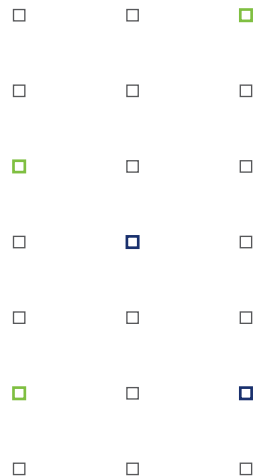




annual REPORT

for the financial year ended
30 June 2023



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Glossary of Terms

- BCRA – Bus Companies Recovery Account
- CEB – Central Electricity Board
- CPB – Central Procurement Board
- GN – Government Notice
- ICAC – Independent Commission Against Corruption
- LMLC – Les Moulins de La Concorde Ltee
- LPG – Liquefied Petroleum Gas
- MCCP – Ministry of Commerce and Consumer Protection
- MID – Maurice Ile Durable
- MOFEPD – Ministry of Finance, Economic Planning and Development
- MOST – Mer Rouge Oil Storage Terminal Co. Ltd
- MPA – Mauritius Ports Authority
- MRA – Mauritius Revenue Authority
- PPA – Public Procurement Act
- PPC – Petroleum Pricing Committee
- PPO – Procurement Policy Office
- PRB – Pay Research Bureau
- PSA – Price Stabilisation Account
- RDA – Road Development Authority
- SICOM – State Insurance Company of Mauritius Ltd
- STC – State Trading Corporation
- VAT – Value Added Tax
- VLSFO – Very Low Sulphur Fuel Oil

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.

Sustainable Development Goals (SDGs) and STC

As we reflect on the past year, we are reminded of the vital role businesses play in driving sustainable development. At STC, our commitment to the United Nations Sustainable Development Goals (SDGs) remains unwavering. We recognise that aligning our operations with these global objectives is not only a moral imperative but also essential for fostering resilience and innovation in our communities.

This year, we have again made significant strides in integrating and sustaining the SDGs into our strategic framework, actively addressing societal challenges while enhancing our operational practices. Our approach involves a continuous dialogue with stakeholders, a focus on measurable impacts, and a commitment to transparency in our reporting.

In this report, we will highlight our progress and the initiatives we continue to undertake to advance the SDGs, showcasing how we are contributing to a more sustainable future for all.

At STC, we are dedicated to eradicating poverty (SDG 1) by providing affordable, high-quality food staples such as rice, flour, cooking oil, Milk Powder and Pulses. This ensures that even the most vulnerable populations have access to essential nutrition. Our focus on zero hunger (SDG 2) is evident in our daily operations, as our products are integral to households across the country and in times of crisis, we stand ready to support affected communities through food donations. During the year, STC has also made significant improvements to its logistics operations, thereby enhancing the distribution of its products, particularly in remote areas of the island. These efforts ensure a more efficient and reliable supply chain, making its products more accessible to people in even the most far-flung locations.

We prioritise health and well-being (SDG 3) by selecting products that enhance nutritional quality, including our new fortified wheat flour aimed at combating malnutrition and related health issues as well as to address problem of high incidence of anaemia among women and reduce the prevalence of neural tube defects in newborns in Mauritius. It is also important to highlight that quality tests are carried out by Independent Accredited International Surveyors at loading / discharge ports for all products imported by STC. This rigorous process ensures that our products consistently meet high standards and quality requirements. Our engagement in educational activities (SDG 4) furthers our mission to inform the public about nutrition and health.

Committed to gender equality (SDG 5), STC is committed to building a more inclusive and diverse workforce. Over the past year, we have focused on actively recruiting more women, as well as persons with disabilities, across various roles. By promoting equal opportunities, providing mentorship, and ensuring a supportive and accessible work environment, we aim to enhance both female representation and the inclusion of individuals with disabilities. This commitment underscores our dedication to fostering an equitable and inclusive workplace for all. Additionally, we are enhancing access to clean water and sanitation (SDG 6) through innovative development plans and maintaining facilities that accommodate all individuals.

Our dedication to affordable and clean energy (SDG 7) is evident in our promotion of lead-free and low-sulphur fuels, helping to reduce environmental impact. We continuously invest in decent work and economic growth (SDG 8) by offering regular training and development opportunities for our staff, fostering a culture of skill enhancement. Our initiatives also support industry, innovation, and infrastructure (SDG 9) by collaborating with local suppliers and upgrading our storage facilities to meet international standards. We actively work to reduce inequalities (SDG 10) and support sustainable cities (SDG 11) by ensuring cleaner fuels contribute to better air quality.

STC recognises the urgency of responsible consumption and production (SDG 12) and strives to partner with entities that adhere to high ethical standards. Our commitment to combating climate change (SDG 13) involves exploring greener fuel options and minimising our environmental footprint. We prioritise marine protection (SDG 14) by selecting safe transportation methods for our products, and our focus on reducing land pollution (SDG 15) ensures that our operations have a minimal impact on ecosystems. Finally, through transparent governance (SDG 16) and strategic partnerships (SDG 17), we are determined to contribute to a sustainable future, working collaboratively with various stakeholders to achieve our shared goals.

In conclusion, STC remains deeply committed to advancing the United Nations Sustainable Development Goals as a core element of its long-term strategy. Throughout the year, we have made significant progress in areas such as prioritising health and well-being, gender equality, environmental sustainability, and responsible business practices. By integrating these global goals into our operations, we are not only driving positive change within our organisation but also contributing to the broader goal of creating a more sustainable and equitable world. As we look ahead, we will continue to align our business practices with the SDGs, ensuring to create positive social and environmental impact while driving long-term value for our stakeholders.

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.

Salient indicators for the Financial Year

- **Financial performance**

The Corporation ended its Financial Year with a deficit of MUR 622.9 million.

- **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 2023 on these three products amounted to MUR 4.0 billion.

- **Contribution to subsidy on LPG, Flour and Rice**

An amount of MUR 3.7 billion was collected from the price structures of Mogas and Gas Oil to subsidise LPG, Flour and Rice.

- **Price Stabilisation Account**

The Price Stabilisation Account (PSA) was created under the Consumer Protection (Control of Price of Petroleum Products) Regulations 2011

(a) *into which any surplus in respect of every consignment of a petroleum product and any windfall gain arising out of an increase in the retail price shall be credited; and*



- (b) *out of which any deficit in respect of every consignment of a petroleum product and any windfall loss arising out of a decrease in the retail price shall be debited.*

At the meetings of PPC held since December 2021, the full increase in prices of Mogas and Gas Oil have not been passed on to consumers due to the limit of 10% increase allowed by the Regulations despite substantial surge in world prices. This has resulted in huge deficit of MUR 4.6 billion in the Price Stabilisation Account at 30 June 2023. These losses pertain only to Mogas and Gas Oil.

An amendment has been brought to the Consumer Protection (Control of Price of Petroleum Products) Regulations 2011 on 2 June 2023 and a new paragraph was added as follows:

- (c) *into which the Corporation shall credit such sum as the Minister may approve.*

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, Edible Oil, Milk Powder and Pulses.

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 also 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 2023 is MUR 4.0 billion.

The volume of commodities sold by the Corporation during the period July 2022 to June 2023 were as follows:

Commodities	MT
Petroleum Products	1,111,057
LPG	91,825
Flour	98,780
Long Grain White Rice	25,062
Basmati Rice	464
Edible Oil	4,981
Milk Powder	330
Pulses	311
Sugar (Rodrigues only)	368

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 for the storage of rice.

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 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 2023, 36 consignments were shipped to Rodrigues as follows:

Product	MT
Long Grain White Rice	4,141
Basmati Rice	110
Flour	2,377
Edible Oil	271
Milk Powder	56
Pulses	11
Sugar	400

The Corporation has a department in Rodrigues which is manned by 16 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 OQ Trading Limited, from January 2022 to December 2022 and for a further period from January to July 2023.
- to Mercantile and Maritime Investment Pte Ltd from August 2023 to July 2024.

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

to Coral Energy DMCC Limited for period February 2022 to January 2023 and for the period February 2023 to January 2024.

Our Products

Rice

- **Long Grain White Rice**

The sales of Long Grain White Rice are 25,062 MT (including 4,362 MT for Rodrigues) for the Financial Year ended 30 June 2023. 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 2023, 464 MT of Basmati Rice (including 93 MT for Rodrigues) has been sold.

- **Flour**

The sales of Flour are 98,780 MT (including 2,298 MT for Rodrigues) for the Financial Year ended 30 June 2023. 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 91,825 MT for the Financial Year ended 30 June 2023. 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 1,111,057 MT for the Financial Year ended 30 June 2023, 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.

- **Other Products**

In the Government Budget 2022-2023, an amount of MUR 500 million was approved to provide subsidy to STC for the importation of essential products such as milk, edible oil and pulses, at subsidized prices. As such, since August 2022 the Corporation started commercializing essential products such as pulses, milk powder and edible oil under the brand 'SMATCH'.

1. **Edible Oil**

In August 2022, STC started the commercialization of Soyabean Oil on the local market at the subsidized retail price of MUR 75 per litre. The average number of litres put on the market by STC was about 400,000 litres monthly.

The total subsidy claimed by STC during the period July 2022 to June 2023 was Rs 92 million, representing 4,827,039 litres sold which have been claimed from the Ministry of Finance, Economic Planning and Development.

2. **Milk Powder**

STC started selling milk powder in September 2022 and was initially being commercialized at Rs 255 per packet of 1Kg without any subsidy.

In December 2022 the Government agreed to grant a subsidy of Rs 24 per kg and as from 27 December 2022, the new retail price per packet of 1Kg has been fixed to RS 235 by the Ministry of Commerce and Consumer Protection. (Extraordinary Gazette no. 159 of 28 December 2022). The total subsidy claimed by STC during the period July 2022 to June 2023 was Rs 4.1 million, representing 170,337 packets sold which have been claimed from the Ministry of Finance, Economic Planning and Development.

3. Pulses

STC entered into the importation and commercialization of selected pulses such as Lima Beans, White Kidney Beans, Red Kidney Beans and Chana Dal.

During the financial year 2022-2023, the quantities of pulses sold are as follows:

Commodities	MT (MT)
Lima Beans	187.2
White Kidney Beans	42.2
Red Kidney Beans	32.0
Chana Dal	49.8
Total	311.2

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

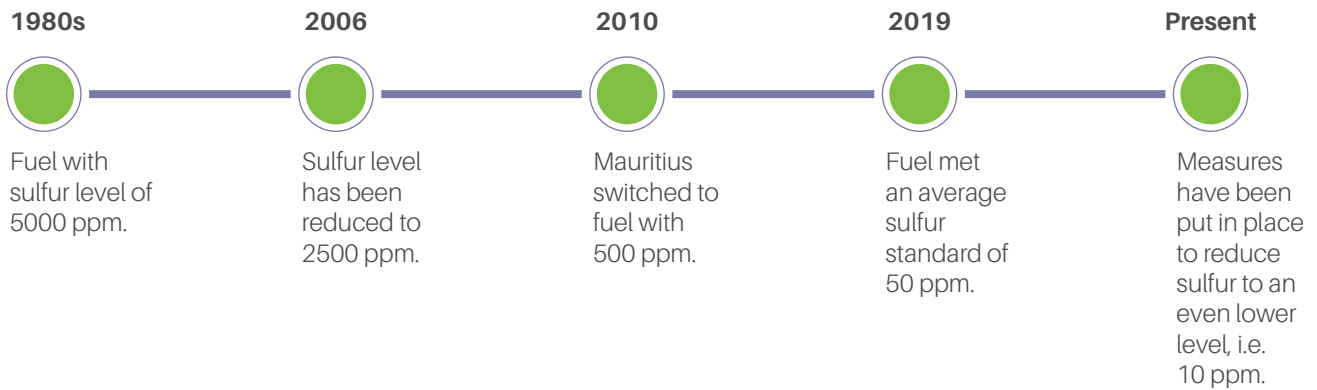
Sulfur is a natural component in crude oil that is present in gasoline and diesel. When those fuels are burned, sulfur is emitted as sulfur dioxide or sulfate particulate matter. Sulfur is a pollutant that reduces the effectiveness of emission control systems.

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

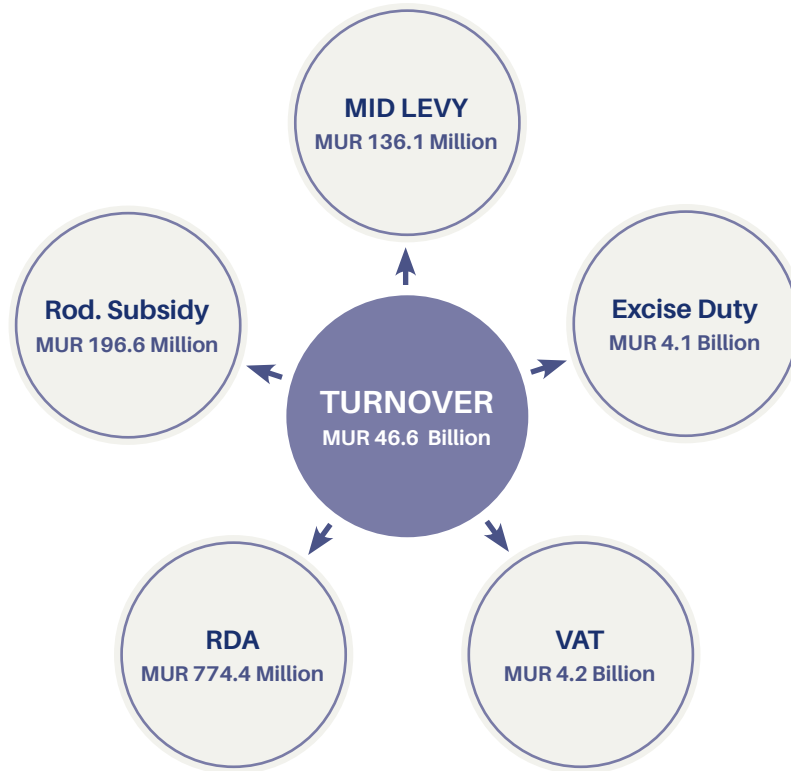
Quality control of fuel oil is an essential risk management activity for producers, traders and distributors. As the market in fuel oil becomes ever more diverse and sophisticated, there is a need for consistent, detailed in-depth analysis.

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 2023, an amount of MUR 10.2 billion has been collected on behalf of Government institutions out of which MUR 9.4 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.

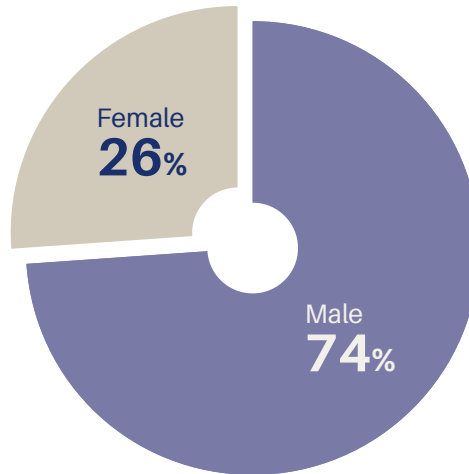
MID Levy

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.

