



# Taking Mauritius Sugars to greater heights



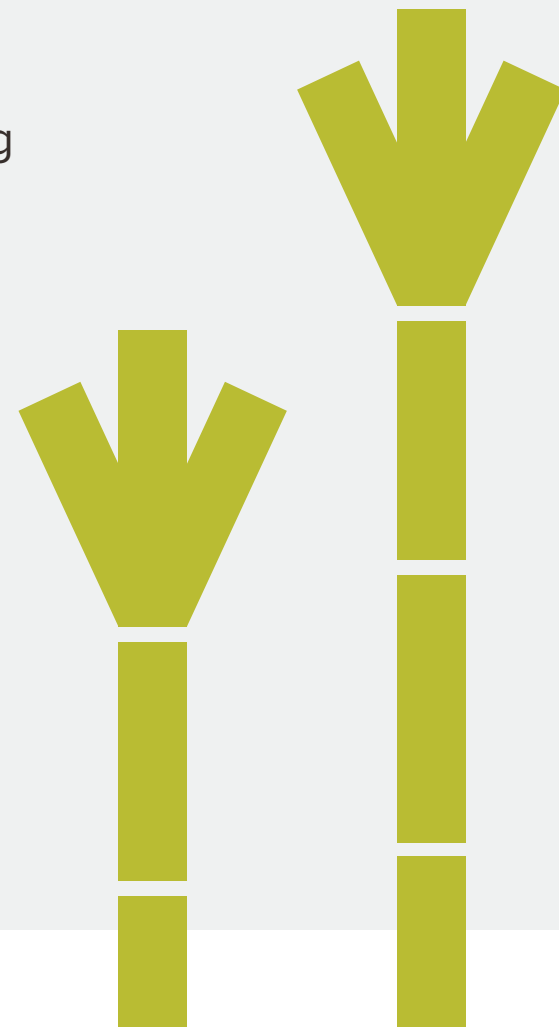
**MAURITIUS  
SUGAR  
SYNDICATE**

**Annual Report**  
2020-2021

# Taking Mauritius sugars to greater heights

Through the 6 pillars making a difference to our Special Sugars on the market.

1. Wholesomeness
2. Taste
3. Healthy Benefits
4. Traceability
5. Sustainability
6. Easy & Convenient Sourcing



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## Role and Status of the Mauritius Sugar Syndicate

In 1951, following the recommendations of the Mauritius Economic Commission 1947-48, the Mauritius Sugar Syndicate (the “Syndicate”), which finds its origins in 1919, was legally constituted for an indefinite period in pursuance of the Mauritius Sugar Syndicate Act 1951.

The Mauritius Sugar Syndicate is the sole organisation responsible for the marketing of sugar produced in Mauritius; it has for object the sale of all sugars received by it for the account of its members and the distribution of the proceeds of such sale after deduction of common expenses. All sugar producers are members of the Syndicate and they numbered 10,482 for the 2020 crop. In fulfilment of its role, the Syndicate’s primary objective is to optimise producers’ revenue through adoption of commercial strategies likely to capture the highest yields obtainable from markets on a sustainable basis. Its operations are structured into specialised departments geared to provide support services of direct relevance to its core business, namely marketing and sales, logistics and planning, finance and accounts, service assistance to producers, and also ensuring quality and food safety for the sugars supplied.

The Mauritius Sugar Syndicate is managed and administered, as provided by its Articles of Association (1967), by a statutory committee known as the “Committee” which comprises twenty-two members, fourteen being representatives of the corporate sector of the industry including corporate growers, and eight

representatives of large and small cane planters. The representatives of the corporate sector are appointed by the relevant members while the planters’ representatives are appointed by the Minister of Agro-Industry and Food Security upon recommendation of their respective associations.

The President of the Syndicate is elected at the organisation’s Annual General Meeting (AGM) held in September. Since 1976, the President’s Chair rotates between a planter and a corporate representative. The AGM also approves the composition of the Committee and that of the Executive and Selling Committee (ESC), which comprises ten members, including six representatives of the corporate sector and four planters’ representatives, but also the CEO of the Mauritius Cane Industry Authority (MCIA) who is invited to attend.

The ESC, which meets every two months, is the steering body of the Syndicate and decisions are taken by consensus. The Committee meets at least twice a year to ratify the decisions. For improved governance, sub-committees, comprising members of the ESC, have been established to provide support to the Syndicate’s Management in specific areas. They are the Marketing Committee, the Forex Committee, and the Audit and Risk Management Committee. A Remuneration Committee is set up on an ad hoc basis to address issues relating to remuneration, promotion, and recruitment within the organisation.



# Mauritius Sugar Syndicate

<b>MAIN COMMITTEE</b>
<b>President</b>
<ul style="list-style-type: none"><li>Keeshorlal Gungah</li></ul>
<b>Vice-President</b>
<ul style="list-style-type: none"><li>Jacques Marrier d'Unienville, G.O.S.K.</li></ul>
<b>Corporate Sector Representatives</b>
<ul style="list-style-type: none"><li>André Bonieux</li><li>Fabien de Marassé Enouf</li><li>Hector Espitalier Noël</li><li>Jean Raymond Hardy</li><li>Henri Harel</li><li>Jérôme Jaën</li><li>Sébastien Lavoipierre</li><li>Jean Li Yuen Fong</li><li>Nicolas Maigrot</li><li>Arnaud Marrier d'Unienville</li><li>Thierry Merven</li><li>Dhiren Ponnusamy</li><li>Jean Ribet</li></ul>
<b>Large Planters' Representatives</b>
<i>Nominated by the Minister of Agro-Industry &amp; Food Security</i>
<ul style="list-style-type: none"><li>Roshan Baguant</li><li>Amal Kumar Mohabeer Mungur</li><li>Jugduth Seegobin</li><li>Heymant Rao Anand Sonoo</li></ul>
<b>Small Planters' Representatives</b>
<i>Nominated by the Minister of Agro-Industry &amp; Food Security</i>
<ul style="list-style-type: none"><li>Dhananjaye Kutowaroo</li><li>Pramanund Newoor, M.S.K.</li><li>Jugdutt Rampersad, O.S.K.</li></ul>
<b>EXECUTIVE AND SELLING COMMITTEE</b>
<b>President</b>
<ul style="list-style-type: none"><li>Keeshorlal Gungah</li></ul>
<b>Vice-President</b>
<ul style="list-style-type: none"><li>Jacques Marrier d'Unienville, G.O.S.K.</li></ul>
<b>Members</b>
<ul style="list-style-type: none"><li>André Bonieux</li><li>Hector Espitalier Noël</li><li>Jean Li Yuen Fong</li><li>Nicolas Maigrot</li><li>Amal Kumar Mohabeer Mungur</li><li>Dhiren Ponnusamy</li><li>Jugdutt Rampersad, O.S.K.</li><li>Heymant Rao Anand Sonoo</li></ul>
<b>In attendance</b>
<ul style="list-style-type: none"><li>Satish Purmessur (CEO of MCIA)</li></ul>



