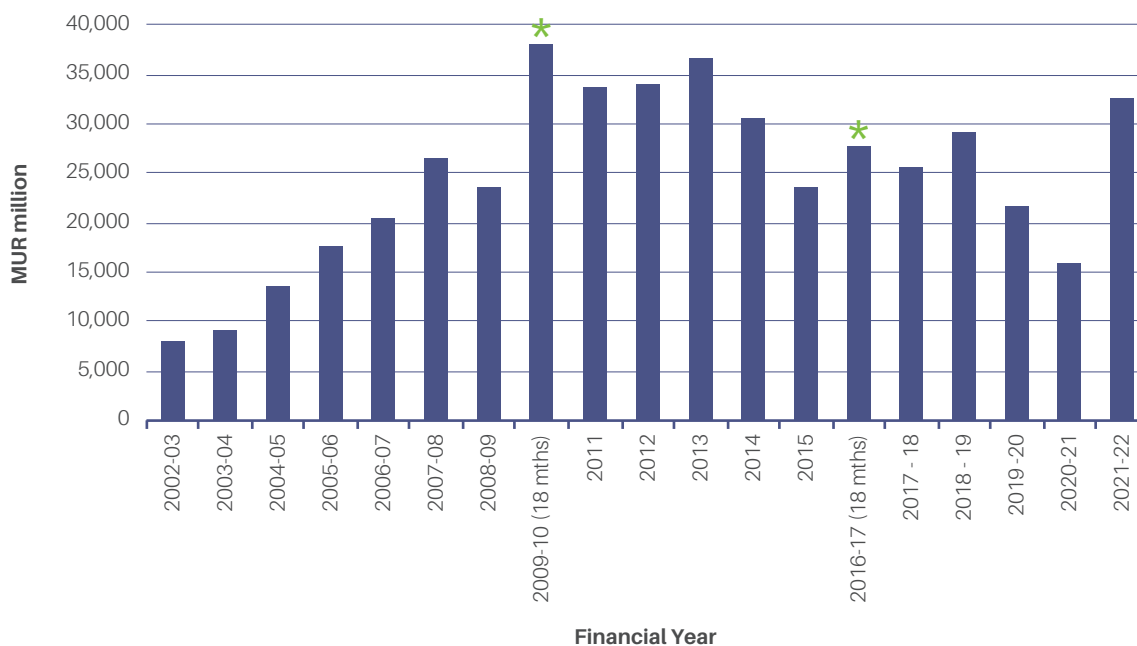
The graphs below show quantity imported and Turnover per product for period 2002 to 2022:

Imports 2002-2022 Petroleum Products



* 18 months

Turnover 2002-2022 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.

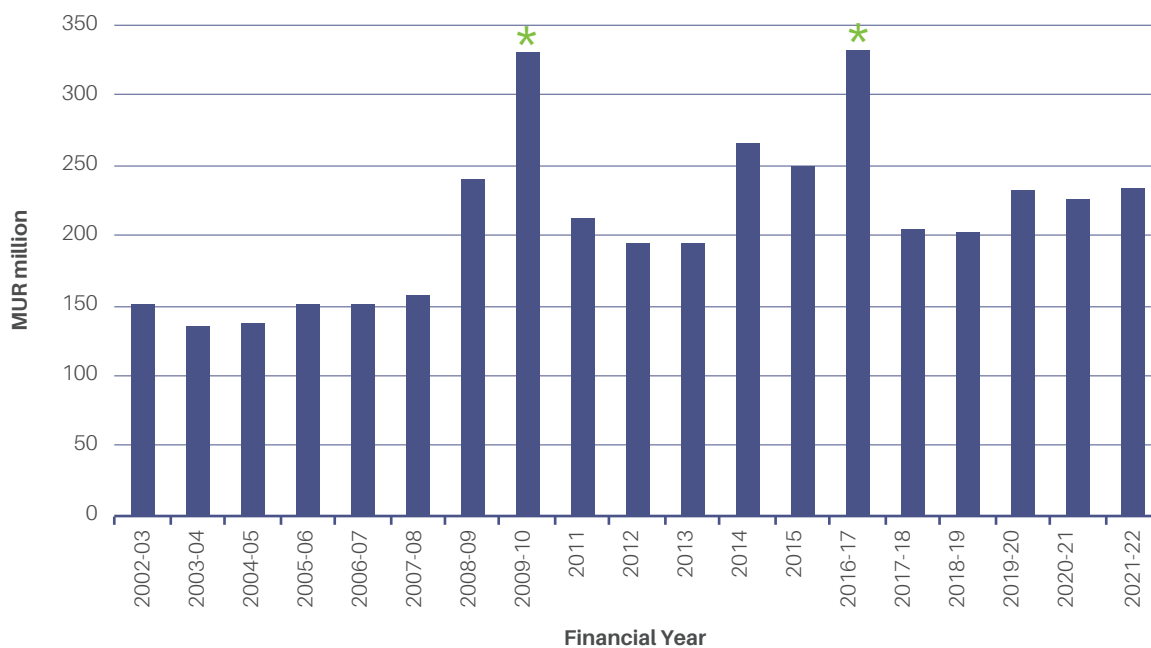
The sale of Long Grain White Rice was 24,430 MT (including 4,536 MT for Rodrigues) for the Financial Year ended 30 June 2022. As the selling price of Long Grain White Rice imported by STC is fixed by Government at a lower price than the cost price, STC has incurred a shortfall of MUR 351.5 million for this period. The retail price of Long Grain White Rice was fixed in July 2006 at MUR 5.40 per half kg.