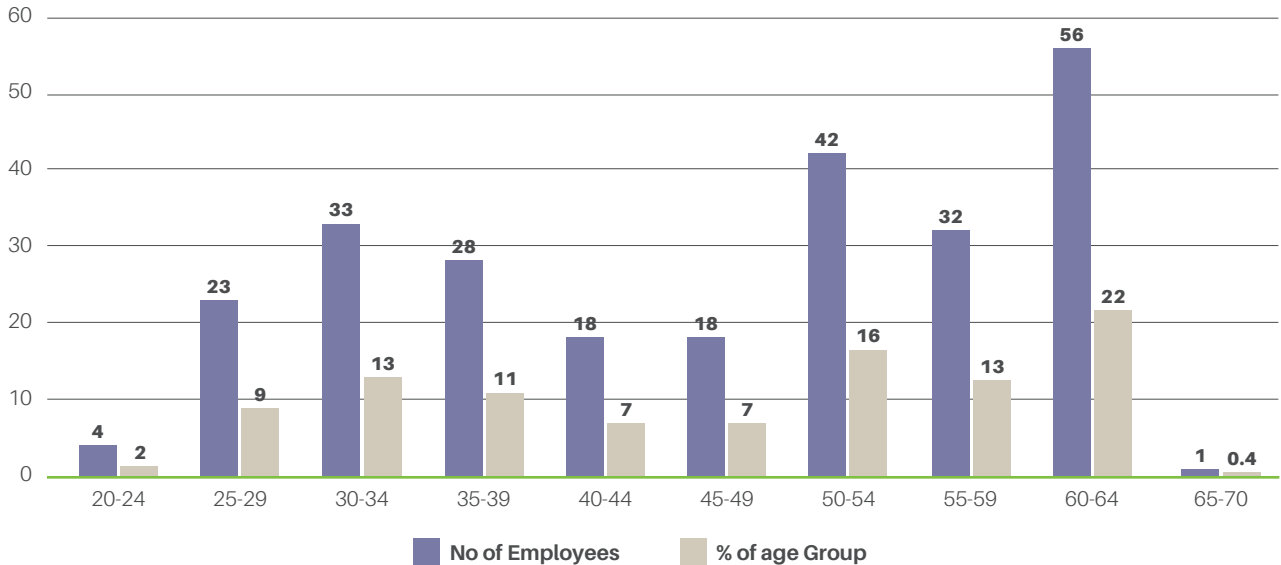
Our Employees

As at 30 June 2023, 255 persons were employed at STC, as illustrated below.

STC Employees - Gender



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 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 26% 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, 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

It gives me great pleasure to present you with our Annual report of the STC for the year ended 30th June 2023. Overall, it has been a positive year of good performance and recovery on a background of the need to address new post-COVID challenges. Allied to this are the ongoing economic and political changes, market instability and challenges, climate change effects, adversely affected crops and transport logistics and FOREX issues that have made our work even more challenging. The Corporation is facing more risks than ever before, but is rising bravely to the new situation. I am confident that the STC will meet ongoing and future challenges with vigour and success.

A highlight of our activities of this year is our turnover, which has increased, to reach MUR.46.6 billion.

Our objective of importing and supplying strategic products, as per the mandate given to us by the Government remains foremost. In the background, the STC has been revamping its processes and logistics to improve output and enhance client satisfaction at the same time.

The STC has ended the year with a net deficit which is attributable to the deficit in the Price Stabilisation Account that helps stabilise retail fuel prices.



Rising prices of essential commodities such as LPG, Long Grain White rice and Wheat flour have required an additional effort on subsidies to maintain the prices, as per Government policy; the STC has spent MUR 4 billion on subsidies this financial year. This sum is in addition to the additional subsidy for essential commodities provided by the Government in the last budget. Our primary vocation to fuel the economy and ease the life of the Mauritian population has remained unabated. The STC helps distressed families and the lower paid workers to subsist adequately. I am also proud to report that the warehousing and delivery activities at the recently revamped and repurposed Kader Bhayat Warehouse in Mer Rouge are going on satisfactorily. Rodrigues has not been forgotten and is on our plan for further improvement of services. Further major enhancements are under way.

The STC has, and still is, in the midst of a quiet revolution. We have continued with our traditional commodities trades while adding and consolidating the market position of other STC and SMATCH

products. SMATCH is the trade name of the newer range of products commercialised by the STC recently; pulses and other grains, edible oils, powdered cow milk, premium basmati rice. The need for these products arose during and in the aftermath of the COVID pandemic, when essential commodities prices and freight costs rose to record levels. STC SMATCH products are now benchmark commercial food products that are becoming a household name. The STC, by its presence in the market, has helped curb inflation, minimised price increases by private importers and will continue this effort. To this effect, an enhanced and comprehensive marketing and monitoring strategy in the media and at grassroot levels will be implemented.

In view of improving fuel storage, the STC has invested in the Mer Rouge Oil Storage Terminal (MOST). We will continue investing so as to improve and expand fuel storage facilities for the nation. The ultimate objective is for the STC to be one of the regional hubs for fuels in the Indian Ocean region. I am pleased to bring to your attention that, in addition to the lowering of sulphur in vehicle fuels, now, the specifications for fuels, such as mogas, have recently

been upgraded to greener specifications. STC follows international norms in defining the quality of petroleum products as well as constantly seeking opportunities for upgrading its products to greener specifications. The STC is also providing bunker fuel of the type Very Low Sulphur Fuel Oil (VLSFO), when requested. This year, a milestone has been passed, when, for the first time ever, a fuel supplier accepted payment in Mauritian Rupees. This has reduced pressure on the purchase of USD by the STC.

Our Annual Reports have evolved positively over the years and offer year on year, more information on our activities. I am pleased to announce that we now have a separate section in our Annual report devoted to our progress and commitment to the Sustainable Development Goals (SDGs). It will grow and become more explicit in time. The Annual Report of the STC is well on the road towards becoming an Integrated Report and already comprises the relevant sections such as Corporate Governance, with the necessary disclosures.

For the coming year, the STC will concentrate on

- Market penetration of its various products and essential commodities,
- Ensuring continued access to the subsidised products for all layers of society,
- Establishment of our food products as benchmarks for similar commodities,
- Making our alimentary products become anchor products for smaller shops,
- Introducing and monitoring the use of Fortified Wheat flour with a view of improving the health and wellness of the Mauritian population
- Ensuring security of supply by enhancing storage facilities, both for food and fuels,
- Revisiting and improving our business models,
- Reinvigorating the Bunkering business, as trade routes change,
- Continuing partnership with local Small and Medium Enterprises to assist their growth,
- Improving the resilience of our IT and logistics structure for continuity of business,
- Continued partnership with local and regional enterprises for purposes of sustainability and greening of processes and fuels.

The outlook is positive, as new players come into the global market, but the dynamic situation and the challenges in supply and logistics require constant appraisal and adaptation. Our trading partners, local oil and gas majors, the local milling company, several service companies and SMEs have all contributed to the resilience described in this report. I am confident that the STC will face the challenges with courage and determination.

I avail myself of the opportunity to announce gradual improvements in our manpower structures within the STC in response to changing market needs and necessary reskilling and upskilling. I extend a warm welcome to our newcomers at the STC and thank those staff and Management persons who have left us during the past year after long periods of dedicated service, without forgetting the Board Members who have brought their valuable insight and contribution to this collective effort. A special mention here is for the past Permanent Secretary of the Parent Ministry, Late Mr J.P. Rangan, who passed away in September 2022.

I place on record my appreciation of the hard work done by the various internal Management teams in the timely preparation of this Annual Report and of the Board sub committees in their review of the various facets of this report. It is with satisfaction that I note once more, that a positive report from the National Audit Office has been issued. It is certainly a matter for pride and satisfaction for all the employees of the Corporation.

Last but not least, I thank our Parent Ministry, The Ministry of Commerce and Consumer Protection, for its constant support and guidance in our enterprise and am grateful for the extended support from all the Ministries and other bodies with which we interact constantly. I also thank the outgoing Minister, Honorable Soodesh Satkam Callychurn for his unflinching support and wish the new incoming Minister, Honourable Dr (Mrs.) Marie Christiane Dorine Chukowry, a successful and fruitful tenure of office.

As I prepare this address, I can divulge that there are other plans, improvements and growth opportunities that are in their early stages, but I look forward to sharing them with you all soon.

I thank you for your attention and offer the rest of the Annual Report and the financials for your perusal.

Dr. Ramchandra Bheenick

Chairperson of the Board of STC

Message from the General Manager

FISCAL YEAR 2022-23 AND THE BREAKDOWN OF THE ERSTWHILE GLOBAL TRADE ORDER

As we report on the activities, achievements and challenges faced by our Corporation during financial year 2022-23 it is important to reflect on the extremely grim global business environment which characterized this period. The potentially positive impact of coming out of the Covid epidemic were almost immediately dampened by geo-political tensions, regional armed conflicts and trade wars. Financial year 2022-23 would probably be classified as an illustration of all that can go wrong in a world economy which had been engaged in a frantic globalization thrust for the nearly forty preceding years. The resulting interdependence among nations geographically far and wide apart and the accompanying complex supply and value chains network which constituted the essential backbone of the system were confronted with the stringent test of resilience. In the light of the drama which followed with regards to the distribution of vaccines to the most vulnerable nations or the real threat of starvation resulting from inaccessibility to basic food items due to the breakdown in international logistics, among other equally serious hazards, it can be safely argued that the system has failed the test.

The end of the Covid epidemic and the confinement which has characterized it in almost all geographies saw the emergence of what was abundantly, and with hindsight, probably rather too hastily, labelled the *new normal*. In fact, what emerged was neither new nor normal but actually a broken system of assembled dysfunctionalities of the pre-existing scheme of things.

THE RISE OF GREEDFLATION OR PROFIT DRIVEN INFLATION

A consortium of a few large shipping lines which had resulted from previous frantic concentration and acquisitions (darlings of the neo-liberal era of hyper-globalization) were "ruling the waves" and fixing shipping rates in the most arbitrary manner by leveraging their market power. Traders transformed into speculators from all over the world took advantage of the seeming chaos to extract undue profits out of hapless customers and governments. As is so often the case the deleterious effects of the resulting inflationary spiral on the poorer developing nations would have gone totally unnoticed had these not spread to even the richer developed nations. The rise of far-right political parties who are now part and parcel of the "mainstream" political landscape in an increasing number of countries in Europe is probably the most visible result of the emerging phenomenon. This rise of what some observers do not hesitate to define as existential threats to the essentially social-democratic order of the post-World War 2 era has finally brought even some the most prominent architects of the new liberal order to rise to the looming dangers. In its Economic Outlook (May/June 2023) the Organization for Economic Cooperation and Development, writes that available data, "adds to the overwhelming evidence that almost all OECD economies have experienced increasing profit shares in the midst of a "cost of living" crisis. The OECD thus acknowledges that domestically generated inflation did not start with wages and labour markets but was driven by business hiking prices far beyond cost of inputs, to boost profits. Not to be left behind Christine Lagarde, head of the European Central Bank, also admitted to the obvious in June 2023, acknowledging the role of rising corporate profits in fuelling inflation, at a meeting of the European Commission.



MAURITIUS IS NO EXCEPTION

There is admittedly a consensus that Mauritius has managed the Covid experience and the coming out of it rather more successfully than many other jurisdictions including some of the developed ones. Nevertheless, the common challenge faced by all economies including Mauritius has been the explosive inflationary spiral resulting from government spend to support enterprises and families during the pandemic as well as the ensuing war between Russia and Ukraine -two of the largest producers of grains in the world. However, as stated above, recognizing that surplus profits made on the back of customers by taking advantage of the chaotic situation, is a critical new factor which calls for radical changes in policy and an examination of the effectiveness of the role of free markets in determining a fair price for all stakeholders.

In Mauritius, which is disproportionately dependent on imports for a large share of its basic food items, the challenge is made even more acute by the structural flaws of the import and distribution trade dominated by a small number of players in specific market segments, a feature generally characterizing Small Island Developing States. The temptation for cartel like patterns of behaviour is rampant.

THE NEW EXTENDED ROLE OF THE STC

It is against this backdrop that the 2022-23 budget mandated the STC to start importing three basic food items whose prices had or were likely to increase substantially during the course of the year, according to multiple statements by importers/distributors published in the local press. These increases, it was claimed would result from intrinsic product cost increases as well as additional costs (mainly freight) following disruptions in the supply chains. The products were Milk powder, Pulses and Edible Oil. An amount of MUR500 M was voted for subsidizing the prices of these products should the costs and selling prices reach levels which could pose a threat to social stability. In line with this new mandate the STC also took a decision to increase the volume of Basmati rice which it had been importing and include it in the new portfolio of products of the STC on the local market.

The experiment with the introduction of these new products has been rich in lessons for the Corporation. The first and most crucial one was that except for a short time following market adjustments to the abolition of heavy subsidies hitherto provided to importers/distributors of edible oil, the STC proved that it could procure and distribute these products on the market at either much lower prices (for equivalent quality and specifications) as in the case of edible oil, milk powder or basmati rice or at similar prices as in the case of pulses.

Our Corporation has successfully invested and created the SMATCH brand for sales of its new products and is now progressively increasingly its market share closer to its objective of around 12-15% in each of these products. It is indeed noteworthy that the Corporation used less than 20% of the funds voted in the budget for subsidizing its new products portfolio.

Through its engagement and interventions in these markets during the fiscal year 22-23 the Corporation has without any doubt established the point that, left on their own, traders continue to increase prices beyond actual increased cost of inputs thus increasing their profit margins at a time of "cost of living "crisis. As noted in the OECD report quoted earlier, "domestically generated inflation did not start with wages and labour markets but was driven by business hiking prices far beyond the cost of inputs to boost profits"

The STC's new role described as a one of a disciplining agent in the market has been abundantly demonstrated over the past two years. The four SMATCH products which the Corporation is selling on the market in a commercial level playing field (without subsidies while making a profit) have either witnessed substantial fall in prices for powdered milk and edible oil or have witnessed remarkable stability in prices for two years for Basmati rice and pulses.

I take this opportunity to thank and congratulate the staff of the corporation who have been the driving force and moving spirit sustaining the remarkable achievements of the Corporation during these challenging times. It is notable that the scope of activities of the STC has kept on expanding all through the year while the staff numbers have remained almost the same. It was already remarkable that in the extremely challenging context characterizing **fiscal** year 2022-23 the Corporation never failed in its primary mission of providing **petroleum products** for mobility as well as production while ensuring that **cooking gas and wheat flour** as well as bread was available to every family in Mauritius in spite of having faced some truly exceptional circumstances. That it has also concurrently launched and successfully introduced the SMATCH brand on the market is an outstanding performance.

RAJIV SERVANSINGH
General Manager

Corporate Governance

The purpose of setting up the State Trading Corporation (STC), as a parastatal 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 2024. 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 2022-2023, 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.

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 2022-2023, the trainings provided to STC employees were mainly in respect of, New Accounting Standards, Public Procurement and Risk Management.

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 2022-2023, 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 2023, the Board has met 11 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 (MIoD) 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 year 2023 was completed in April 2024.