<b>CHIEF EXECUTIVE OFFICER &amp; SECRETARY</b>
<ul style="list-style-type: none"><li>Devesh Dukhira</li></ul>
<b>Executive Assistant</b>
<ul style="list-style-type: none"><li>Marie Claire Lo Fong (up to 30 December 2020)</li></ul>
<b>Administrative Officer</b>
<ul style="list-style-type: none"><li>Jesieka Baptiste-Rabot (as from 6 January 2021)</li></ul>
<b>Administrative Assistant</b>
<ul style="list-style-type: none"><li>Goorodeo Noyan</li></ul>
<b>MARKETING &amp; SALES</b>
<b>Chief Marketing Officer</b>
<ul style="list-style-type: none"><li>Sébastien Giraud</li></ul>
<b>Sales &amp; Marketing Coordinator</b>
<ul style="list-style-type: none"><li>Stéphane Casse</li></ul>
<b>Customer Service Officers</b>
<ul style="list-style-type: none"><li>Dany Jaune</li><li>Glen Baniaux</li><li>Manish Heerbhunjinsing</li><li>Ayesha Ramsurrun (up to 20 April 2021)</li><li>Nitish Doodee (as from 3 May 2021)</li></ul>
<b>FINANCE &amp; ACCOUNTS</b>
<b>Chief Finance Officer</b>
<ul style="list-style-type: none"><li>Balmick Sanjay Molaye</li></ul>
<b>Treasury Accountant</b>
<ul style="list-style-type: none"><li>Indira Goboodun</li></ul>
<b>Accountant</b>
<ul style="list-style-type: none"><li>Leeneshwar Mohes (up to 30 December 2020)</li></ul>
<b>Financial Accountant</b>
<ul style="list-style-type: none"><li>Joëlle Saminaden (as from 8 February 2021)</li></ul>
<b>Senior Accounts Officer</b>
<ul style="list-style-type: none"><li>Nooreena Nuhaa Aullybux (as from 2 February 2021)</li></ul>
<b>Accounts Officers</b>
<ul style="list-style-type: none"><li>Shristee Bundhun</li><li>Naseera Maghoo</li><li>Chandni Koopla</li></ul>
<b>Accounts Clerk</b>
<ul style="list-style-type: none"><li>Suraya Hamahjudhy (up to 30 October 2020)</li></ul>
<b>Administrative Assistant</b>
<ul style="list-style-type: none"><li>Vijay Luxmi Sanuchur (up to 30 October 2020)</li></ul>
<b>SUPPLY CHAIN</b>
<b>Head of Supply Chain</b>
<ul style="list-style-type: none"><li>Khemraj Jhurry</li></ul>
<b>Planning &amp; Operations Coordinator</b>
<ul style="list-style-type: none"><li>Ian Samuel</li></ul>
<b>Planning Officer</b>
<ul style="list-style-type: none"><li>Loic Keblé</li></ul>

<b>Inventory Officer</b>
<ul style="list-style-type: none"><li>Yudhisthir Gopaul</li></ul>
<b>Logistics Officers</b>
<ul style="list-style-type: none"><li>Mohamad Irshad Saydan</li><li>Karine Ribet</li><li>Sailesh Kumar Seeballuck</li></ul>
<b>Delivery Officer</b>
<ul style="list-style-type: none"><li>Darmen Mooneesamy</li></ul>
<b>COMPLIANCE &amp; PRODUCERS' SERVICE</b>
<b>Head of Compliance &amp; Producers' Service</b>
<ul style="list-style-type: none"><li>Chetanand Dookhony</li></ul>
<b>Compliance Analyst</b>
<ul style="list-style-type: none"><li>Faisal Earally</li><li>Sanjaye Goboodun</li><li>Shivalingum Chengalaram</li></ul>
<b>Producers' Accounts Coordinator</b>
<ul style="list-style-type: none"><li>Purshotum Luchmun Roy</li></ul>
<b>Compliance &amp; Services Officer</b>
<ul style="list-style-type: none"><li>Varsha Boolakee</li></ul>
<b>Surveillance Officer</b>
<ul style="list-style-type: none"><li>Fresley Clifford Davy</li></ul>
<b>Receptionist/Secretary</b>
<ul style="list-style-type: none"><li>Belinda Punchaye</li><li>Doretta Larose (up to 30 October 2020)</li></ul>
<b>TECHNICAL EXECUTIVE</b>
<ul style="list-style-type: none"><li>Patrick Bussier</li></ul>
<b>INFORMATION SYSTEMS COORDINATOR</b>
<ul style="list-style-type: none"><li>Parweezia Thupsee (as from 9 November 2020)</li></ul>
<b>SUPERVISING AND SAMPLING</b>
<b>Warehouse Supervisor in charge</b>
<ul style="list-style-type: none"><li>Patrick Henry (up to 30 October 2020)</li></ul>
<b>Warehouse Supervisors</b>
<ul style="list-style-type: none"><li>Nazim Minnotte (up to 30 October 2020)</li><li>Rajeswar Boodhoo (up to 30 October 2020)</li><li>Denis Pin (up to 30 October 2020)</li></ul>
<b>LEGAL COUNSEL</b>
<ul style="list-style-type: none"><li>ENSAfrica (Mauritius)</li></ul>
<b>US TRADE COUNSEL</b>
<ul style="list-style-type: none"><li>Ryberg and Smith LLC</li></ul>
<b>EXTERNAL AUDITORS</b>
<ul style="list-style-type: none"><li>Deloitte</li></ul>
<b>INTERNAL AUDITORS</b>
<ul style="list-style-type: none"><li>Ernst &amp; Young (EY) Mauritius</li></ul>



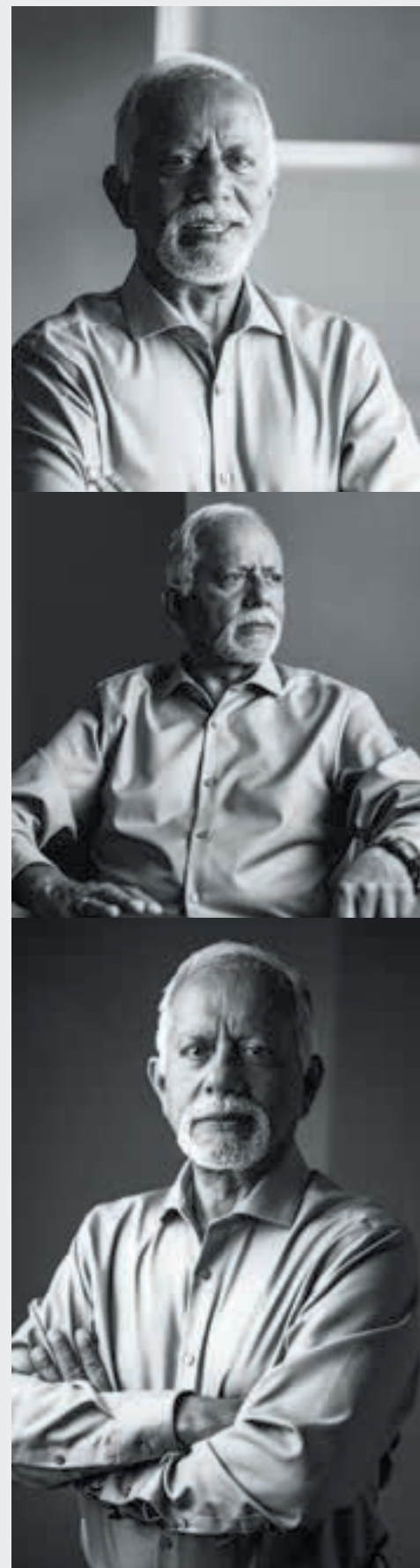
**Taste** .....





# The President's Report

KEESHORLAL GUNGAH



As global production has decreased continuously since the record crop of 2017/18, owing to adverse weather conditions in different producing countries, further improvements had been anticipated in market prices over the 2020/21 crop year. According to the August 2021 estimates of the International Sugar Organisation (ISO), crop outturns worldwide in 2019/20 would have reached 170.8 M tons, a 5% decline from the peak of 179.8 M tons 2 years before. Unfortunately, consumption has meanwhile been disrupted by persistent confinements in different regions of the world, triggered by the COVID-19 pandemics, and it decreased over the same period by almost 1%, compared with the last 10 years' annual average rise of 1.2%, to reach 169.2 M tons. The stock-to-consumption ratio consequently attained a record high of 59.3% by the end of that year. While sugar supplies have always been more volatile than demand, largely due to endless weather patterns, demand for sugar has also become a volatile element with the COVID-19 onset.