Imports/Purchases 2002-2022 Rice



*18 months

Turnover 2002-2022 Rice (MUR million)



*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 2022, STC has sold around 339 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.

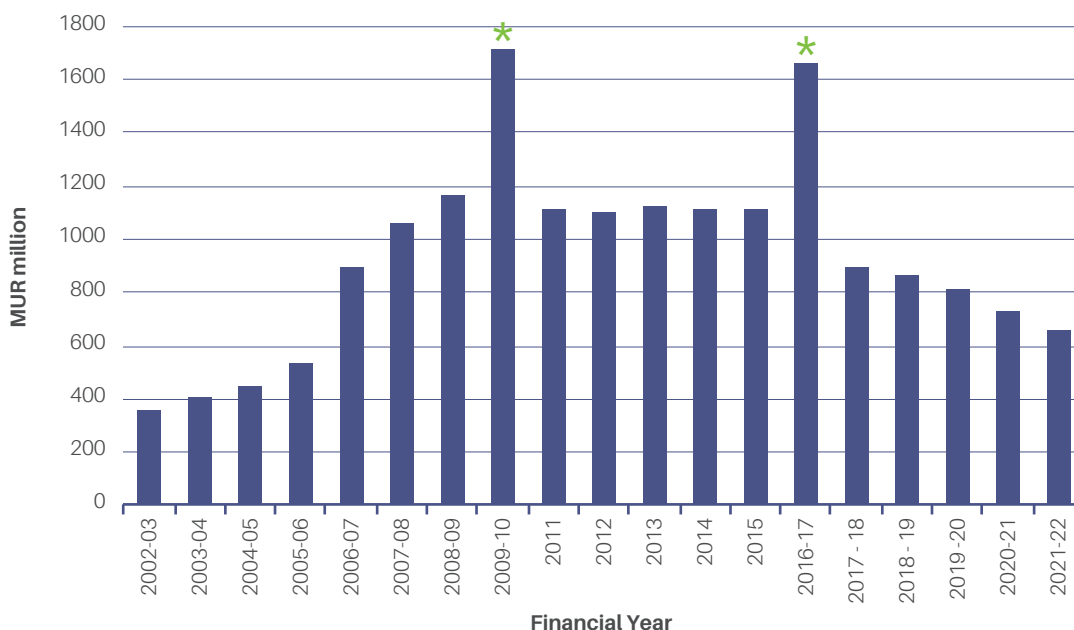
The sale of Flour amounted to 93,794 MT (including 2,175 MT for Rodrigues) for the Financial Year ended 30 June 2022. The contract for the procurement of Flour for the year was allocated to LMLC. The retail price of Flour is also controlled by Government and has been fixed at MUR 5.85 per half kg since 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 1,487.3 million on Flour.

Imports/Purchases 2002-2022
Flour



* 18 months

Turnover 2002-2022 Flour (MUR million)



* 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)

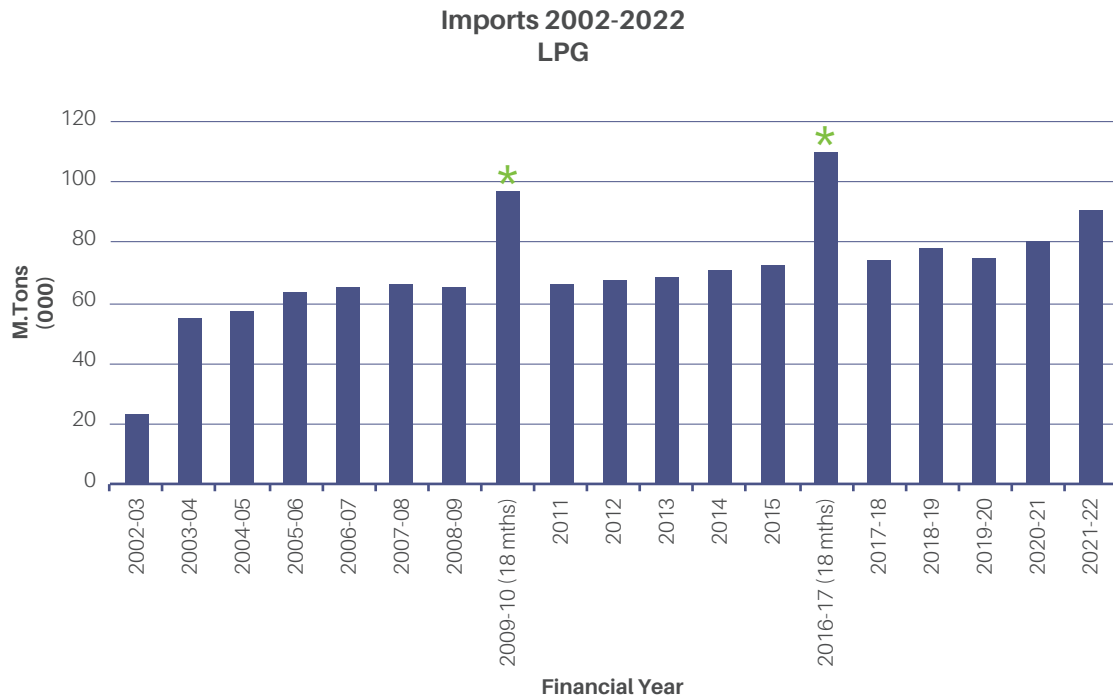
In 2002, the Government decided that there should be public intervention in the LPG market. The Corporation was instructed by the Government to take over the country's total requirements of 47,000 MT from the existing importers as from 2003.

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 2022 amounts to 82,228 MT on which a shortfall of MUR 2,128.6 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



*18 months

Notes

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