The Board Secretary assisted the Board in its proper functioning and ensured that the Board followed correct procedures and complies with its obligations under law. She also acted as adviser to the Chairperson, Directors and officers of the Corporation. The Board Secretary assisted the Chairperson of the Board in organizing the Board’s activities. She also maintained a conflict-of-interest register which is available to Directors and other authorities upon written request. The 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 2023, was comprised as follows:

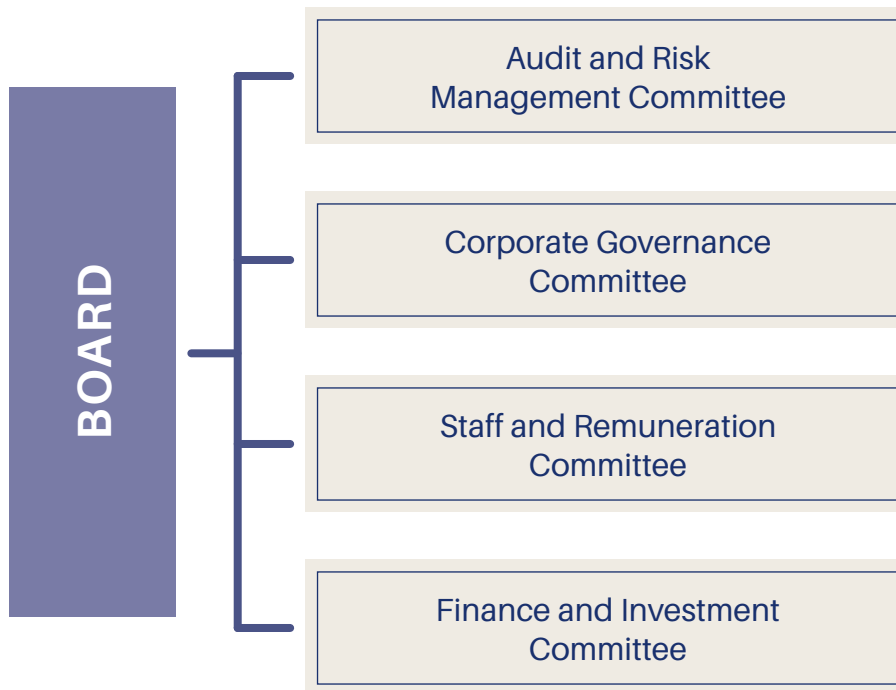
CHAIRPERSON

Dr. Ramchandra BHEENICK

Non-Executive Directors	Representative of
Mr. Ishwarlall BONOMAULLY	Ministry of Finance, Economic Planning and Development
Mrs Devrani Manorama MATHUR DABIDIN	Ministry of Commerce and Consumer Protection
Mrs Soondaree Devi SOBORUN	Ministry of Agro-Industry and Food Security
Mr. Toolsy GARBURRUN	Ministry of Energy and Public Utilities
Mr. Sandesh Kumar SEELOCHUN	Mauritius Ports Authority
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 2023 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 2023, comprised of the following members:

Audit and Risk Management Committee			
Mr. I. Bonomaully Chairperson	Mrs D. M. Mathur Dabidin	Mr. T. Garburrun	Mr. F. Jeetoo

- 1.4 The Committee met 4 (four) times during the Financial Year ended 30 June 2023 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 2023, comprised of the following members:

Corporate Governance Committee			
Mr. C. Poneeth Chairperson	Mr. I. Bonomaully	Mrs S. D. Soborun	Mr. S. Seelochun

- 2.4 The Corporate Governance Committee met once during the Financial Year ended 30 June 2023.

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

- 3.2 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.
- 3.3 The committee Chairperson shall report formally to the Board on its proceedings after each meeting on all matters.
- 3.4 The Staff and Remuneration Committee for the Financial Year ended 30 June 2023, comprised of the following members:

Staff and Remuneration Committee			
Mrs. D. M. Mathur Dabidin Chairperson	Mrs. S. Soborun	Mr. F. Jeetoo	Mr. C. Pooneeth

- 3.5 During the Financial Year 30 June 2023, the Staff and Remuneration Committee met 12 (twelve) times.

4. Finance and Investment Committee

- 4.1 The role of the Finance and Investment Committee is to undertake and be responsible for the oversight of budgeting, financial performance, financial strategy, planning and policy and financial reporting.
- 4.2 The Committee Chairperson shall report formally to the Board on its proceedings after each meeting and shall produce an Annual Report to the Board which shall be presented by the Committee Chairperson.
- 4.3 The Finance and Investment Committee as at 30 June 2023, was comprised of the following members:

Finance and Investment Committee			
Mrs S. D. Soborun Chairperson	Mrs. D. M. Mathur Dabidin	Mr. S. Seelochun	Mr. C. Pooneeth

- 4.5 During the Financial Year ended 30 June 2023, 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 2023 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	√	√	√		
Mrs D. M. Mathur Dabidin <i>(from 19 October 2022)</i>	√	√		√	√
Mr. J. P. Rangan <i>(Died on 21 September 2022)</i>					
Mrs S. D. Soborun	√		√	√	√
Mrs M. Ramkhelawon <i>(left on 11 October 2022)</i>	√	√			
Mr. T. Garburrun <i>(from 14 November 2022)</i>					
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 2023 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	11	1	4	12	1	-
Dr. R. Bheenick	11	-	-	-	-	531,000
Mr. I. Bonomaully	7	1	4	-	-	125,295
Mrs P. Rojoa (Alternate)	2	-	-	-	-	1,780
Mrs D. M. Mathur Dabidin	7	-	-	9	-	88,960
Mr. V. Seedoyal (Alternate)	1	-	1	-	1	2,520
Mr. J. P. Rangan	1	-	-	3	-	32,267
Mr. S. Kissoon (Alternate)	1	-	-	-	-	-
Mrs. M. Noel-Dabeecharun (Alternate)	1	-	-	-	-	-

Name	Board	Corporate Governance Committee	Audit and Risk Management Committee	Staff and Remuneration Committee	Finance and Investment Committee	Fees paid to Members (MUR)
Mrs S.D. Soborun	8	-	-	4	1	124,380
Mrs K. Jugroo (Alternate)	2	1	-	-	-	2,595
Mr. T. Garburrun	5	-	2	3	-	81,630
Mrs M. Ramkhelawon	3	-	2	-	-	38,116
Mr. D. Jahajeeah (Alternate)	1	-	-	-	-	890
Mr. S. Seelochun	9	-	-	-	1	120,815
Mr. S. Ganga (Alternate)	1	-	-	-	-	-
Mr. F. Jeetoo	8	-	3	12	-	135,485
Mr. C. Pooneeth	10	1	-	12	1	133,345

*Note:

1. Mr. J. P. Rangan passed away on 21 September 2022
2. Mrs. D. M. Mathur Dabidin was appointed on 19 October 2022
3. Mrs. M. Ramkhelawon left on 11 October 2022
4. Mr. T. Garburrun was appointed on 14 November 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. Mrs. Devrani Manorama Mathur Dabidin, Harvard Public Leadership Credential (from 19 October 2022)
Permanent Secretary, Ministry of Commerce and Consumer Protection

Mrs M. D. Mathur Dabidin was appointed on the Board of STC in October 2022 as representative of the Ministry of Commerce and Consumer Protection. She is also the Chairperson of the Staff and Remuneration Committee and Member of the Audit & Risk Management Committee - sub-Committees of the Board.

Having joined the administrative cadre in 1990s, she has extensive experience in public policy and administration in various sectors, some of which are: Agriculture, Sugar and Tea sectors, Commerce, Industrial Property, International Trade Policy, Social Security, Reforms Institutions (rehabilitation of youth), Senior Citizens Welfare, National Pensions,

Special Education Need, Infrastructure for National Schools, Gender Mainstreaming, e-Government, Financial Services and Good Governance, Special Education Needs and Education.

Mrs M. D. Mathur Dabidin has served on the following Boards:

Irrigation Authority, Mauritius Meat Authority, Human Resource Development Council, National Solidarity Fund Board, National Savings Fund Committee, National Pension Fund Board, Trust Fund for Specialised Medical Care - Cardiac Centre, National Computer Board, National Council for the Rehabilitation of Disabled, Special Education Needs Authority and the National Agency for the Treatment & Rehabilitation of Substance Abuse.

She holds the following qualifications:

- Public Leadership Credential at Harvard Kennedy School of Government, Harvard University.
- Maitrise en Affaires Publiques, Analyses et Evaluation, Laval University, Canada
- Post Graduate Degree in Business Administration University of Leicester, UK (Specialisation in IT).
- MSc in Electronic Business (major in e-Government – UoM).
- BSc (Hons) Management with specialisation in Public Administration & Management (UoM).
- Diploma in Public Administration & Management (UoM).
- Certificate in Intellectual Property, WIPO, Geneva Introduction to UN System, UNITAR, US.

4. Mr. Jaganathan Parasivam Rangan, LLB (Hons) UK (Passed away on 21 September 2022)
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 was also the Chairperson of the Staff and Remuneration Committee and a member of the Finance and Investment Committee, sub-committees of the Board.

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

5. 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

6. Mrs. Madhumattee Ramkhelawon, Degree in Public Administration & Management, MBA (General)
(left on 11 October 2022)
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 was 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.

7. Mr. Toolsy Garburrin (from 14 November 2022)
Deputy Permanent Secretary, Ministry of Energy and Public Utilities

Mr. Toolsy Garburrin holds a BSc (Hons) in Business Studies, an LLB (Hons), and a Graduate Diploma in Corporate Law, all from the University of Mauritius (UOM). With over years of experience in public administration and management, he has served in various capacities across numerous ministries, including the Prime Minister's Office and the National Human Rights Commission, where he has significantly and successfully contributed to several projects, including, initiation, planning, execution, monitoring, and completion.

Currently, he is posted at the Ministry of Energy and Public Utilities, where he brings his extensive expertise to the role of Deputy Permanent Secretary. He also acted as Officer in charge of the Mauritius Renewable Energy Agency (MARENA) from December 2022 to April 2023.

Mr. Garburrin is also an active member of several boards and committees, contributing to his well-rounded and impactful career in public service.

**8. Mr. Sandesh Kumar Seelochun, MSc degree in Industrial & Civil Engineering, MBA
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).

**9. Mr. Chetnarain Poneeth
Board Member**

Mr. C. Poneeth 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.

**10. 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

**1. Mr. Rajendra Tagore Servansingh
General Manager**

Mr. R.T. 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.

2. 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.

3. Mr. P. Soobarah, FCCA, MBA Financial Manager

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

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

4. Mr. K. Ramdenee, FCCA, MBA Risk and Treasury Manager

Mr. K. Ramdenee 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 has also held the responsibilities of Secretary of the Board from 10 November 2020 to 31 October 2022.

5. Mr. Antesh Krishnah ERRIAH, BSc (Hons) HR Administration, ACCA Affiliate, MBA 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, including Senior Positions, 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.

**6. 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.

**7. Mr Poolush Atish Bissessur, BSc (Hons) in Software Engineering, MSc in Computer Security and Forensics, MBA
IT Manager**

Mr P. A. Bissessur joined the STC on 23 May 2022 as IT Manager. He last worked as Systems Analyst at the Central Information Systems Division (CISD) at the Ministry of Technology, Communication and Innovation (MTCI) since August 2018.

**8. Mr Dean Gino Micheal Yannis Tonta, BSc (Hons) in Management with Law, MBA
Administrative Assistant**

Mr Y. Tonta joined STC on 18 October 2021 as Administrative Assistant. He last worked as Agency Executive Coordinator in the private sector since 2016.

**9. Mr. Rajendra Kumar Nowbuth, Diploma in Procurement and Supply
Ag. Chief Supplies and Sales Officer**

Mr. R. K. Nowbuth first joined the Department of Supplies on 3 January 1986 as Assistant Supplies Officer and he was appointed Supplies and Sales Officer on 1 December 1999. He was, thereafter, promoted as Higher Supplies and Sales Officer & Senior Supplies and Sales Officer on 1 May 2014 and 8 July 2021 respectively. He has been assigned the duties of Chief Supplies and Sales Officer on a long-term basis as from April 2022. Mr Nowbuth retired on 20 June 2023.

**10. Mr. Janmajay Rhamdhun, Professional Diploma in Procurement and Supply
Ag. Chief Supplies and Sales Officer**

Mr. J. Rhamdhun first joined the Department of Supplies on 23 January 1987 as Assistant Supplies Officer and was appointed as Supplies and Sales Officer on 6 November 2005. He was, thereafter, promoted as Higher Supplies and Sales Officer & Senior Supplies and Sales Officer on 1 May 2014 and 8 July 2021 respectively. He has been assigned the duties of Chief Supplies and Sales Officer on a long-term basis as from 20 June 2023.

**11. Ms. Mokshada Cheemontoo, BA (Hons) in Law and Management
Secretary**

Ms. M. Cheemontoo joined STC on 1 November 2022 as Secretary (Board). She last worked as Corporate Administrator in a private sector. She has, in the past, occupied the post of Trust Administrator.

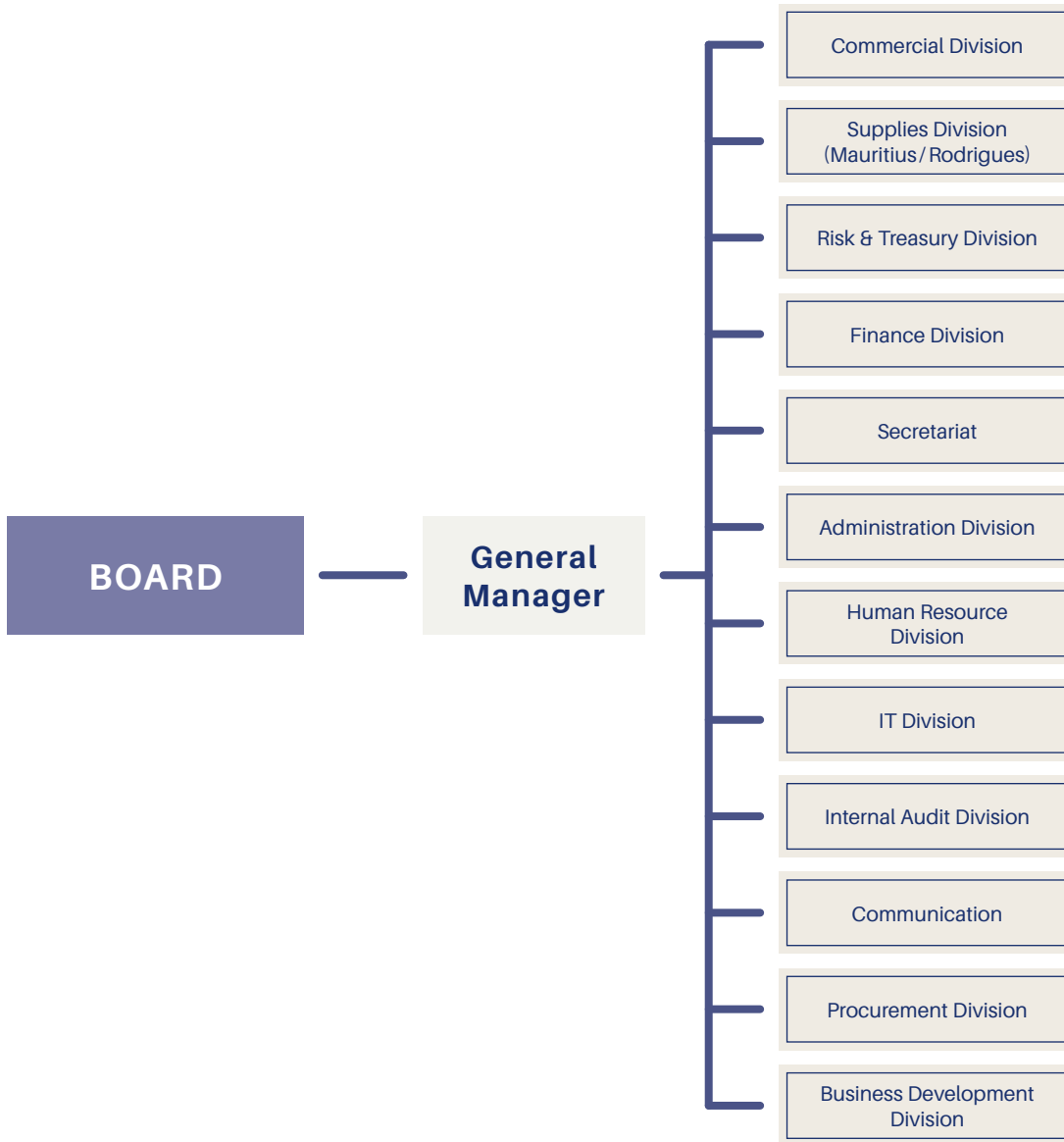
**12. Mr. Vikash Sooreea, BSc, MBA
Business Development Manager**

Mr. V. Sooreea joined the STC in May 2013 as Commercial Analyst. He was appointed as Business Development Manager as from 28 December 2022.