As traders forecasted a collapse in sugar consumption when the COVID-19 struck, the New York #11 sugar futures (NY#11) fell by some 40%, from US 15.58 cts/lb on 18 February 2020 to US 9.21 cts/lb on 24 April 2020. This drastic price fall was supported by the slash in crude oil prices, again on account of consumption cutback, over the same period. Fortunately, there has subsequently been a strong rally in global prices, in fact for most agricultural and energy commodities, firstly as movement restrictions in different parts of the world gradually lessened, and secondly with the flight of capital towards such investments, arising from the fear of inflation caused by the multi-trillion-dollar stimulus package having weakened the US dollar. The rally on sugar funds was more pronounced, especially as from the last quarter of 2020, with the strengthening of the Brazilian Real and rising ethanol prices in Brazil, the NY#11 attaining a peak of US 18.94 cts/lb in February 2021 before receding over the following weeks prior to a new ascension as from April 2021. It should be emphasized that Brazil now accounts for some 23% of world sugar production and almost half of overall exports, and consequently has a strong influence on global prices. In light of the impact of dry weather on the Brazilian 2021 crop and likely recovery in global consumption as travel restrictions soften, market analysts now anticipate a tightening of global sugar supply/demand over the next 1-2 years, and consequently firm prices. Regrettably, these price escalations had not been attained when the bulk of the 2020 Mauritius crop sugars were being sold at the start of harvest in June/July 2020.

Likewise, in the EU market, despite a price increase projection with the foreseen reduction in its 2020 beet crop, which had been affected by dry weather conditions and the yellow aphid virus, prices remained subdued when sales were being finalized. In fact, the consumption decrease associated with the confinement, estimated at over 600,000 tons over 2019/20, resulted in higher closing stocks, with therefore no haste among distributors and users to buy new sugar. The Syndicate's average selling prices for white refined sugar in the EU were therefore hardly better than in the preceding year. On the other hand, selling prices in regional destinations were gradually improved during the year, but new opportunities could not be fully tapped owing to the reduced local crop out turn, from an initial estimate of 310,000 tons to the actual production of 270,875 tons.

Taking into consideration the modest market recovery for special sugars in the EU, and more importantly the depreciation of the Mauritian Rupee, to averages of MUR 39.33 to the USD and MUR 45.37 to the EUR achieved by the Syndicate, compared with MUR 35.49 and MUR 40.57 respectively in the previous year, total sales revenue for the 2020 crop attained MUR 7,607 M, compared with MUR 7,485 M in the previous year, despite the 19% decline in sugar production. Hence, the ex-Syndicate price for the 2020 crop, after accounting for the continued reduction in the industry's operational costs, especially after implementation of the new Master Agreement between the Syndicate and each of the 3 mills producing value-added sugars, was finalised at MUR 14,062 per ton sugar, compared with the MUR 11,384 paid in the preceding crop. While a payment of MUR 25,000 per ton sugar was already guaranteed, for the 2nd consecutive year, on the first 60 tons sugar produced, larger growers obtained much relief with this 23.5% increase in their sugar proceeds.

“ WHILE THE INDUSTRY HAS ALWAYS BEEN PERCEIVED AS BEING SUSTAINABLE, IT IS IMPORTANT THAT IT IS RECOGNIZED AS SUCH. ”



## The President's Report

Sugar producers gained further confidence in cane sugar cultivation and its financial viability with the announcement in the Government 2021 Budget of a new compensation for their bagasse, at Rs 3.50 per kWh, which is equivalent to MUR 3,300 per ton sugar, for all categories of producers, through the setting up of a new National Biomass Framework. This long-awaited decision was welcome by both growers and millers, as they will henceforth be remunerated with the actual value for their bagasse, based on its calorific value, hence on a comparable basis to alternate energy sources. This was complemented with a government decision in the following month to (i) fix the sales price of cane juice for production of agricultural rum at Rs 15,000 per equivalent ton of sugar and (ii) to review the maximum sales price of molasses for production of potable alcohol on the local market from Rs 3,500 to Rs 4,000 per ton. These 2 co-products of the cane should hereafter account for at least 25% of the planters' cane revenue, hence mitigating the volatility of global sugar prices, as it is unfortunately likely to persist. The cane abandonment trend experienced over the last decade, the area under cultivation having attained an alarming 43,711 hectares in 2020, a 25% decrease over that period, should hopefully be reversed. Growers' enhanced revenue should also encourage better cultural practices in the fields, including cane replantation, to countervail the significant fall in cane and sugar yields, having attained for the 2020 harvest a mere 59.96 tons of cane per hectare (tch) and 6.20 tons of sugar per hectare (tsh), which were significantly lower than the last 5 years' averages of 73.33 tch and 7.15 tsh respectively.

The importance of sugar cane to Mauritius, not only on the socio-economic front — its contribution to the country's GDP, taking into account the new revenue from bagasse and molasses, henceforth nearing 2% — but also with regard to the environment — bestowing a lush green landscape over one quarter of the island while preserving the translucent blue lagoons through significant stoppage of rainwater run-off and mitigation of soil erosion — cannot be underestimated. While the industry has always been perceived as being sustainable, it is important that it is recognised as such. This is an increasing requirement by stringent buyers who want to be comforted with the best cultural practices and good governance at origin. In this context, after Small scale Producer Organisations (SPOs) have been adopting Fairtrade practices since 2009 and following compliance with the VIVE Sustainable Supply Programme in 2019, the Syndicate has been certified to the Bonsucro Chain of Custody Standard by end 2020. With Omnicane already certified and Alteo preparing for certification, the Syndicate has initiated promising discussions to henceforth market Bonsucro certified sugar on favourable terms.

In the same vein, considering the demand growth for Fairtrade labelled sugars, while a few SPOs have been unable to renew their certification since the peak production of 36,808 tons had been attained in 2015, the Syndicate decided to embark onto this programme as a cooperative of planters, targeting smaller free cane growers, i.e., those who are not already members of existing SPOs, so

their production, once attested, can complement those from the certified SPOs in order to maximise availability of Fairtrade labelled sugars from Mauritius. Hence, the MSS Multi-Purpose Society was registered in February 2021 and at time of writing some 150 planters producing some 21,000 tons of cane have been recruited. Once a critical mass has been attained, it will apply for Fairtrade certification of its sugars.

Sustainability is actually one of the 6 core pillars having been recognized, further to a survey undertaken by the Syndicate among its numerous buyers, as the unique offering of Mauritius special sugars. In light of increasing competition in the market, especially from new producers failing to adhere to the standards expected for production of genuine special sugars, it has become necessary to re-emphasize the exclusivity of Mauritius special sugars through a new Mauritius Sugar Label. The other core pillars comprise Taste, Naturality / Wholesomeness, Healthy Benefits, Traceability, and Easy & Convenient Sourcing, the latter relating to the one-stop-shop service offered by the Syndicate to its range of buyers located in 55 countries worldwide. The new label was launched in June 2021 and the Syndicate's logo and website were reviewed accordingly.

The industry's strategy is to increase production of special sugars with the view firstly to mitigate the impact of global price distortions and fluctuations, and secondly further enhance its average proceeds per ton of sugar. Exports during the year under review reached 140,000 tons, and are expected to increase gradually to attain a target of 180,000 tons set over the forthcoming years. In this context, through research and innovation, new sugar varieties are also being developed in collaboration with the 2 local mills, Terra and Alteo, to cater for latest market needs: hence the Extra Fine Demerara, New Dark Demerara and Sparkling Demerara, are being introduced in the market during the 2021 crop, bringing the total number of varieties within the range to 20. White refined sugar is not left behind as, in collaboration with the local refinery Omnicane, sugars with added value are being developed: hence the Extra Fine White sugar has been introduced during the year under review, and will complement the EEC Grade 2, EEC Grade 1 and Bottlers' Grade qualities. Omnicane has meanwhile also developed the Low GI and Antioxydant sugar cubes, which will complement the range of sugars offered. The Syndicate also plans to make these sugars more accessible to local consumers, thereby enhancing domestic sales, and has initiated a promotional campaign, comprising discussions with relevant distributors, to help meet this objective.