Before joining the Corporation, Mr. Sooreea worked over 15 years for state-owned and private entities.

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 and Accounting Standards (IPSAS) have been adhered to in conformity with the changes in presentation.

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

Risk Governance, Internal Control, Audit

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

Audit and Risk Management Committee

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

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

The Committee comprised of 2 (two) Non-Executive Directors, namely Mrs D. M. Mathur Dabidin and Mr. T. Garburrin and 1 (one) 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 four (4) 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>

Risk Category	Nature of Risk	Likelihood	Impact	Control Measures
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.

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 26 April 2024.

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



Dr R. Bheenick
Chairman



I. Bonomally
Board Member

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

Name of PIE: State Trading Corporation

Reporting Period: 1 July 2022 to 30 June 2023

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
- The Structure of the Board and its Committees
- Director Appointment Procedures
- Director Duties, Remuneration and Performance
- Risk Governance and Internal Control
- Reporting with integrity
- Audit
- Relations with Shareholders

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 2023 and the statement of financial performance, statement of changes in net asset/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 2023, and of its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

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 the following:



- Note 17 of the financial statements highlights the deficit in the Price Stabilisation Account which increased from Rs 3.8 billion as at 30 June 2022 to Rs 4.6 billion as at 30 June 2023.
- The State Trading Corporation's negative net asset had increased from some Rs 285 million for the financial year 2021-22 to some Rs 311 million as at 30 June 2023 as reported in the statement of financial position.
- Note 24.1 of the financial statements discloses that during the financial year 2022-23, the State Trading Corporation resorted to financing facilities from banks to meet its working capital requirements. As of 30 June 2023, the balance due to the banks for these facilities was Rs 9.3 billion.

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 IPSASs, 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:

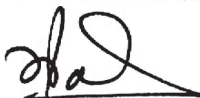
- (a) expenditure incurred was of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and
- (b) the Corporation has not applied its resources and carried out its operations economically, efficiently and effectively.

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.



DR D. PALIGADU
Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS

30 April 2024



Financial Statements



Statement of Financial Position

as at 30 June 2023

		30 June 2023	Restated 30 June 2022
	Notes	MUR	MUR
ASSETS			
Current Assets			
Cash and Cash Equivalent	5	5,203,804,843	3,437,573,488
Trade & Other Receivables	6	6,275,882,860	7,013,555,754
Inventories	7	950,057,294	1,289,079,879
Total Current Assets		12,429,744,997	11,740,209,121
Non-Current Assets			
Investments	8	11,166,312	10,977,874
Investment in Associate	8	75,910,631	75,910,631
Property, Plant and Equipment	9	256,107,940	264,368,196
Intangible Assets	10	783,775	2,504,880
Total Non-Current Assets		343,968,658	353,761,581
Total Assets		12,773,713,655	12,093,970,702
LIABILITIES			
Current Liabilities			
Payables	11	3,376,806,722	5,043,189,493
Short Term Borrowings	12	8,047,620,000	6,994,319,512
Overdraft	12	1,294,887,406	-
Employee Benefits	13	21,679,530	21,083,768
Lease Liability-Leasehold Land	14	349,658	320,787
Total Current Liabilities		12,741,343,316	12,058,913,560
Non-Current Liabilities			
Net Defined Benefit Liability	15	290,974,225	267,426,367
Employee Benefits	13	43,298,047	43,462,643
Lease Liability-Leasehold Land	14	9,301,355	9,651,012
Total Non-Current Liabilities		343,573,627	320,540,022
Total Liabilities		13,084,916,943	12,379,453,582
Net Assets		(311,203,288)	(285,482,880)
NET ASSETS/EQUITY			
Contributed Capital	16	400,000	400,000
Accumulated Surplus		3,297,227,513	2,853,945,915
Price Stabilisation Account	17	(4,562,947,057)	(3,757,708,029)
Infrastructure Development Fund	17	954,116,256	617,879,234
Total Net Assets/Equity		(311,203,288)	(285,482,880)

Notes 1 to 27 form an integral part of these Financial Statements. The Financial Statements were approved by the Board on 26 April 2024



Dr R. Bheenick
Chairman



I. Bonomaully
Board Member

Statement of Financial Performance for the Financial Year ended 30 June 2023

		30 June 2023	30 June 2022
	Notes	MUR	MUR
Revenue			
Revenue from Exchange Transactions	18	46,639,434,539	34,754,953,264
Revenue from Non Exchange Transactions:			
Gain/Loss on Foreign Exchange	19	(153,534,331)	(83,094,216)
Contribution for Subsidy on LPG, Rice and Flour	19	3,715,865,878	2,092,457,207
Subsidy received/receivable from Government	21	429,333,993	1,875,011,400
Interest Receivable	20	51,258,293	8,204,052
Other Revenue	20	9,721,330	4,112,735
Total Revenue		50,692,079,702	38,651,644,442
Expenses			
Cost of Sales	21	(50,556,654,300)	(41,992,300,336)
General Administrative Expenses	22,23	(354,902,195)	(280,185,636)
Finance Costs	24	(388,432,463)	(16,534,832)
Depreciation	9,10	(15,030,952)	(21,054,999)
Total Expenses		(51,315,019,910)	(42,310,075,803)
Deficit for the Year		(622,940,208)	(3,658,431,361)

Statement of Changes in Net Asset/Equity for the Financial Year ended 30 June 2023

	Contributed Capital	Accumulated Surplus	Reserve Funds		Total Equity
			Infrastructure Development Reserve Fund	Price Stabilisation Account (PSA)	
	MUR	MUR	MUR	MUR	MUR
Restated Balance as at 30 June 2021	400,000	2,366,400,211	296,104,171	508,236,312	3,171,140,695
Adjustment to Other Investment		(12,759,126)			(12,759,126)
Amount collected during the year		(3,522,318)	318,252,745		318,252,745
Transfer from Infrastructure Development Fund for investment in MOST			3,522,318		-
Movements in PSA		4,265,944,340		(4,265,944,340)	-
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)
Restated Balance as at 30 June 2022	400,000	2,853,945,915	617,879,234	(3,757,708,028)	(285,482,879)
Amount collected during the year			336,237,022		336,237,022
Transfer from Government to PSA				275,000,000	275,000,000
Movements in PSA		1,081,907,958		(1,081,907,958)	-
Adjustment to opening balance of PSA				1,668,930	1,668,930
Deficit for the 12-month ended 30 June 2023		(622,940,208)			(622,940,208)
Remeasurement of Pension as per Statement from SICOM Ltd		(15,686,151)			(15,686,151)
Balance as at 30 June 2023	400,000	3,297,227,513	954,116,256	(4,562,947,057)	(311,203,287)

Cashflow Statement

for the Financial Year ended 30 June 2023

	30 June 2023	30 June 2022
	MUR	MUR
Cash flows from Operating Activities		
Deficit for the year	(622,940,208)	(3,658,431,361)
Retirement Benefit Obligations	7,861,706	3,380,056
Investment income recognised in Statement of Financial Performance	(8,688,654)	(296,668)
Gain on sale or disposal of property, plant and equipment	98,425	(232,562)
Gain on Investment	(188,438)	(52,772)
Depreciation of non-current assets	15,030,952	21,054,999
Effects of Exchange Rate changes on the balance of Cash /Lines of Credit held in foreign currencies	77,205,999	102,330,576
Interest Receivable	(51,258,293)	(8,204,052)
Interest Payable	388,432,463	16,534,832
	(194,446,047)	(3,523,916,952)
Movements in Working Capital		
(Increase)/Decrease in trade and other receivables	788,931,187	(4,374,485,183)
(Increase)/Decrease in inventories	339,022,585	(718,456,696)
Increase/(Decrease) in trade and other payables	(1,675,919,015)	3,893,944,202
Increase/(Decrease) in Employee Benefits	431,166	2,440,174
	(741,980,124)	(4,720,474,455)
Net Cash generated from operating activities		
Cash flow from investing activities		
Interest received	51,258,293	8,204,052
Fund received from Government	275,000,000	-
Acquisition of Non-Current Assets	(5,668,015)	(7,361,770)
Financing of Investment in MOST	-	3,522,318
Investment revenue recognised in Statement of Financial Performance	8,688,654	296,668
Proceeds from disposal of Non-Current Assets	520,000	667,826
	329,798,931	5,329,094
Net cash (used in)/generated by investing activities		
Cash flow from financing activities		
Amount collected under Infrastructure Development Fund	336,237,022	318,252,745
Proceeds from borrowings	57,481,473,361	21,327,361,404
Repayment of borrowings	(56,602,997,672)	(14,428,475,664)
Interest paid	(388,432,463)	(16,534,832)
	826,280,248	7,200,603,653
Net cash generated from financing activities		
Net decrease in cash and cash equivalents	414,099,055	2,485,458,292
Cash and cash equivalents at the beginning of the year	3,437,573,488	959,011,997
Effects of Exchange Rate changes on the balance of cash held in foreign currencies	57,244,895	(6,896,802)
Total Cash and cash equivalents at the end of the year	3,908,917,437	3,437,573,488

Notes to Cash Flow Statement

Cash and Cash Equivalent consist of Cash in hand, Cash at bank, short term Deposits and bank overdraft. The Cash and Cash Equivalent included in the cash flow comprise the following statement of Financial Position amounts:

	MUR
Cash in hand and at bank	5,203,804,843
Overdraft	(1,294,887,406)
Total Cash & Cash Equivalent	3,908,917,437

Statement of Comparison of Budget and Actual Amounts for the Financial Year ended 30 June 2023

PARTICULARS	Original Budget	Revised Budget	Actual	Difference	Remark
	1 July 2022-30 June 2023 (Note i)	1 July 2022-30 June 2023 (Note ii)	1 July 2022-30 June 2023	(Note iii)	
	MUR 000	MUR 000	MUR 000	MUR 000	
Revenue from Exchange Transactions	41,934,470	51,432,047	46,639,435	(4,792,612)	*see below
Price Stabilisation Account	1,224,224	2,211,477	-	(2,211,477)	
Subsidy from Government	-	114,846	429,334	314,488	
Cost of Sales	(46,265,147)	(56,555,642)	(50,556,654)	5,998,988	*see below
Gross Surplus/(Deficit)	(3,106,453)	(2,797,273)	(3,487,885)	(690,613)	
Contribution to Subsidy on LPG, Rice and Flour	2,284,360	3,892,065	3,715,866	(176,199)	Based on quantity sold.
Other Revenue	-	-	60,980	60,980	
Revenue from Non Exchange Transactions	-	-	(153,534)	(153,534)	
Staff Costs- Salaries and Employee Benefits	(225,465)	(193,898)	(163,628)	30,270	
Supplies and Consumables	(23,843)	(21,809)	(27,160)	(5,351)	
Utilities	(4,613)	(6,581)	(7,428)	(847)	
Rent & Lease	(17,477)	(26,886)	(26,902)	(16)	
Repairs and Maintenance	(14,229)	(23,134)	(15,923)	7,211	
Other Adm. Expenses	(56,954)	(49,037)	(113,861)	64,824	
Depreciation	(41,034)	(17,583)	(15,031)	2,552	
Interest Payable	(7,000)	(254,000)	(388,433)	(134,433)	
Net Surplus/(Deficit) for the Year	(1,212,708)	501,865	(622,940)	1,124,805	

PARTICULARS	Original Budget	Revised Budget	Actual	Difference	Remark
	1 July 2022-30 June 2023 (Note i)	1 July 2022-30 June 2023 (Note ii)	1 July 2022-30 June 2023	(Note iii)	
	MUR 000	MUR 000	MUR 000	MUR 000	
Office Equipment & Furniture	2,000	400	679	279	
Plant and Machinery	5,000	5,000	4,500	(500)	
Information Technology	11,500	Nil	489	489	Budget carried forward to 2023-2024
Motor Vehicles	2,000	4,000	-	(4,000)	
Warehouse	1,000,000	Nil	-	-	Project not yet materialised
TOTAL	1,020,500	9,400	5,668	(3,732)	

Note:

- (i) Represents the original budget of the Corporation for the Financial year ended 30 June 2023 approved in March 2022.
- (ii) represents the revised budget of the Corporation for the Financial Year ended 30 June 2023 approved in February 2023.
- (iii) represents the difference between revised budget for the Financial Year ended 30 June 2023 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 2023 approved by the Board of STC in March 2022 as per statutory requirement, was based on information available at that time. Thereafter, in February 2023, 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 2023

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.

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 (See Note Below)
IPSAS 42	Social Benefits	Jan 2019	1 Jan 2023 (See Note Below)
IPSAS 43	Leases	Jan 2022	1 Jan 2025
IPSAS 44	Non- Current Assets Held for sale and Discontinued Operations	May 2022	1 Jan 2025
IPSAS 45	Property, Plant and Equipment	May 2023	1 Jan 2025
IPSAS 46	Measurement	May 2023	1 Jan 2025
IPSAS 47	Revenue	May 2023	1 Jan 2026
IPSAS 48	Transfer Expenses	May 2023	1 Jan 2026

Note: IPSAS 41 and IPSAS 42 apply to Financial Statements period beginning on or after 1st January 2023.

Notes to Financial Statements

for the Financial Year ended 30 June 2023

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

iii) Accounting Period

The Financial Statements for the current financial year have been prepared for the twelve months ended 30 June 2023.

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 2023

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 2023

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.

Notes to Financial Statements

for the Financial Year ended 30 June 2023

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.

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 2022 to June 2023 was MUR 14.5 million out of which MUR 11 million has been contributed by the Corporation and the remaining MUR 3.5 million by its employees.

Defined Contribution Pension Scheme

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

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

The contribution in the Defined Contribution (DC) Pension Scheme managed by SICOM Ltd for the period July 2022 to June 2023 was MUR 4.7 million out of which MUR 3.1 million was contributed by the Corporation and the remaining MUR 1.6 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.

Notes to Financial Statements

for the Financial Year ended 30 June 2023

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

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

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

xiii) Leases

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

• 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 Mer Rouge.
- One lease agreement for warehouse at Port Mathurin, Rodrigues.
- One lease of land for its Office and Staff Residence Complex in Rodrigues.
- One lease agreement for Land for new warehouse at Riche-Terre

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.

Notes to Financial Statements

for the Financial Year ended 30 June 2023

In accordance with Value Added Tax Act, all products sold by the Corporation for the Financial Year ended 30 June 2023 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 collected on behalf of third parties are not recognised in the Financial Statements.

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.

i) 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 2023 about USD 503 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 503 million.

ii) 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.

iii) 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.

Notes to Financial Statements

for the Financial Year ended 30 June 2023

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.

iv) 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.

v) 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.

vi) Tax

The Corporation is exempted from payment of tax (Duty, Rate, Charge, Fee) under section 22 of the State Trading Corporation Act 1982.

vii) 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.

Notes to Financial Statements

for the Financial Year ended 30 June 2023

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.

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.

Notes to Financial Statements

for the Financial Year ended 30 June 2023

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 15 to the Financial Statements, required the use of actuarial calculations or other assumptions that include significant estimates in respect of, inter alia, the discount rate, the expected return on the plan assets, future salary increases and future pension increases. These significant estimates are assessed annually by the directors with the actuaries where applicable. Differences between actual and estimated are recorded as actuarial gains or losses.

5. CASH AND CASH EQUIVALENT

	30 June 2023	30 June 2022
	MUR	MUR
Cash in Hand	63,131	32,462
Bank Balances	5,203,741,712	3,437,541,026
Gross Total	5,203,804,843	3,437,573,488

6. TRADE AND OTHER RECEIVABLES

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

	30 June 2023	30 June 2022
	MUR	MUR
Exchange Transaction		
Oil Companies & CEB	5,047,168,964	6,087,910,340
Government of Mauritius	1,115,132,433	871,967,579
Prepayment	19,247,546	13,740,517
Other Receivables	72,725,815	14,791,395
Non-Exchange Transaction		
Other Receivables	21,608,102	25,145,923
TOTAL	6,275,882,860	7,013,555,754

Notes to Financial Statements

for the Financial Year ended 30 June 2023

7. INVENTORIES

COMMODITIES	30 June 2023	30 June 2022
	MUR	MUR
Mogas	507,057,949	660,067,678
Gas Oil	271,691,510	332,679,864
Rice	30,722,918	45,236,011
Flour	51,185,583	45,585,855
Sugar	1,441,828	94,983
Milk Powder	33,367,680	-
Edible Oil	3,034,267	-
Pulses	1,481,559	-
LPG	48,447,450	201,455,027
Others	1,626,550	3,960,460
TOTAL	950,057,294	1,289,079,879

Stock of Mogas and Gas Oil in MOST

At reporting date STC held a stock of 11,297 MT of Mogas and 7,374 MT of Gas Oil in the terminal valued at MUR 778.7 million.

Stock in Transit

The Corporation had no stock in transit of White and Black Oils at 30 June 2023.

8. INVESTMENT

Name of Company	Country of incorporation	% Ownership	Consideration	30 June 2023	Restated 30 June 2022
				MUR	MUR
Landscape (Mauritius) Ltd	Mauritius	less than 1	Cash	616,832	584,284
Africa Export - Import Bank (Afreximbank)	Egypt	less than 1	Cash	10,549,480	10,393,590
At Reporting date				11,166,312	10,977,874

The figures for investment in Afrexim Bank for year ended 30 June 2022 were restated to reflect the fair value of shares.

Notes to Financial Statements

for the Financial Year ended 30 June 2023

8A. INVESTMENT IN ASSOCIATED COMPANY

Details of the Corporation's associate is as follows:

Name of Company	Country of incorporation	% Ownership	Consideration	30 June 2023	30 June 2022
				MUR	MUR
Mer Rouge Oil Storage Terminal Co Ltd (MOST)	Mauritius	20	Cash	75,910,631	75,910,631
At Reporting date				75,910,631	75,910,631

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 2022, which was received in September 2022 has been used.

Summarised financial information of MOST for the year 2022 is set out below:

	31 December 2022	Restated 31 December 2021
	MUR	MUR
Total Assets	673,850,845	735,115,447
Total Liabilities	(264,279,968)	(339,190,770)
Net Assets/Equity	409,570,877	395,924,677
Total revenue	77,359,740	73,913,299
Total expenses	(34,350,665)	(34,843,015)
Net Profit/(Loss)	43,009,075	39,070,284
STC's share of Net profit/(Loss) in Associate	8,601,815	7,814,057
	30 June 2023	30 June 2022
	MUR	MUR
Investment MOST	75,910,631	79,432,949
Investment during the reporting period	-	8,308,121
Disposal of 3.5% Shareholding	-	(11,830,439)
Total investment as at 30 June	75,910,631	75,910,631
STC's share of net profit for the period	NIL	NIL
Investment in Associate at 30 June	75,910,631	75,910,631

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 2023, 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.

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 2022	11,008,428	40,375,341	36,652,738	24,669,821	257,889,321	11,766,273	382,361,922
Additions	-	679,475	4,500,000	328,540	-	-	5,508,015
Disposal	-	-	(6,723,359)	-	-	-	(6,723,359)
At 30 June 2023	11,008,428	41,054,816	34,429,379	24,998,361	257,889,321	11,766,273	381,146,578
DEPRECIATION							
At 1 July 2022	7,707,135	24,189,667	26,637,284	23,113,988	36,345,651	-	117,993,725
Charge for the year	1,029,104	3,931,725	2,164,800	866,431	5,157,786	-	13,149,846
Disposal	-	-	(6,104,934)	-	-	-	(6,104,934)
At 30 June 2023	8,736,239	28,121,392	22,697,150	23,980,419	41,503,437	-	125,038,637
CARRYING AMOUNT							
At 30 June 2022	3,301,293	16,185,674	10,015,454	1,555,833	221,543,670	11,766,273	264,368,197
At 30 June 2023	2,272,189	12,933,424	11,732,229	1,017,942	216,385,884	11,766,273	256,107,941

A loss on Disposal of plant and machinery amounting to MUR 98,425 is included in the Statement of Financial Performance for the Financial Year ended 30 June 2023.

Notes to Financial Statements

for the Financial Year ended 30 June 2023

10. INTANGIBLE ASSETS

	Logo	Computer System- Software	Total Intangible Assets
	MUR	MUR	MUR
COST			
At 1 July 2022	190,000	26,128,793	26,318,793
Additions	-	160,000	160,000
Disposals	-	-	-
At 30 June 2023	190,000	26,288,793	26,478,793
AMORTISATION			
At 1 July 2022	190,000	23,623,912	23,813,912
Charge for the year	-	1881,105	1881,105
Derecognised	-	-	-
At 30 June 2023	190,000	25,505,017	25,695,017
NET BOOK VALUE			
At 1 July 2022	-	2,504,881	2,504,881
At 30 June 2023	-	783,775	783,775

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:

CURRENT LIABILITIES	30 June 2023	30 June 2022
	MUR	MUR
Exchange Transactions:		
Supplier of Strategic Products	2,350,944,874	4,146,750,560
Mauritius Revenue Authority	753,222,478	523,072,707
Other Suppliers	6,140,191	73,687,593
	3,110,307,543	4,743,510,860
Non-Exchange Transactions:		
Other Payables	266,499,179	299,678,633
TOTAL	3,376,806,722	5,043,189,493

Notes to Financial Statements

for the Financial Year ended 30 June 2023

12. SHORT TERM BORROWINGS

	30 June 2023	30 June 2022
	MUR	MUR
Short term Lines of Credit	8,047,620,000	6,994,319,512
Overdraft	1,294,887,406	-
TOTAL	9,342,507,406	6,994,319,512

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 2023	30 June 2022
	MUR	MUR
Less than 1 year		
Passage Benefits	2,737,947	3,318,144
Bank Sick Leave	8,761,516	8,079,896
Vacation Leave	10,180,067	9,685,728
Total	21,679,530	21,083,768
More than 1 year		
Passage Benefits	5,046,861	4,366,257
Bank Sick Leave	19,022,689	19,514,377
Vacation Leave	19,228,498	19,582,008
Total	43,298,047	43,462,643
Grand Total	64,977,577	64,546,411

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 2023	30 June 2022
	MUR	MUR
Less than 1 year		
Leasehold Land	349,658	320,787
Total	349,658	320,787
More than 1 year		
Leasehold Land	9,301,354	9,651,012
Total	9,301,354	9,651,012
Grand Total	9,651,012	9,971,799

15. NET DEFINED BENEFIT LIABILITY

The total administrative expenses of MUR 277.4 million includes MUR 11.0 million contributed by STC in the Defined Benefit Pension Plan and MUR 3.1 million in the Defined Contribution Pension Scheme managed by SICOM Ltd for the year ended 30 June 2023.

Notes to Financial Statements

for the Financial Year ended 30 June 2023

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 2023**

	Year ending 30 June 2023	Year ending 30 June 2022
	MUR	MUR
Amounts recognised in balance sheet at end of year:		
Defined benefit obligation	732,297,490	716,651,198
Fair value of plan assets	(441,323,265)	(449,224,831)
Liability recognised in balance sheet at end of year	<u>290,974,225</u>	<u>267,426,367</u>
Amounts recognised in income statement:		
Service cost:		
Current service cost	9,121,464	10,129,408
(Employee contributions)	(3,489,230)	(3,717,329)
Fund Expenses	772,615	616,854
Net Interest expense/ (income)	12,506,086	8,114,788
P&L Charge	<u>18,910,935</u>	<u>15,143,721</u>
Remeasurement:		
Liability (gain)/loss	11,866,615	81,494,009
Assets (gain)/loss	3,819,536	22,191,822
Net Assets/Equity (NAE)	<u>15,686,151</u>	<u>103,685,831</u>
Total	<u>34,597,086</u>	<u>118,829,552</u>
	MUR	MUR
Movements in liability recognised in balance sheet:		
At start of year	267,426,367	160,360,480
Amount recognised in P&L	18,910,935	15,143,721
(Contributions paid by employer)	(11,049,229)	(11,763,665)
Amount recognised in NAE	15,686,151	103,685,831
At end of year	<u>290,974,225</u>	<u>267,426,367</u>

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 2023

FIGURES FOR IPSAS 39 ADOPTION FOR: State Trading Corporation for year ending 30 June 2023

	Year ending 30 June 2023	Year ending 30 June 2022
	MUR	MUR
Reconciliation of the present value of defined benefit obligation		
Present value of obligation at start of period	716,651,198	638,503,708
Current service cost	9,121,464	10,129,408
Interest cost	33,467,827	29,690,422
(Benefits paid)	(38,809,615)	(43,166,349)
Liability (gain)/loss	11,866,615	81,494,009
Present value of obligation at end of period	732,297,490	716,651,198
Reconciliation of fair value of plan assets		
Fair value of plan assets at start of period	449,224,831	478,143,228
Expected return on plan assets	20,961,741	21,575,634
Employer contributions	11,049,229	11,763,665
Employee Contributions	3,489,230	3,717,329
(Benefits paid + other outgo)	(39,582,230)	(43,783,203)
Asset gain/ (loss)	(3,819,536)	(22,191,822)
Fair value of plan assets at end of period	441,323,265	449,224,831
	June 2023	June 2022
Distribution of plan assets at end of period		
<i>Percentage of assets at end of year</i>		
Fixed Interest securities and deposits	53.9%	58.0%
Loans	2.8%	2.9%
Local equities	14.0%	13.6%
Overseas bonds and equities	28.8%	25.0%
Property	0.5%	0.5%
Total	100%	100%
	June 2023	June 2022
	%	%
Additional disclosure on assets issued or used by the reporting entity		
<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
Components of the amount recognised in NAE		
Year	June 2023	June 2022
Currency	MUR	MUR
Asset experience gain/ (loss) during the period	(3,819,536)	(22,191,822)
Liability experience gain/ (loss) during the period	(11,866,615)	(81,494,009)
	(15,686,151)	(103,685,831)

Notes to Financial Statements

for the Financial Year ended 30 June 2023

Year	2023/2024
Expected employer contributions	11,563,415
Weighted average duration of the defined benefit obligation (Calculated as a % change in PV of liabilities for a 1% change in discount rate)	11 years

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

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

	Year ending 30 June 2023	Year ending 30 June 2022
Discount rate	5.82%	4.80%
Future salary increases	4.50%	3.50%
Future pension increases	3.50%	2.50%
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 73.8 million (increase by Rs 89 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 23.5 million (decrease by Rs 21.8 million) if all assumptions were held unchanged.
- If the life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 23.6 million (decrease by Rs 27.2 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 depend 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 2023

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

	30 June 2023	30 June 2022
	MUR	MUR
Infrastructure Development Reserve Fund	954,116,257	617,879,234
Price Stabilisation Account	(4,562,947,057)	(3,757,708,029)
Total	(3,608,830,800)	(3,139,828,795)

Reserve Fund consist of the following:

- **Infrastructure Development Reserve Fund**

This fund includes an amount of MUR 790.4 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 2023, an amount of MUR 336,237,021 has been collected and credited to this account. The balance in this fund stands at MUR 790,367,437 at 30 June 2023 out of which MUR 544,864,684 and MUR 245,502,753 relates to petroleum products and LPG respectively.

- (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 2023.

- **Price Stabilisation Account**

As at 30 June 2022, the Price Stabilisation Account (PSA) of Mogas and Gas Oil was in deficit by MUR 3.8 billion. During the Financial Year 30 June 2023, the Corporation incurred loss on tankers amounting to MUR 1.1 billion.

In June 2023, Government transferred an amount of MUR 275 million into STC's reserve fund and same was injected in the PSA of Mogas to make its balance positive to allow for a decrease in the retail price in accordance with Consumer Protection (Control of Price of Petroleum Products) (Amendment No.2) Regulations 2023.

Notes to Financial Statements

for the Financial Year ended 30 June 2023

Thus, at the PPC Meeting of 2 June 2023, the retail price of Mogas was reduced from Rs 74.10 per litre to Rs 69.00 per litre. With regard to Gas Oil, the PPC recommended for an increase from Rs 54.55 per litre to Rs 58.00 per litre. However, acting under the provisions of Regulations 8A of the Consumer Protection (Control of Price of Petroleum Products) Regulations 2011 (as amended), the Minister has disapproved the recommendation of the Committee to increase the retail price of Gas Oil.

As at 30 June 2023, the PSA was in deficit by MUR 4.56 billion as follows:

	MUR billion
Mogas	0.03
Gas Oil	(4.59)
TOTAL	(4.56)

18. REVENUE FROM EXCHANGE TRANSACTIONS

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

	30 June 2023			30 June 2022		
	Metric Tons	MUR	% of revenue	Metric Tons	MUR	% of revenue
Petroleum Products	1,111,057	43,862,572,534	94.05	957,307	32,750,796,522	94.24
LPG	91,824	1,427,831,644	3.06	82,228	1,042,399,587	3.00
Rice	25,526	289,955,874	0.62	24,769	271,470,862	0.78
Flour	98,780	609,457,399	1.31	93,794	682,216,358	1.96
Sugar	368	14,863,225	0.03	217	8,069,935	0.02
Milk Powder	330	74,182,594	0.16	-	-	-
Edible Oil	4,981	340,331,867	0.73	-	-	-
Pulses	311	20,239,401	0.04	-	-	-
TOTAL	1,333,177	46,639,434,538	100.00	1,158,315	34,754,953,264	100.00

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 923.1 million.
 - (b) Subsidy for transportation and storage of Petroleum Products and LPG to Rodrigues - MUR 232.5 million
- (ii) The selling prices of Rice, Flour, LPG and other essential products 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;
 - (b) surpluses on sales of other products; and
 - (c) funding from Government

Notes to Financial Statements

for the Financial Year ended 30 June 2023

19. REVENUE FROM NON-EXCHANGE TRANSACTION

Revenue from non-exchange transactions for Financial Year ended 30 June 2023 is made up of net foreign exchange gains and losses and Contribution for Subsidy on LPG, Rice and Flour as follows:

Description	30 June 2023				30 June 2022	
	Gain	Loss	Net Gain/ (Loss)	Contribution for Subsidy on LPG, Rice and Flour	Total	Total
	MUR	MUR	MUR	MUR	MUR	
Accounts payable	1,007,942,732	(1,047,322,279)	(39,379,547)	-	(39,379,547)	(149,541,747)
Accounts receivable	259,658,379	(256,222,482)	3,435,897	-	3,435,897	168,777,706
Repayment of foreign currency borrowings	542,834,613	(717,670,188)	(174,835,575)	-	(174,835,575)	(95,433,774)
Subtotal realised gain/ (loss)	1,810,435,724	(2,021,214,949)	(210,779,225)	-	(210,779,225)	(76,197,815)
Bank accounts & Deposits -unrealised gain/ (Loss)	169,404,709	(71,775,132)	97,629,577	-	97,629,577	(6,896,401)
Gain/(Loss) on Forward, Spot & Swap Contracts	40,384,681	(80,769,363)	(40,384,682)	-	(40,384,682)	-
Net Foreign exchange gains and losses	2,020,225,114	(2,173,759,444)	(153,534,330)	-	(153,534,330)	(83,094,216)
Contribution for Subsidy on LPG, Rice and Flour	-	-	-	3,715,865,878	3,715,865,878	2,092,457,207
TOTAL	2,020,225,114	(2,173,759,444)	(153,534,330)	3,715,865,878	3,562,331,548	2,009,362,991