In pursuit of market expansion for Mauritius sugars, the new bilateral Free Trade Agreements which Mauritius has signed with China and India, and which came into force in January and April 2021 respectively, have been opportune. Both countries have a growing consumer base with an increasing purchasing power, complemented with changing consumer trend towards wholesome foods, who would be likely to adopt utilization of the Mauritius special sugars. The Syndicate is leaving no stone unturned to

stimulate demand for its special sugars in these new destinations, which, considering the tariff preferences provided, should eventually represent a significant share in the overall sugar exports from Mauritius.

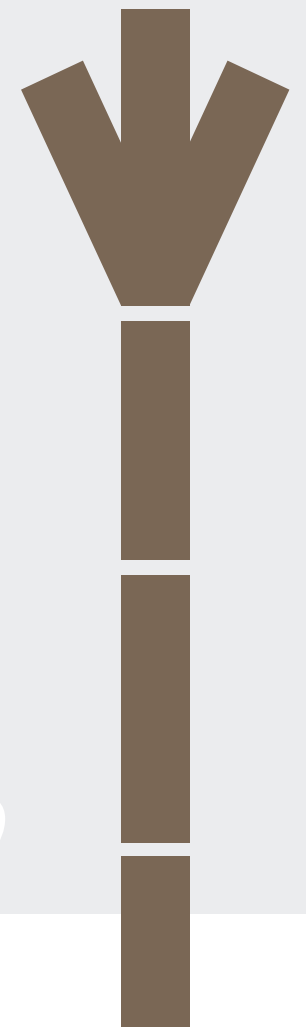
If the marketing plan in connection with the increased sales of special sugars bears its fruits, while the co-products of the cane are henceforth adequately remunerated, the industry is poised for a sustainable future. The missing puzzle is the exposure of the domestic market to sugar imports at distorted market price levels. While producers worldwide prioritise sales on their domestic markets, which maintain remunerative price levels thanks to appropriate trade policies in place, Mauritius sugars are often displaced by those imported at below production cost levels, from countries enjoying preferential access under various trade regimes and likewise by industrial users who are exempted from payment of import tariffs. Paradoxically, when these sugars are imported at lower prices, the final consumers do not reap the full benefit from same. On the other hand, when import costs have increased during the period under review, due to the rise in global sugar prices and sea freight, but also as a result of the Rupee depreciation, these imports have become too expensive and discontinued. Fortunately, the Syndicate has managed to adjust its delivery planning in a timely manner to replace them, hence avoiding a scarcity of sugar on the local market. The consequences could have been severe. Protecting the local industry from imports, with the view to assure food security and avoid price surges, is therefore even more justified.

This will be one of the recommendations awaited from the World Bank further to the study and consultation undertaken with different stakeholders during the preceding year on the review of the Mauritius cane sugar sector. Already, the price remuneration for bagasse has been reviewed in the context of a new Biomass Framework, and it is expected that the other measures will bring further confidence to producers and assure the long-term viability of the industry. In the meantime, the Syndicate, in collaboration with its industrial partners, will continue to explore ways and means to bring the highest value to every ton of sugar being produced locally.

I wish to take this opportunity to thank, on behalf of the Committee, and the sugar producing community at large, all stakeholders having helped the Syndicate to meet its objectives. I would, moreover, like to extend my thanks to the Vice President and other members of the Committee for their support and contribution over the year, and also to the CEO and his staff for their dedication and hard work to bring value to Mauritius sugars.

“THE SYNDICATE IS LEAVING NO STONE UNTURNED TO STIMULATE DEMAND FOR ITS SPECIAL SUGARS.”

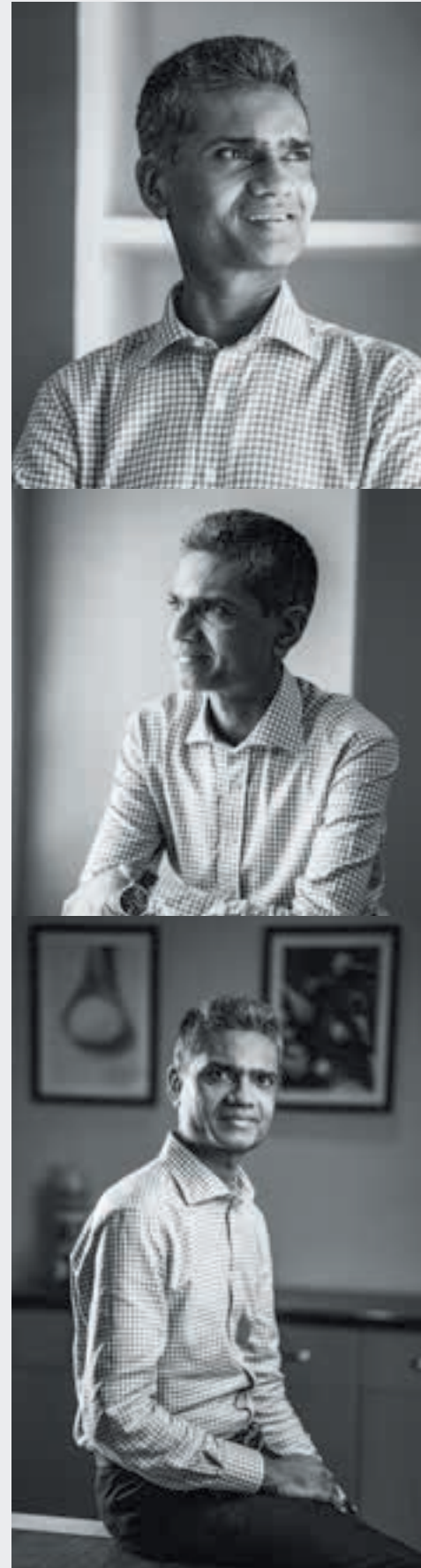
“OPPORTUNITIES DON'T HAPPEN. YOU CREATE THEM - CHRIS GROSSER”





# The CEO's Report

DEVESH DUKHIRA



“HAVING CONSTANTLY ADAPTED TO CHANGES IN MARKET CONDITIONS OVER ITS 100 YEARS' EXISTENCE, THE SYNDICATE HAS ONCE AGAIN REINVENTED ITSELF.”

The ex-Syndicate price for the 2020 crop has been finalized at Rs 14,062 per ton sugar. Though still short of producers' average production costs, it is encouraging to note the significant, two years in a row, improvement since the record low price of Rs 8,700 per ton in 2018.

While the depreciation of the Rupee weighs heavy in this performance, to the tune of 35 % of the 62% price increase over these last 2 years, average net selling prices are also gradually improving, thanks to an improved market environment, an overall increase in sales of higher added-value sugars accompanied by further market diversification, and a persistent review of the industry's operational expenses.

In the absence of guaranteed prices against world prices that are likely to remain volatile, coupled with an insufficient protection of a domestic market which remains restricted in sales volume, it is essential for the industry to capitalize on the valuable cane co-products to maintain its viability. The introduction of a new Biomass Framework by the Government, with the announcement of a payment of Rs 3,300 per ton sugar equivalent for bagasse, augurs well in this direction, and has restored the long-sought confidence of sugar growers and millers. Henceforth, revenue from bagasse and molasses would account for at least 25% of producers' total revenue and should mitigate the impact of distorted market price levels.

As regards maximizing the value of the sugars, which is the core objective of the Syndicate, there is increasing look-out for value-addition with the view to increase the average selling price for each ton of sugar produced. We are obviously exposed, in this context, to growing competition, especially from new cane sugar suppliers in Central America, and even coloured European produced beet sugars, which are often sold very cheaply, thereby pulling down prices of the Mauritius special sugars. This has prompted the Syndicate to reassess the positioning of its sugars and, after thorough consultations and with the guidance of its buyers, it consequently reaffirmed the

intrinsic value of its sugars, set over 6 core pillars, namely Taste, Wholesomeness, Healthy Benefits, Traceability, Sustainability and Easy & Convenient Sourcing. These have been transcribed into a new Mauritius Sugar Label, which will henceforth assure a coherence in the marketing of Mauritius sugars worldwide.