20. OTHER NON-EXCHANGE REVENUE

	30 June 2023	30 June 2022
	MUR	MUR
Investment Income (Dividend Received)	8,688,654	296,668
Interest on bank balances and bank deposits, etc.	51,258,293	8,204,052
Other Income	1,032,676	3,816,067
TOTAL	60,979,623	12,316,787

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 2023

The deficit of MUR 622.9 million for the Financial Year ended 30 June 2023 is made up as shown below:

	RICE	FLOUR	PETROLEUM PRODUCTS	SUGAR	LPG	BASMATI RICE	OTHER PRODUCTS	OTHERS	TOTAL
MUR Million									
Revenue from Exchange Transactions	258.1	609.4	43,862.6	14.8	1,427.8	31.9	434.8	-	46,639.4
Revenue from Non Exchange Transactions	1.1	(21.9)	(55.3)	-	(77.4)	(0.02)	-	-	(153.5)
Contribution for Subsidy	-	-	-	-	-	-	-	3,715.9	3,715.9
Other Revenue	-	-	59.6	-	-	-	0.8	0.5	60.9
Subsidy from Government	-	90.1	-	-	-	-	96.1	243.2	429.4
Cost of sales	(578.1)	(2,735.0)	(43,853.7)	(14.4)	(2,835.5)	(29.0)	(510.9)	-	(50,556.7)
Administrative Expenses	(33.3)	(133.4)	(195.1)	(0.3)	(1.2)	(0.4)	(6.1)	(0.1)	(369.9)
Interest Cost	(0.03)	(10.1)	(368.8)	-	(9.5)	-	-	-	(388.4)
Surplus/ (Deficit) for the year	(352.3)	(2,200.9)	(550.7)	0.1	(1,495.8)	2.5	14.7	3,959.5	(622.9)

21.1. SUBSIDY REQUIREMENT

The subsidy requirement for the Financial Year ended 30 June 2023 has been financed as follows:

	30 June 2023	30 June 2022
	MUR	MUR
Subsidy on Long Grain White Rice	352,305,455	351,524,073
Subsidy on Flour	2,200,905,835	1,487,325,500
Subsidy on LPG	1,495,868,101	2,128,619,034
Total subsidy	4,049,079,392	3,967,468,607
Less Contributions from Price Structures of Mogas and Gas Oil	(3,715,865,878)	(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	(90,048,660)	(17,951,340)
Subsidy Receivable from Government	243,164,854	871,967,579

Notes to Financial Statements

for the Financial Year ended 30 June 2023

22. GENERAL ADMINISTRATIVE EXPENSES

	30 June 2023	30 June 2022
	MUR	MUR
Wages, salaries & Employee Benefits	163,628,473	165,579,326
Supplies and Consumables used	27,159,605	17,634,563
Utilities	7,427,986	6,604,150
Rent	26,901,816	16,085,478
Repairs and Maintenance	15,923,071	27,816,219
Other Administrative Expenses	113,861,244	46,465,900
Total	354,902,195	280,185,636

23. OPERATING LEASE

Rentals payable amounting to MUR 26.9 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 25.0 million
- (ii) Later than one year and not later than five years: MUR 49.9 million
- (iii) More than five years: MUR 21.9 million

Total rents recognized in the Statement of Financial Performance during the Financial Year ended 30 June 2023- MUR 26,901,816.

24. FINANCE COSTS

	30 June 2023	30 June 2022
	MUR	MUR
Interest on Lines of Credit	277,876,115	16,534,832
Interest on Overdraft	110,177,475	-
Interest on Term Loan	378,873	-
Total	388,432,463	16,534,832

24.1 FINANCING FACILITY

During the Financial Year 2022-2023, the Corporation had recourse to credit facilities, Bank Overdraft and term loan for working capital needs as follows:

- (a) Credit Facilities with no collateral for a total of USD 218 million from four banks as detailed below and the balance due to the banks as at 30 June 2023 stood at USD 175 million representing around MUR 8.047 billion.
- (b) The Bank Overdraft facility with SBM Bank (Mauritius) Ltd supported by a letter of comfort from Government of Mauritius for a total limit of MUR 3 billion. The balance due to the bank as at 30 June 2023 stood at MUR 1.295 billion.

Notes to Financial Statements

for the Financial Year ended 30 June 2023

- (c) Term Loan of MUR 2 billion from SBM Bank (Mauritius) Ltd supported by a letter of comfort from Government of Mauritius out of which an amount of MUR 10 million has been used and the balance due as at 30 June 2023 was nil.

	Credit Facility	Bank Overdraft	Term Loan
	USD million	MUR million	MUR million
AfrAsia Bank Limited	90	-	-
SBM Bank (Mauritius) Ltd	50	3,000	2,000
SBI (Mauritius) Ltd	35	-	-
Standard Chartered Bank (Mauritius) Ltd	43	-	-
Total	218	3,000	2,000

25. RELATED PARTY TRANSACTIONS

The State Trading Corporation is wholly owned by the Government of Mauritius. During the Financial Year ended 30 June 2023, 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 2023	30 June 2022
MUR	MUR
7,107,929,331	6,155,569,303

- a. Sales of goods to CEB were made at market related prices.
b. Outstanding balance as at 30 June 2023 was MUR 322,936,604 (Jun 2022: MUR 860,880,625)

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 2023 were as follows:

	30 June 2023	30 June 2022
	MUR	MUR
Short-term benefits	17,779,103	12,789,300
Post-employment benefits	24,233,321	21,182,073
Fees to Board Members	1,419,078	1,435,010

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 2023, out of eight (8) key management personnel, three (3) was on contract and four (4) on substantive capacity and one (1) on probation basis.

Notes to Financial Statements

for the Financial Year ended 30 June 2023

26. CONTINGENCIES

At the reporting date, there were twenty (20) pending cases at court awaiting hearing, including three (3) cases relating to staff matters. These cases do not have significant impact on our accounts.

27. COMMITMENTS

The contracts for the supply of products for resale have been awarded as follows:

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

- to OQ Trading Limited, from January 2022 to December 2022 and for a further period from January to July 2023.
- to Mercantile and Maritime Investment Pte Ltd from August 2023 to July 2024.

27.2 Dirty Petroleum Products (Fuel Oils)

to Coral Energy DMCC Limited for period February 2022 to January 2023 and for the period February 2023 to January 2024.

27.3 Liquefied Petroleum products

to Petredec LTD for the period November 2021 to October 2022 and to OQ Trading Limited from November 2022 to October 2023.

27.4 Wheat Flour

to Les Moulins de La Concorde Ltée for the period January to December 2022 and January to September 2023.

Our Stakeholders



1. **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.

2. **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.

3. **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.

4. **Petredec Limited- LPG**

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

5. **Four major Local Oil Companies that STC deals with:**

- Vivo Energy Mauritius Ltd
- TotalEnergies Mauritius Limited
- Engen Petroleum (Mauritius) Ltd
- IndianOil (Mauritius) Ltd

6. Banking Services

ABSA Bank Mauritius Ltd

ABSA House
68, Wall Street, Cybercity
Ebene

SBI (Mauritius) Ltd

7th Floor, SBI Tower, Mindspace
45, Ebene, Cybercity

SBM Bank (Mauritius) Ltd

Level 6, SBM Tower 1,
Queen Elizabeth II 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

11th Floor,
9-15, Sir William Newton Street,
Port Louis

MauBank Ltd

25, Bank Street,
Ebene Cybercity,
72201

BCP Bank (Mauritius)

Maëva Tower,
Level 9, 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

6th Floor, Standard Chartered Tower,
19, Bank Street,
Cybercity, Ebene 72201

7. Wholesalers Association

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

8. 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 is 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.

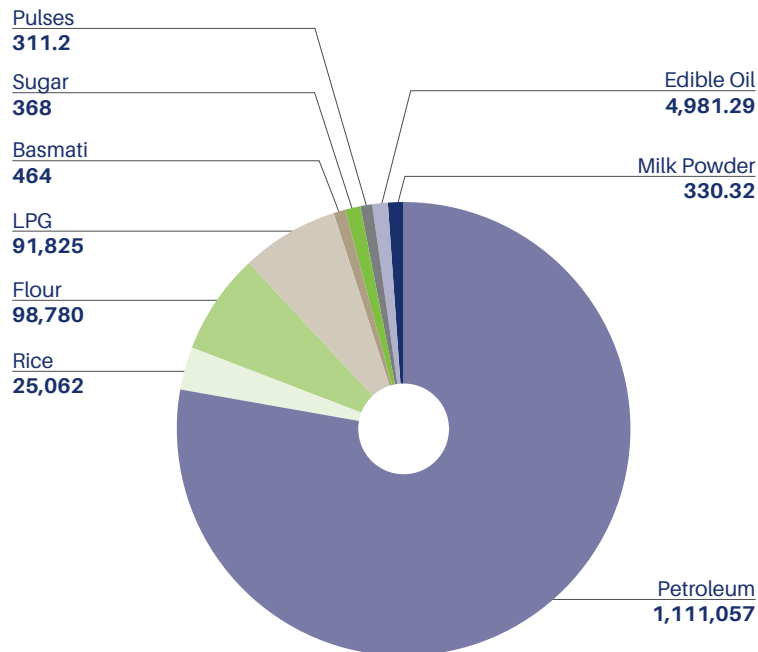
STC has been entrusted with the responsibility of importing certain essential commodities including almost all Petroleum Products and Liquefied Petroleum Gas (LPG) traded in Mauritius. STC also supplies the domestic market with all its requirements in Wheat Flour and Long Grain White Rice (LGWR).

Sales volume and Turnover

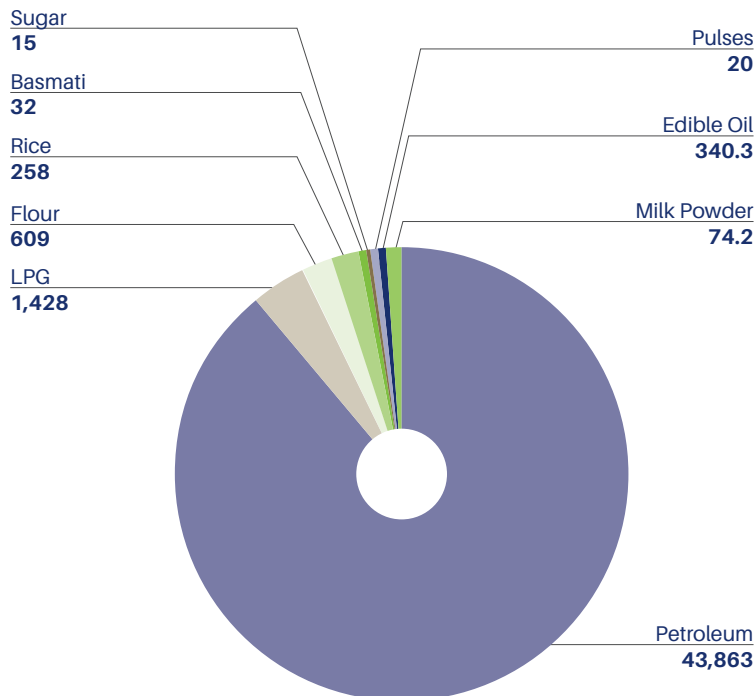
The Turnover of STC which was about MUR 600 million in 1983-1984 when it was created and has reached MUR 50.7 billion for the financial year 2022-2023. During its first years of operation, STC took over the activities of the Department of Supplies and dealt only in importation of rice and flour. In 1985, 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 1,333,178 MT for the Financial year ended 30 June 2023 consists mainly of Petroleum Products as shown below:



The Corporation's Turnover for the period July 2022- June 2023 reached MUR 46,639 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:

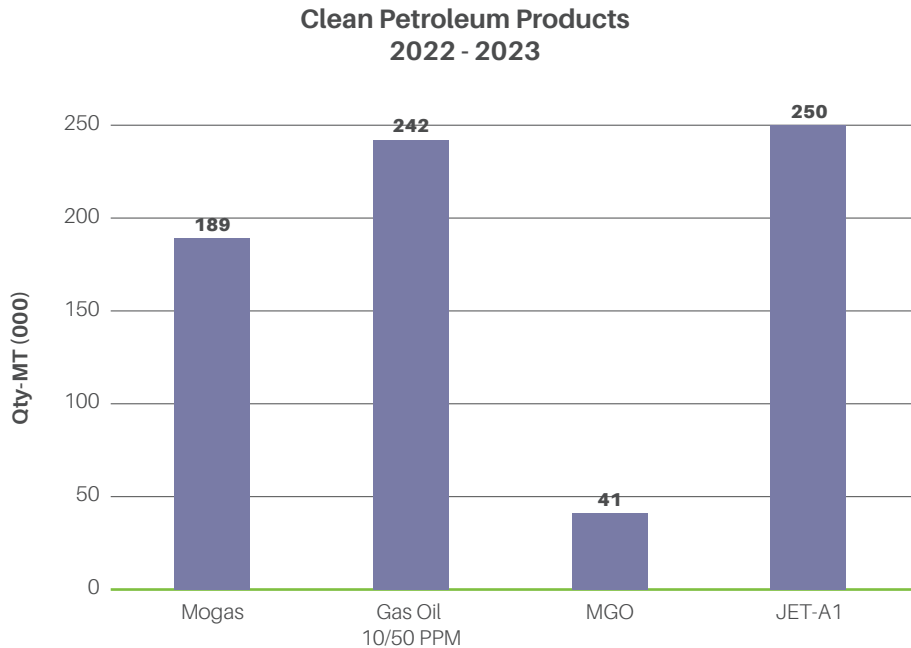
1. Vivo Energy (Mauritius) Ltd
2. Total Mauritius Ltd
3. Engen (Mauritius) Ltd
4. IndianOil (Mauritius) Ltd

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 2023, STC imported some 1,120,000 MT of 8 grades of Petroleum Products, namely:

White Oils: Super Unleaded Gasoline (Mogas), Automotive Diesel (10 ppm sulphur), Marine Diesel 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.



Mogas

The import of 189,400 MT of Mogas for the Financial Year ended 30 June 2023 is sold entirely on the local market and the retail price is determined by the Petroleum Pricing Committee (PPC).

Gas Oil

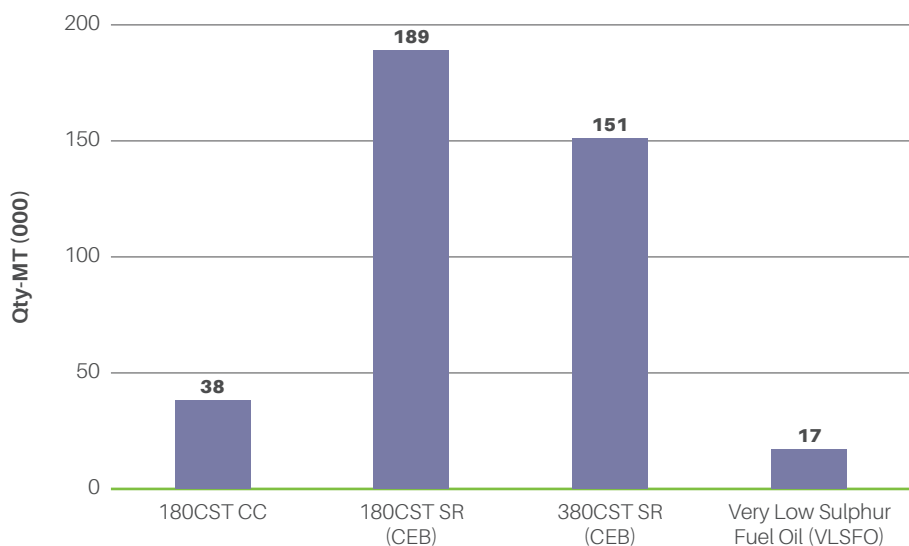
The total importation of Gas Oil for the Financial Year ended 30 June 2023 was 283,400 MT. STC imports three grades of Gas Oil, namely Marine Gas Oil (MGO), which is sold as Marine Diesel for bunkering of vessels and Gas Oil 10 ppm Sulphur, which are sold for road transport. The price of Gas Oil sold 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).