While these strengths can only be upheld with the collaboration of all industry stakeholders, the Syndicate is directly responsible for customers' satisfaction, hence ensuring their expectations are met. In this regard, after having constantly adapted to changes in market conditions over its 100 years' existence, the Syndicate has once again reinvented itself, which has called for a restructuring exercise during the period under review. This has resulted in an optimization of its able resources following the decision of 25% of its workforce to voluntarily opt for early retirement against cash compensation.

It is not only about the reduction in the administrative expenses of the Syndicate which, including its pension liability, represented a mere 0.8% of the industry's total sugar revenue for the crop under review, but its contribution in bringing the highest revenue for its members while assuring the interest of each producer is preserved and well-balanced. Being a producer-driven organization, nothing less can be expected.



Wholesomeness.....●





# Governance, Risk Management, Audit and Internal Controls

## GOVERNANCE

### Main Committee and the Executive & Selling Committee (ESC)

The Syndicate is driven by a Main Committee (called ‘Comité de Direction’) comprising 22 members out of whom 14 represent the corporate sector, 4 large planters and 4 small planters. Committee members have a diverse mix of skills and experience and are distinguished by their professional ability, integrity, independence of opinion and a high standard of ethics.

In order to facilitate efficient decision making, 10 members of the Main Committee are selected to make up the Executive and Selling Committee (ESC), which meets every 2 months together with Senior Management of the Syndicate, to have an oversight on operations and other matters of the Syndicate and approve key decisions.

The ESC has delegated some of its powers, supervision and responsibilities to 3 sub-Committees namely:

- a) Marketing Committee
- b) Forex Committee
- c) Audit and Risk Management Committee (ARMC)

These sub-Committees operate within defined terms of reference and proceedings of their meetings are recommended to the ESC for approval.

### Marketing Committee

The Marketing Committee acts as an advisory committee to the ESC whereby the following matters are inter-alia reviewed and discussed prior to recommendation to the ESC:

- a) marketing strategies in terms of marketing opportunities and use of communication plans;
- b) sales plan in terms of mix, types of sugars, pricing & market channel;
- c) production planning for each Crop year;
- d) warehousing, logistics and delivery facilities or arrangements.

The Committee comprises a representative of each of the mills, a corporate grower representative, a small planter representative and the Chief Executive Officer and Chief Marketing Officer of the Syndicate.

### FOREX Committee

The ESC delegates its overall responsibility for managing the foreign exchange risk of the Syndicate to the FOREX Committee.

The terms of reference of the FOREX Committee are:

- a) to define and agree on the objectives of the Syndicate in the area of foreign exchange risk management;
- b) to approve the policies and procedures for prudent management of foreign exchange risks and hedging arising from the operations of the Syndicate;
- c) to approve the use of hedging instruments;
- d) to define the level of risk that the Syndicate is willing to assume to achieve the targetted ex-Syndicate price by setting risk parameters for targetted exchange rates;
- e) to review on a regular basis the status of foreign exchange deals achieved with comparison to targets, re-assess the risks and revise targets for the remaining period;
- f) to review periodically the policies and procedures of foreign exchange risk management.

The Committee comprises 2 members of the Corporate sector and 2 planters’ representatives, and also the Chief Executive Officer and Chief Finance Officer of the Syndicate.

### Audit and Risk Management Committee (ARMC)

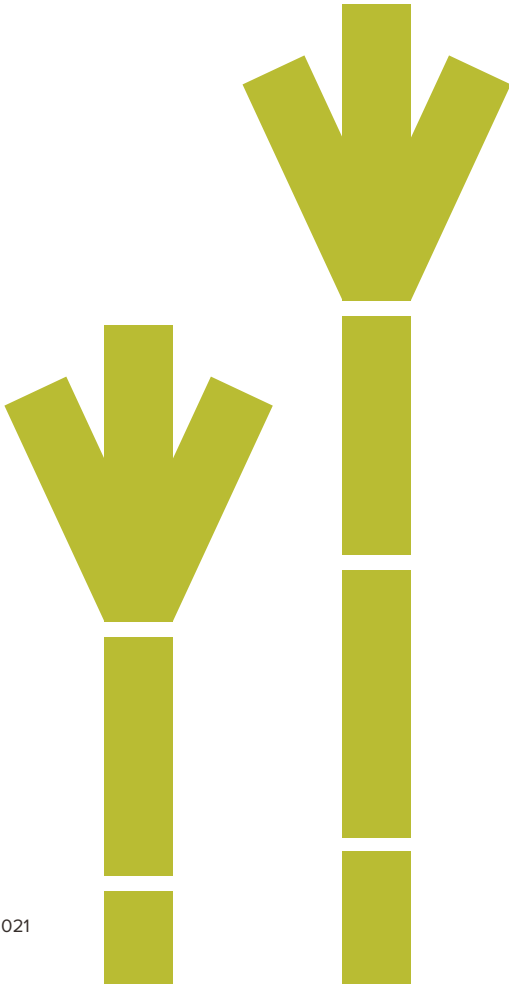
The ESC delegates its overall responsibility for internal controls and risk management to the Audit and Risk Management Committee (ARMC) which reviews the risk philosophy, strategy and policies of the Syndicate.

The terms of reference of the Audit and Risk Management Committee are:

- a) to evaluate continuously the financial reporting process;
- b) to review the accuracy, integrity, and reliability of the financial statements of the Syndicate;
- c) to examine the adequacy and effectiveness of the Governance, Risk Management and Internal Control System of the Syndicate;
- d) to approve the annual plan and assess the report of the Internal Audit function; and
- e) to recommend the appointment of external auditors and attend to any matters raised by them prior, during or after completion of the audit on the financial statements.

The Committee comprises 5 members and met five times during the year under review. They have all been fully attended.

The Chief Executive Officer and the Chief Finance Officer are also invited to attend the meetings with the presence of the Internal Auditors and External auditors when deemed necessary.



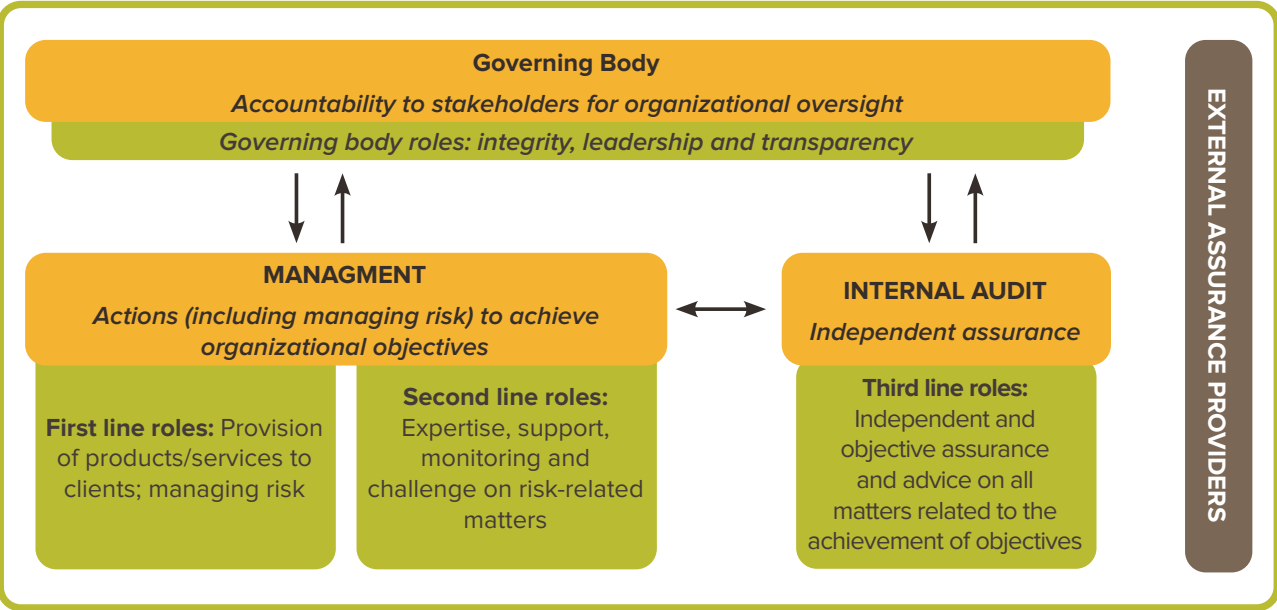


RISK MANAGEMENT

Risk Management is an embedded segment of the internal processes of the Syndicate. It focuses on identifying, assessing, mitigating and monitoring of the undesirable impact of inherent and emergent business risks which may contravene the operations of the Syndicate and its objectives.

The Main Committee, though the ESC and the ARMC, is responsible for setting up, approving and ensuring that a risk management programme which incorporates internal control & risk management procedures, is cascaded throughout the Syndicate. The Main Committee ensures a risk awareness and management culture is maintained within the Syndicate, thereby confirming its commitment to ensure an ongoing process for identifying, assessing, and managing the various risks faced.

In terms of Risk Governance, the Main Committee of the Syndicate stresses on the responsibilities of the lines of defences with regard to identifying, evaluating, responding and monitoring of risks that may impact business objectives, operations and performance. The “Three Lines of Defence” model is applied to have a cohesive approach to reinforce the effectiveness across the risk governance structure of the Syndicate which stands as follows:



Source: The Institute of Internal Auditors – July 2020

The Management of the Syndicate is accountable to the Main Committee through the ESC for establishment of processes and procedures to evaluate and mitigate the prominent risks arising in the day-to-day operations. Given the dynamic nature of risks, it reviews and monitors the key and emergent risks on an ongoing basis, which are then reported to the ESC and Main Committee to enable informed and timely decision-making and changes to the risk management strategy.

During financial year ended 30 June 2021, a comprehensive review of the Risk Management Register of the Syndicate was done by Management with the assistance of the Internal Auditors. The inherent risks were re-assessed and an ‘Inherent Risk Dashboard’ which embodies both the identified inherent financial and non-financial risks was established. For these inherent risks, mitigating actions have already been established by Management but will now be comprehensively documented in the Inherent Risks Dashboard to arrive at the key residual risks. These residual risks, after taking into consideration the mitigating actions, will then be more effectively monitored by the Management of the Syndicate.

The risk universe of the Syndicate is split into four subsets as follows:

- i Strategic,
- ii Operational,
- iii Financial, and
- iv Compliance.

These subsets have been further split into 6 functions namely (a) General; (b) Finance (c) IT (d) Supply Chain (e) Production and (f) HR. The significant Top 10 inherent risks are set out in the table below:

Risk Category	Principal Inherent Risks	Impact	Probability	Overall Rating	Rank
Operational	Risk of delays in meeting customer deadlines	H	M	H	2
	Risk of having shortages of containers for export	H	M	H	3
	Risk of the consequences of climate change on sugar production & yield compromising the sustainability of the Syndicate	H	M	H	4
	Risk of having inaccurate stock reports leading to inaccurate production planning and wrong selling decisions	H	M	H	5
	Risk of reliance on inaccurate information for decision making and/or communication of inaccurate information	H	M	H	7
	Credit Risk with inability to recover sums due on a timely basis or granting credit to unworthy clients	H	M	H	8
	Risk that the existing IT systems are not used to their full potential	M	M	M	9
	Risk of disruptions in the supply chain due to port issues resulting in market losses	M	M	M	10
Financial	Risk that volatility in the exchange rate, price and interest rates	H	M	H	1
Compliance	Risk that contracts with third parties are not complete and robust enough	H	M	H	6

Operational risks are managed by continuously updating policies, revamping marketing strategies, adapting to the needs of the market, use of adequate technology & Information Technology and constant review of the organisational needs of the Syndicate.

Significant financial risks are also closely monitored by Management and full disclosure is made in the financial statements for the risks identified during the year.

# Governance, Risk Management, Audit and Internal Controls

## AUDITS

### Internal Audit

Ernst and Young (EY) provides internal-audit services to the Syndicate as part of a contract which covers the period from 1st August 2020 to 31st July 2023.

EY provides independent assurance to the ARMC as to the adequacy and effectiveness of governance, risk management and internal controls. It has unrestricted access to review all activities and transactions undertaken within the Syndicate and to appraise and report thereon. They apply a risk-based methodology that enables it to provide assurance on controls that address high risk areas and therefore help with the strengthening of the internal controls framework. This in turn supports the achievement of strategic objectives, thus enhancing organisational value for the sugar producers.

Internal audit activities are carried out in line with the internal audit plan and are approved by the ARMC of the Syndicate, prior to the start of each financial year. Representatives of the Internal Auditor are invited to all meetings of the respective ARMC and are entitled to convene a special meeting of the Committee to deal with any matter which they may consider to be urgent. A follow-up mechanism is also in place to facilitate the monitoring of progress of audit-related matters.

During the year ended 30 June 2021, the main tasks carried out by the internal auditors have been to:

- a) finalise the report following ‘Data Protection and Privacy’ review in line with the Mauritius Data Protection Act 2017;
- b) finalise the internal Audit report on ‘Information Security Governance & IT General Controls’;
- c) assist the Syndicate in a Risk Assessment exercise; and
- d) conduct a review of ‘Marketing & Contracts Management Processes and Related Controls’ (on-going).

Operational and Senior Management were apprised of salient audit observations and action plans during closing meetings held following completion of the internal audit engagements. Such forums are intended to validate and prioritise on the importance of management action plans for addressing internal control deficiencies or improvements. The internal audit reports are subsequently reported to the Senior Management of the Syndicate and the ARMC.

### External Audit

Deloitte was re-appointed for a 2nd term as External Auditors of the Syndicate for audit on the financial statement for year ended 30 June 2021.

The External Auditors had an unrestricted access to all records, information, transactions and other documents. Management assisted the External Auditors in providing all access and proper information on a timely basis. Regular meetings were held amongst Senior Management of the Syndicate, the ARMC and the External Auditors to provide the necessary information to facilitate the work of the external auditors and clear all blocking issues.

Reports issued by the External Auditors, namely the Management Letter or the Audit Reports, have been promptly and properly attended to by Senior Management of the Syndicate and the ARMC.

Consistent with previous years, the financial statements for year ended 30 June 2021 have been prepared based on Accounting Policies inherent to the Syndicate given its Constitution, mandate and activities. The Various Specific Accounting Policies used have been disclosed in the Audited Financial statements for the current year.

## INTERNAL CONTROLS

The ESC and Main Committee are responsible for the system of internal control and risk management of the Syndicate and are committed to continuously maintain adequate internal control procedures with a view to safeguard its assets and reputation. Areas with high residual risks are continuously assessed and reviewed with the assistance of the Internal Audit function.

Management is accountable to the ESC and the Main Committee for the design, implementation, and enforcement of internal controls, ensuring that the associated processes and systems are operating satisfactorily. The Committees derive assurances that the internal control systems are effective through the lines of defence: (i) Management of the Syndicate through its performance and operations, and (ii) the Internal Audit functions in accordance with their internal audit plan.

In the design of the internal control system, the Syndicate has applied a right balance of internal controls whereby the efforts, costs, and time involved in operating these controls are balanced against the nature and significance of the risks they mitigate. The internal control structure is essentially made up of the control environment, the accounting system, and procedures called ‘control activities’. As depicted in the internal controls triangle below, the Syndicate applies the five components in continuously striving to achieve an effective internal control system.



Source: The Internal Control Environment, Rice University

There has been a lot of focus to strengthen internal controls at the Syndicate in the following areas:

- a) Inventory management and control on stock of sugars and consumables;
- b) Sales contract management;
- c) Invoices from shipping lines for freight and other export charges;
- d) Forex and treasury management;
- e) IT general controls.

Besides, internal controls are being reviewed in other areas like on Sugar processing and bagging fees payable to millers or operations relating to import of raw sugar feedstock where strengthening of internal controls are still on-going.