Jet A-1

The import of 249,960 MT of Jet A-1 for the Financial Year ended 30 June 2023, 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 2022 - 2023



STC imported 38,450 MT of Fuel Oil 180 CST Catalytic Cracked (CC) for sale to oil companies and 340,550 MT of Fuel Oil 180 CST SR and 380 CST SR for direct sales to CEB.

Furthermore, STC imported 16,800 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.

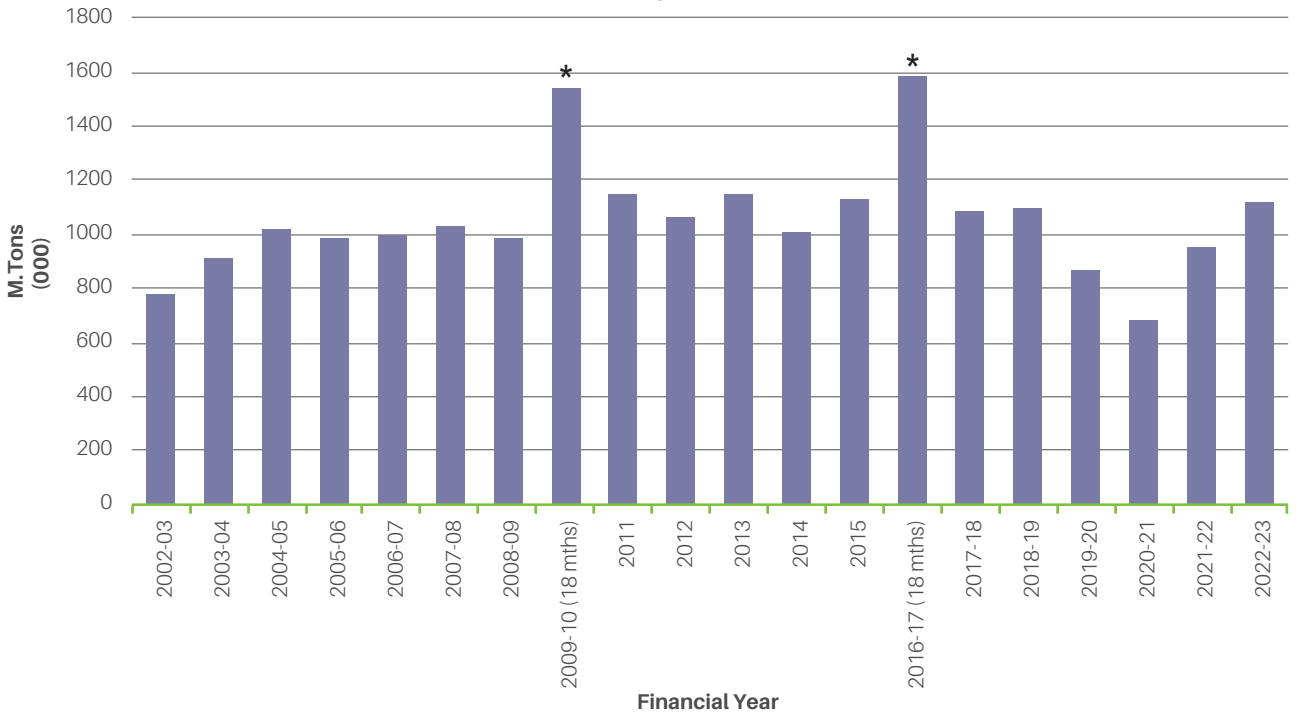
Mauritius is strategically positioned in the middle of the Indian Ocean with increasing Atlantic traffic plying at one end towards Africa, Madagascar and the West, while on the other hand, there is also a steep rise in traffic moving towards India, China, Japan, Malaysia and Thailand – essentially Asia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

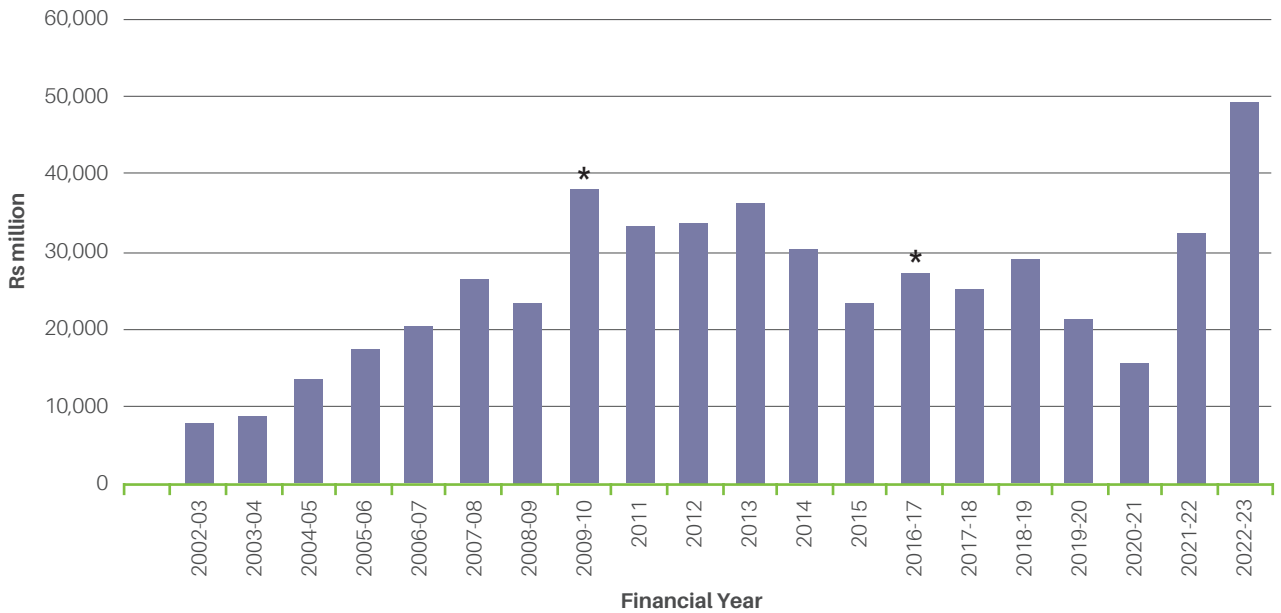
The graphs below show quantity imported and Turnover per product for period 2002 to 2023:

**Imports 2002-2023
Petroleum products**



* 18 months

**Turnover 2002-2023
Petroleum Products**



* 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.

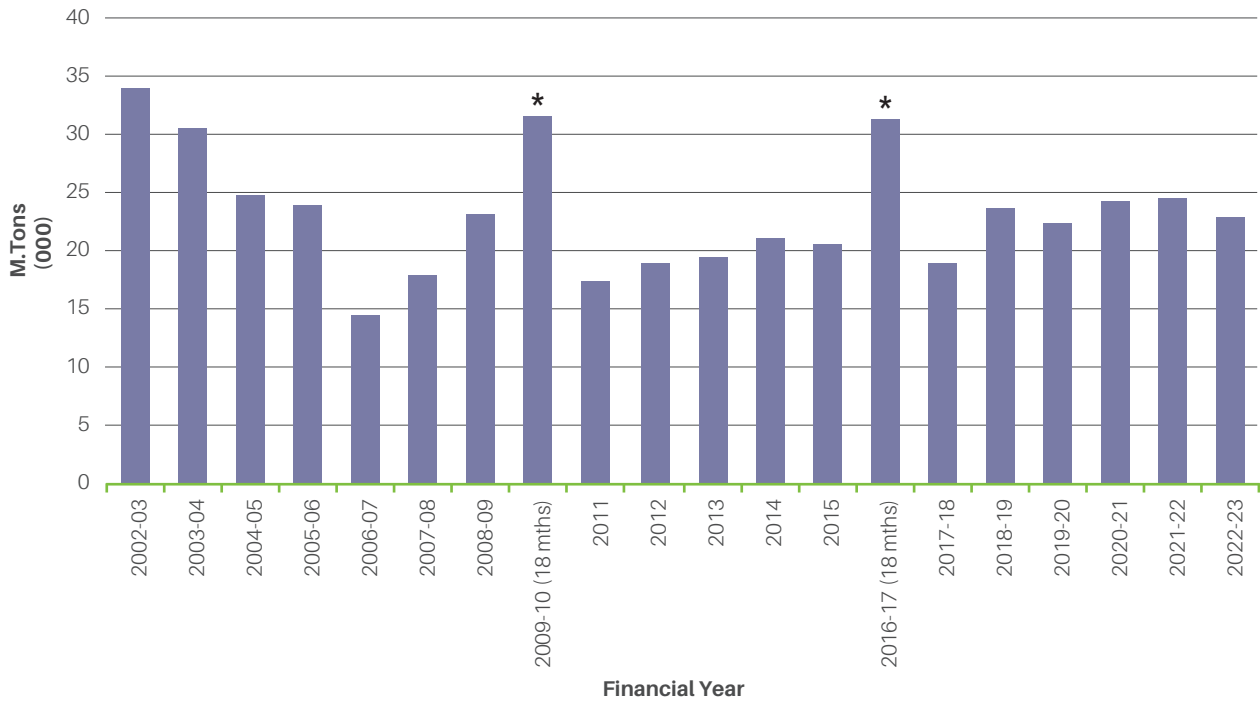
Furthermore, being a socially responsible organisation, STC aims at ensuring that STC' Long Grain White Rice (LGWR) is widely available throughout the Republic of Mauritius at regulated prices. Constant improvements have been made in the quality of LGWR imported by STC during the last two decades, whereby 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.

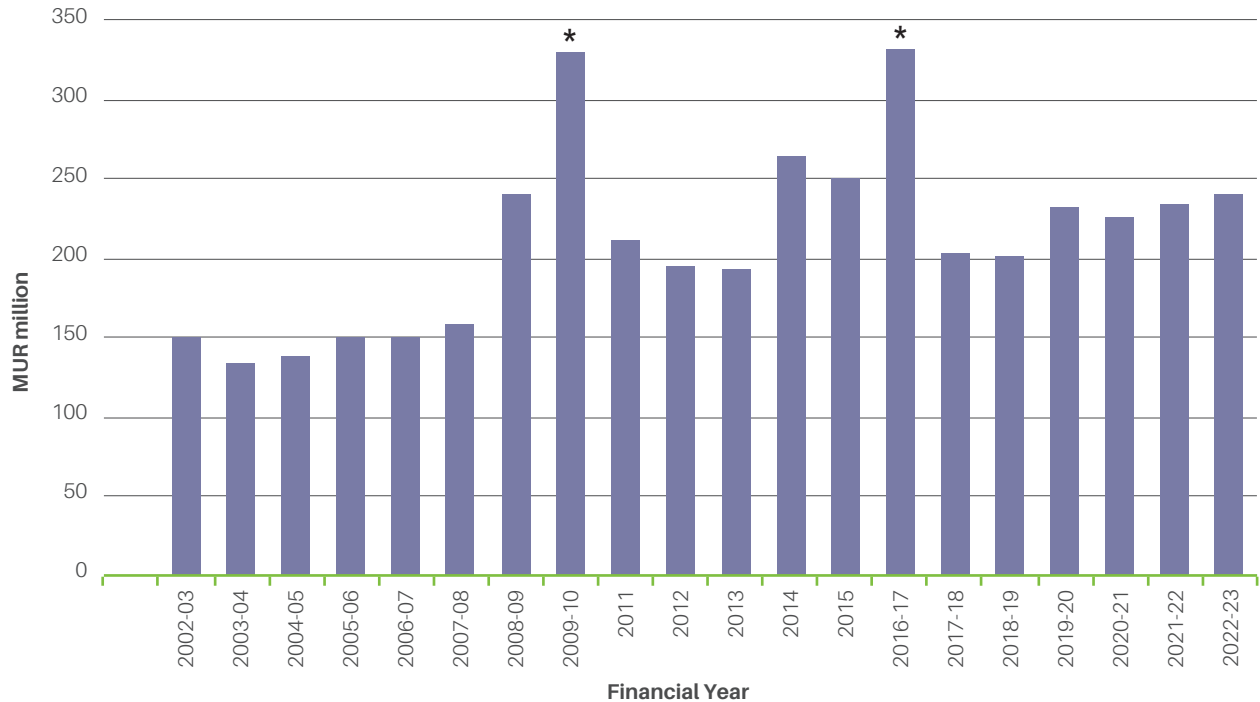
The sale of Long Grain White Rice was 25,062 MT (including 4,362 MT for Rodrigues) for the Financial Year ended 30 June 2023. As the selling price of Long Grain White Rice imported by STC is fixed by Government at a lower price than the cost price, STC has incurred a shortfall of MUR 352.3 million for this period. The retail price of Long Grain White Rice was fixed in July 2006 at MUR 5.40 per half kg.

Imports/Purchases 2002-2023
Rice



* 18 months

Turnover 2002-2023
Rice



* 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 2023, STC has sold around 464 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 decision. 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.

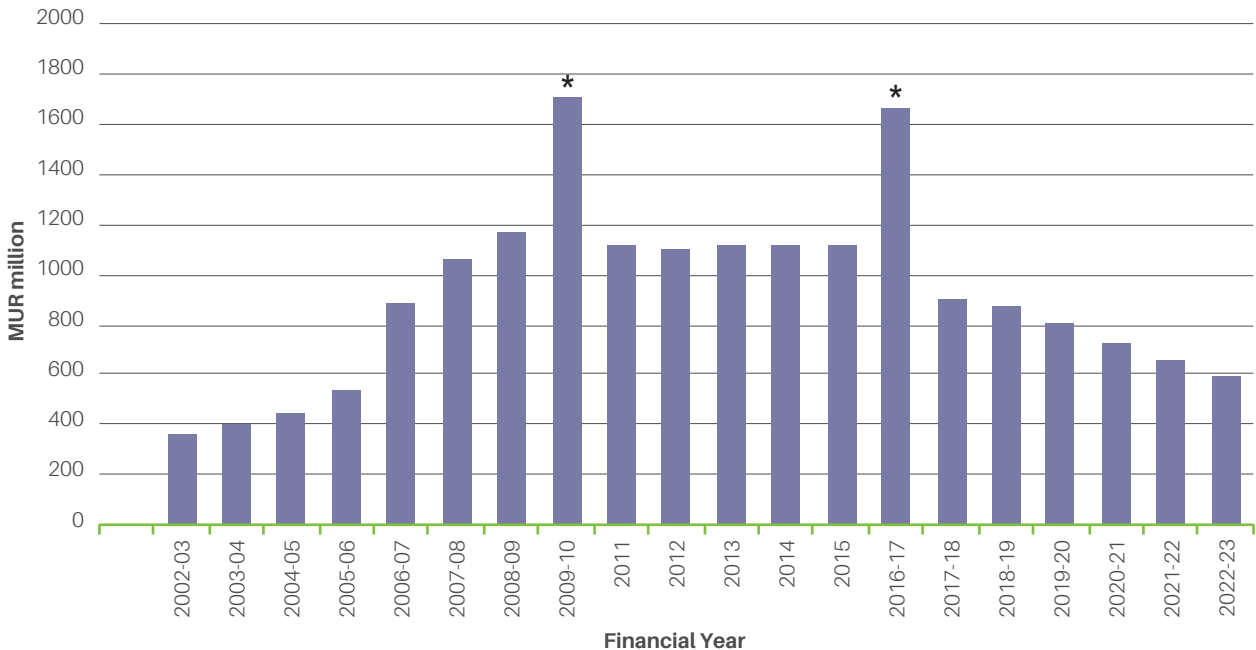
The sale of Flour amounted to 98,780 MT (including 2,298 MT for Rodrigues) for the Financial Year ended 30 June 2023. The contract for the procurement of Flour for the year was allocated to LMLC. The retail price of Flour is also controlled by Government and has been fixed at MUR 4.85 per half kg on 9 June 2017, following Government budgetary measure. During the financial year 2022-2023, the shortfall of MUR 2,200.9 million on Flour has been financed by contribution for subsidy in the price structures of Mogas and Gas Oil.