## IT GOVERNANCE AND CONTROLS

The Syndicate has recruited an IT Systems Coordinator who is now responsible to ensure that there is proper IT Governance and Controls. She attends the meetings of ARMC when required and provide members on the status and improvements in respect of IT.

In conjunction with the enhancement of internal controls, the Syndicate is leveraging maximum effort on information technology to upgrade its IT systems and infrastructure in order to further enhance operational efficiency levels and eventually enhance customer service quality, while keeping aligned to IT security policies.

The Syndicate is reinforcing its data management and analytics capabilities to unearth organisation insights and support strategic moves. It is also strengthening its risk management and internal control capabilities so as to preserve its information security and reputation, while gearing up to tackle potential cyber threats and protecting data amidst all circumstances. The Syndicate not only focuses on the above but is also committed to ensure privacy rights by maintaining adherence to the Mauritius Data Protection Act (“DPA”) 2017. In this respect, actions are currently being implemented to ensure compliance.



## Healthy .....● Benefits





# 2020 CROP

## Crop Production

The 2020 crop was harshly impacted by climate change. Firstly, cane growth was affected by dry weather conditions that had prevailed during that phase, and by the start of the harvest in June, the average stalk height recorded was lagging behind that at the same time in the previous year by 7.7% and inferior to the normal by 4.0%. The persisting rain shortfall entailed a drying out of the cane, and cane productivity fell to 59.96 tons cane per hectare (TCH), compared with 75.58 TCH in 2019 and the last 5 years' average of 73.33 TCH: the last time such low productivity was observed was for the drought-stricken crop of 1999, when it had reached 53.5 TCH. Likewise sugar productivity in 2020 fell to 6.20 tons sugar per hectare (TSH), compared with 7.35 TSH for the previous crop and the last 5 years' average of 7.15 TSH.

A record low 2.62 M tons cane were finally harvested, compared with 3.4 M tons in the previous year. Despite the improved average extraction rate at 10.34%, compared with 9.73% in the previous year or the last 5 years' average of 9.75%, it was insufficient to allow sucrose recovery, and the 2020 crop outturn was consequently finalized at 270,875 tons sugar, that is some 18.2% below the previous crop outturn of 331,105 tons, or 23.1% below the last 5 years' average of 352,414 tons.

## Direct Support to Producers

While the Syndicate becomes custodian of the sugar after it has been produced by the mill, it extends support to producers upstream. In addition to the advances paid to planters after their canes have been delivered to the mills, to the tune of 80% of the estimated ex-Syndicate price for those cultivating less than 100 Ha land and 60% to other categories of producers.

It also collaborates with service providers of cane management and harvest services to planters, by offering free-of-charge at-source cost deduction and repayment facilities to planters of cane supply areas where such schemes are in operation. For the 2020 crop campaign, 54,700 tons of cane belonging to 356 planters were harvested in the Alteo factory area compared with 51,989 tons sourced from 399 planters in the previous year. Likewise, 7,720 tons of cane were reaped in the Omnicane region for the account of 89 planters compared with 10,300 tons originating from 93 outgrowers in 2019.

For the fifth consecutive year, transport costs over 4 miles (6.4 km) and compensation for weighbridge closures were refunded by millers to eligible planters through the Syndicate free-of-charge. Thus, for the 2020 crop, a total of Rs. 30,285,894 was paid to concerned planters via the Syndicate's trusted payment platform. Furthermore, in accordance with the terms of an agreement with the Mauritius Cane Industry Authority (MCIA), the Syndicate made at-source deductions representing 50% of the value of fertilisers supplied to planters cultivating sugar cane on less than 100 ha, from their sugar proceeds for remittance to the MCIA.

To address the cane land abandonment issue, Government allocated MUR 50 M to the Cane Replantation Scheme (CRS) for FY 2020-21 following cessation of the Sugar cane Planters Regrouping Project (ex-Field Operations Regrouping and Irrigation Project) which, during the 2006 – 2020 period, had catered for the de-rocking and replantation of 11,832 Ha of land belonging to some 12,512 small and medium-sized planters at a total cost of MUR 3.8 billion paid out from the EU-funded Accompanying Measures for Sugar Protocol countries (AMSP). Under the CRS, fields for an extent 317 Ha had already been prepared, with replantation completed on 256 Ha at time of writing.

**43,711** ha  
of land harvested

**2,620,874** tons  
of cane harvested

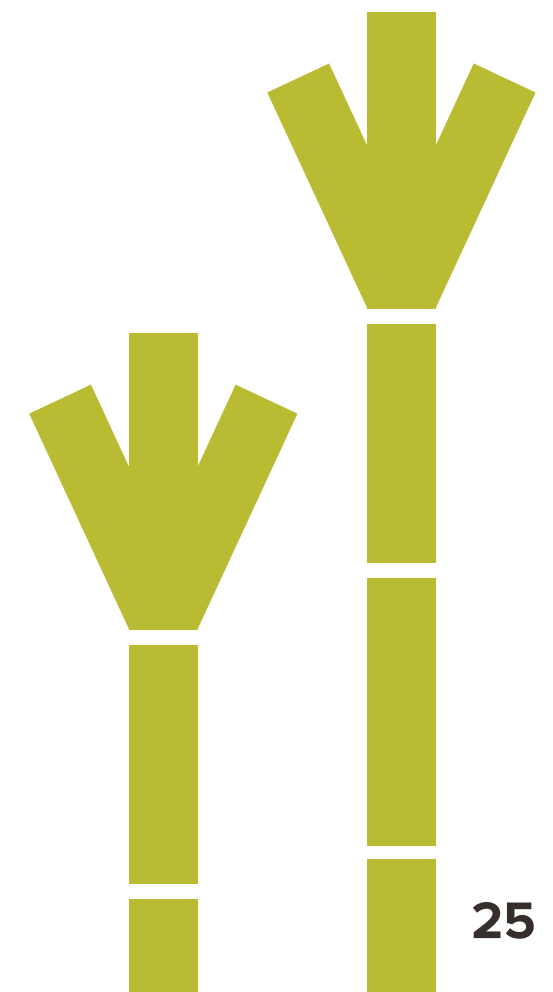
**270,875** tons tel quel  
of sugar produced

**10.34%**  
average sucrose extraction rate

**3** Sugar Mills  
and

**1** Sugar Refinery

**10,482**  
cane-supplying  
planters



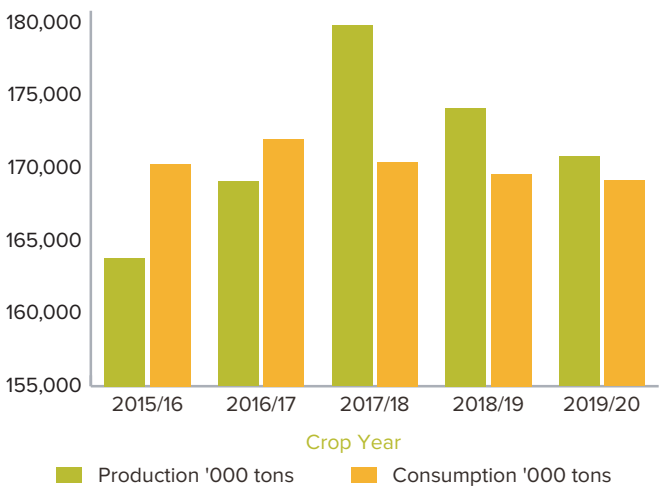


## 2020 Crop

### Market Environment

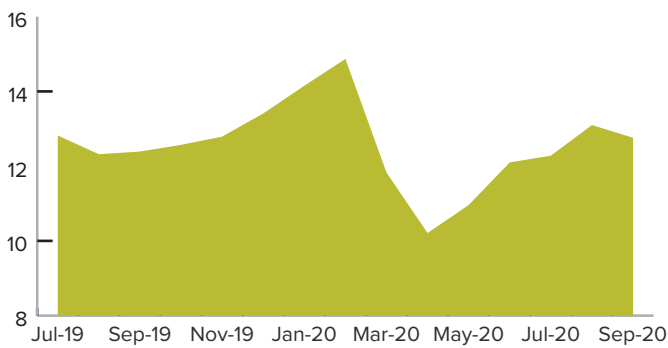
#### World Market

After the drastic fall in world sugar prices between February and April 2020, triggered by the sharp decline in oil prices, which itself resulted from the outbreak of the COVID 19 pandemic, it started recovering by the time sugar sales for the 2020 crop were being undertaken. While, considering the continued decline in global production since the record 2017/18 crop, prices obtainable should have been more favourable than in the previous year, there was little improvement because of the uncertainty regarding the impact of the global confinements on sugar consumption. In fact, the International Sugar Organization (ISO) reviewed its global sugar consumption estimates for 2019/20 to 169.72 M tons in August 2020, 3.6% lower than its previous estimate undertaken in May 2020. This forecast was adjusted to 169.17 M tons in August 2021. Hence, considering the 2019/20 world production estimate rise from 166.80 M tons to 170.81 M tons over the same period, the global outlook swung from a net deficit of 9.30 M tons sugar to a negligible surplus of 1.64 M tons.