**Imports/Purchases 2002-2023
Flour**



* 18 months

**Turnover 2002-2023
Flour**



* 18 months

Though Wheat Flour and Rice comprise only 2% 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)

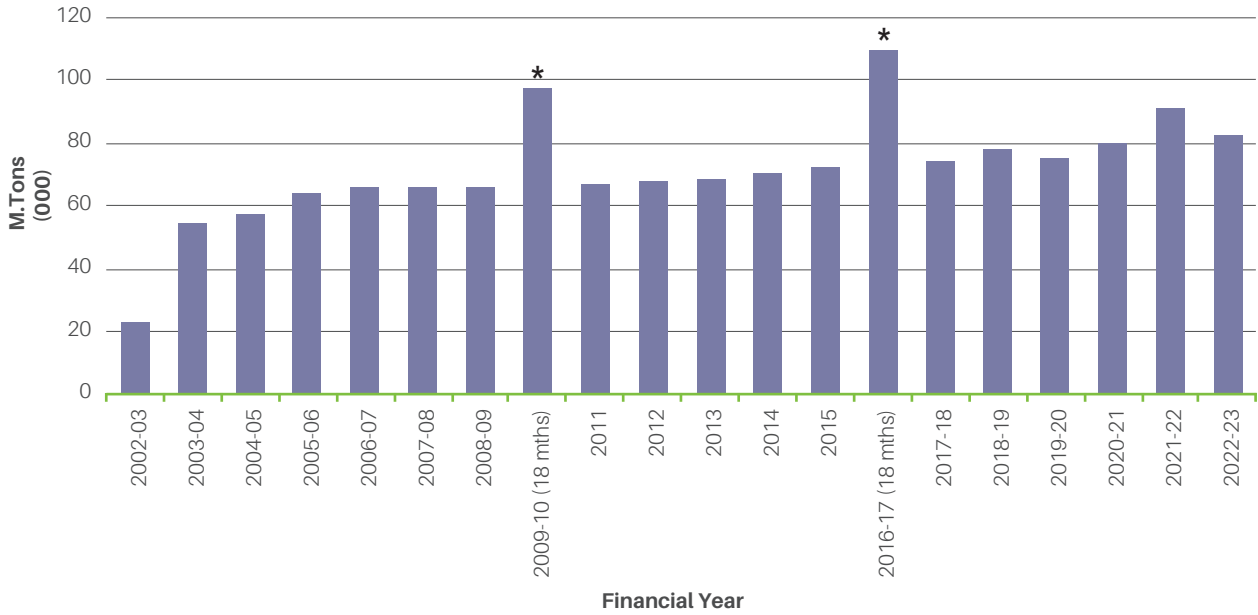
In 2002, the Government decided that there should be public intervention in the LPG market. The Corporation was instructed by the Government to take over the country’s total requirements of 47,000 MT from the existing importers as from 2003.

During the Financial Year 2022-2023, STC has procured and supplied about 91,000 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. During the Financial year ended 30 June 2023 about 91,825 MT of LPG were sold on which a shortfall of MUR 1,495.9 million financed from contribution for subsidy in the price structures of Mogas and Gas Oil.

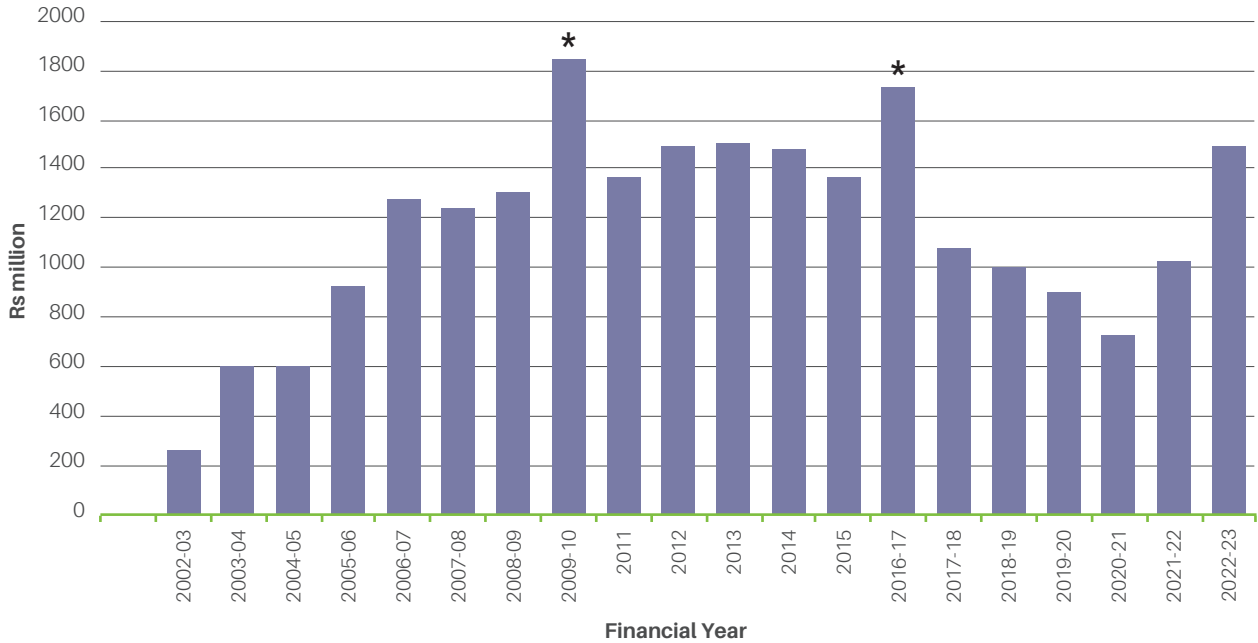
The price of LPG sold for auto gas and in cylinders above 12 kg for non-domestic purpose is reviewed on a monthly basis by STC on a cost-plus margin basis.

**Imports 2002-2023
LPG**



* 18 months

**Turnover 2002-2023
LPG**



* 18 months

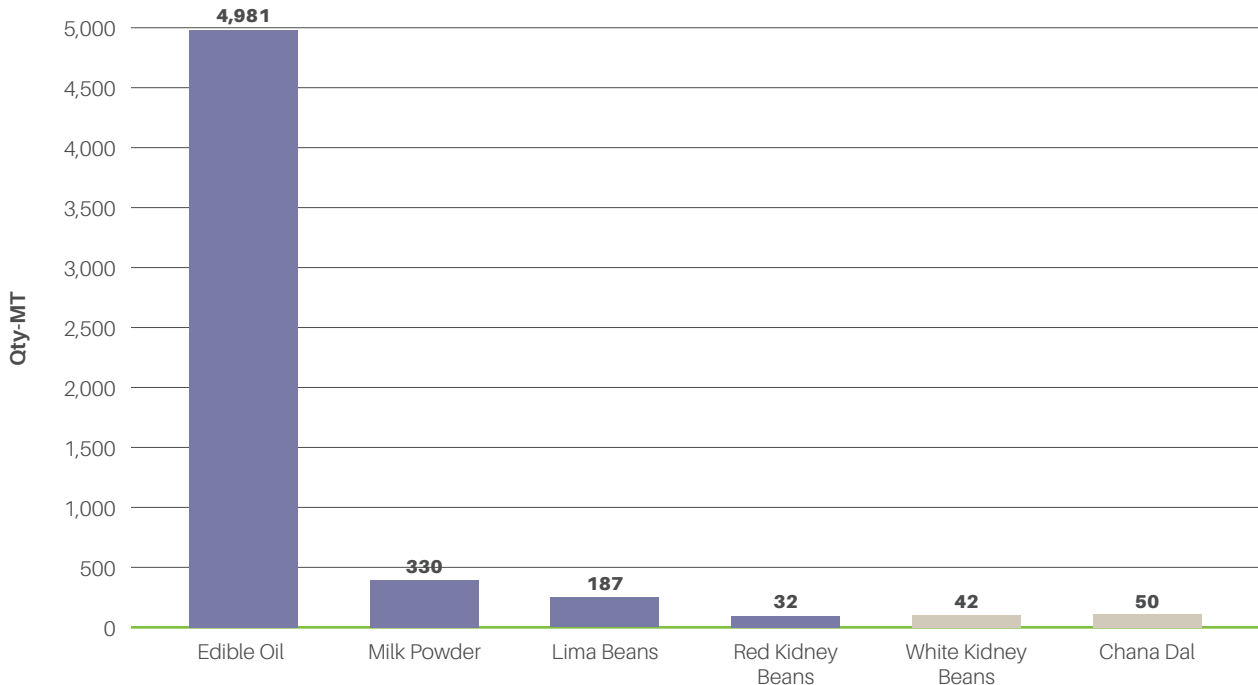
Other Products

In the Government Budget 2022-2023, an amount of MUR 500 million was approved to provide subsidy to STC for the importation of essential products such as milk, edible oil and pulses, at subsidized prices. As such, since August 2022 the Corporation started commercializing essential products such as pulses, milk powder and edible oil under the brand 'SMATCH'.

During the financial year 2022-2023, the importation of Smatch products were as follows:

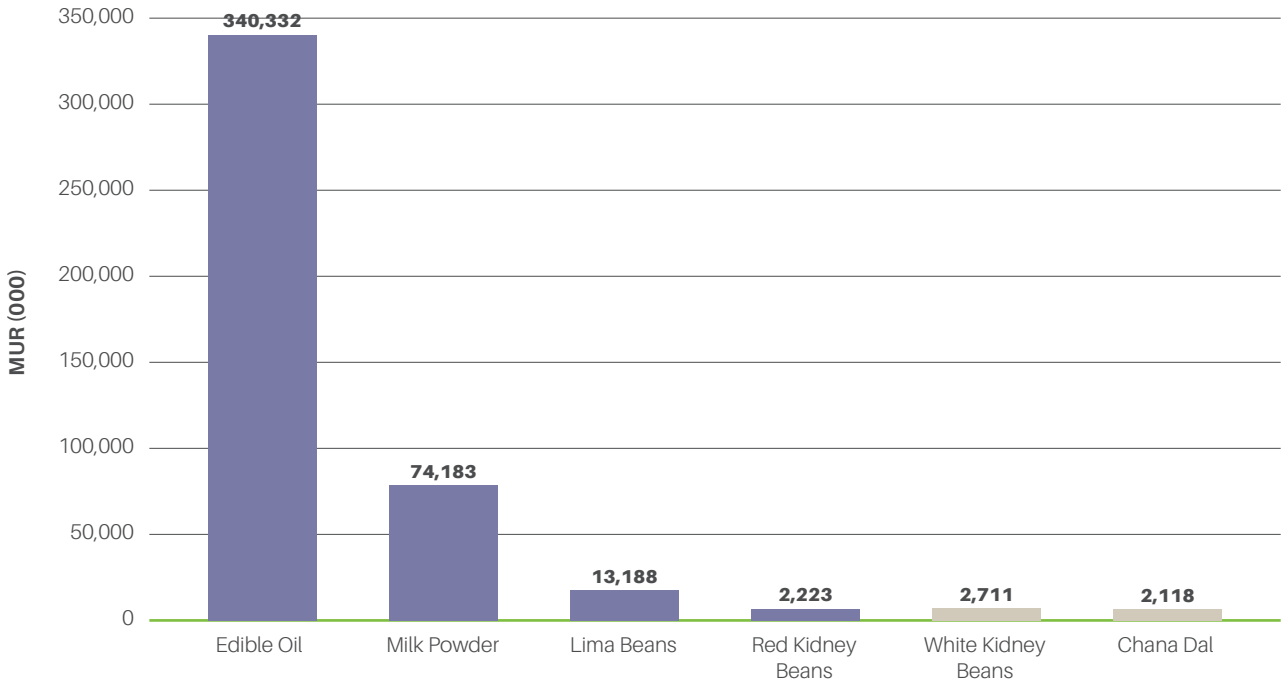
Commodity	Quantity (MT)
Edible Oil	5,023.8
Milk Powder	408.0
Lima Beans	223.7
White Kidney Beans	45.0
Red Kidney Beans	45.0
Chana Dal	50
Total	5,795.5

Turnover of Smatch Products
MT
2022 - 2023

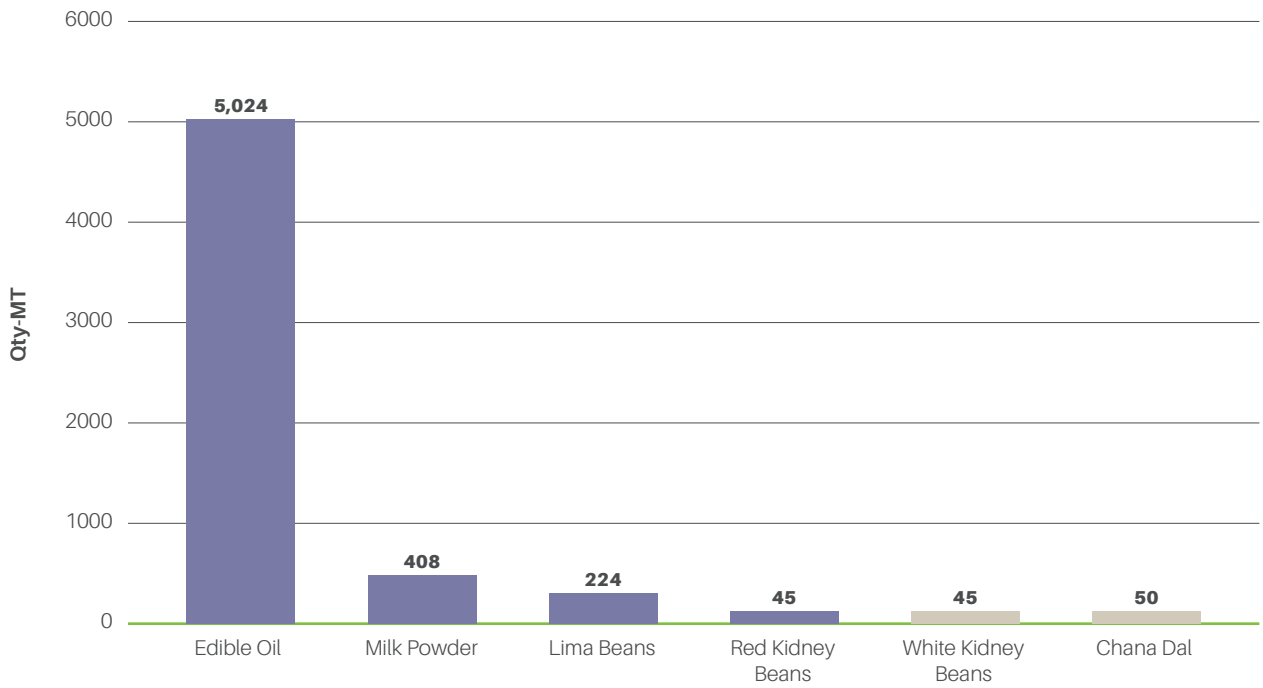




Turnover of Smatch Products 2022 - 2023



Imports/purchases of Smatch Products 2022 - 2023





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