#### Global Sugar Production and Consumption (ISO Aug 2021 estimates)

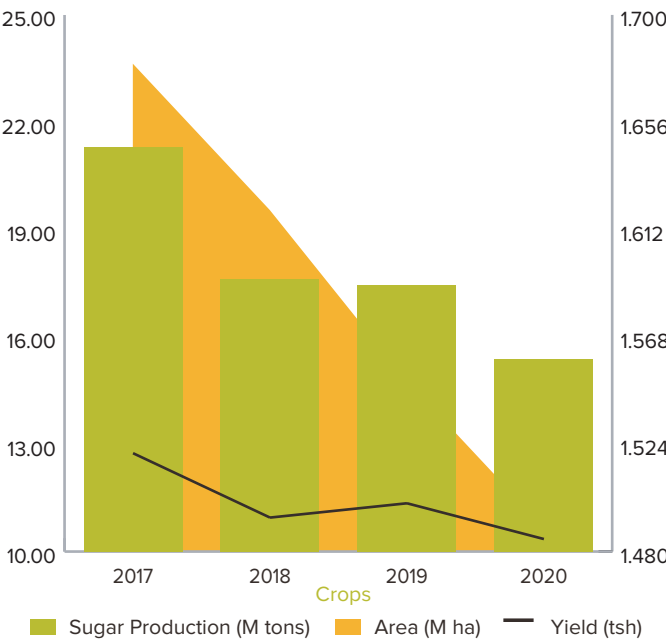
This production shift is mostly associated with Brazil where, because of the decline in oil prices, hence ethanol parity, more cane juice was deviated for production of sugar, hence the forecast rising from 34.40 M to 38.08 M tons. The global stock-to-consumption ratio estimated for end 2019/20 was consequently reviewed from 56.74 to 59.26%, which explains the slow price recovery at the start of the campaign.



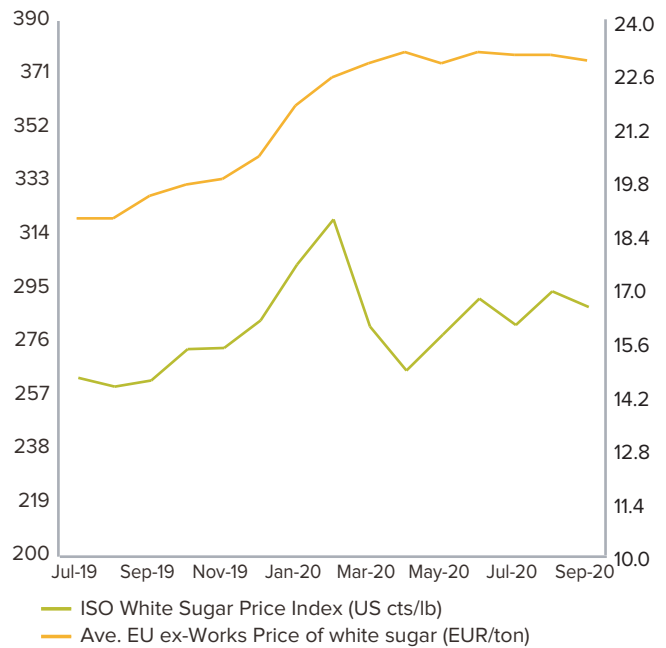
#### Evolution of Global Price of raw sugar futures - New York #11 (US cts/lb)

#### EU Market

As for the EU market, despite the forecast for a lower EU crop harvest, which ended at 15.4 M tons in 2020, compared with 17.5 M tons in the previous year, and the record crop of 21.3 M tons in 2017, there was hardly any price improvement, especially over the first few months of the 2020/21 marketing year, mainly as a result of consumption decline with the prolonged confinements, hence stock build up at customers' premises. The selling prices obtainable for white sugar were therefore comparable, sometimes even lower than in the previous campaign, but such decreases were partly compensated by the appreciating EUR over the year.



#### EU Beet Sugar Production



#### EU vs Global Price Evolution for White Sugar

### Sales Performance

#### Sugar Sales per destination (tons tel quel)

Crops	2019	2020
Crop Production	331,105	270,875
Add Carry-over stocks from previous crop		
Bagged Special Sugars	21,014	14,098
Imported Raw Sugar		8,737
Add Raw Sugar feedstock imported during the year	42,216	109,523
<b>TOTAL DISPOSABLE SUGAR</b>	<b>394,335</b>	<b>403,233</b>
EXPORT SALES		
European Union	260,046	224,561
United States	13,381	12,959
Regional Market	63,148	101,734
World Market	16,652	17,363
<b>TOTAL EXPORT SALES</b>	<b>353,227</b>	<b>356,617</b>
Local Sales	11,326	15,246
<b>TOTAL SALES</b>	<b>364,553</b>	<b>371,863</b>

#### White Refined Sugar

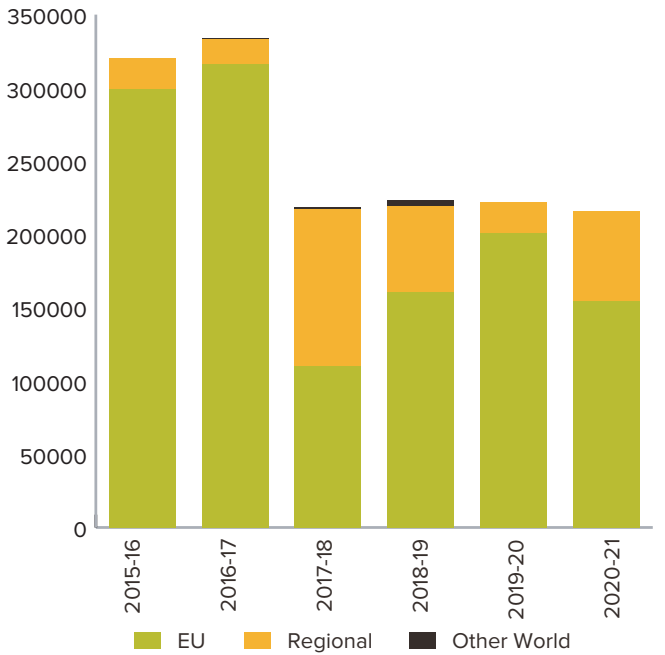
The Syndicate managed to take advantage of momentaneous global price increases to finalise sales of its white sugar in the regional market, hence improving its sales revenue from such transactions by some 10% in USD terms, compared with the previous campaign.

As for the EU market, as a result of the stock surplus at the eve of the new marketing year, selling prices could despite the ascending trend of global prices.

Fortunately the Syndicate has the ability to arbitrate sales annually, especially for its white refined sugar, between the EU and non-EU markets, in light of the most remunerative prices obtainable, sea freight rates and the EUR/US\$ exchange rate.

With less favourable prices in the EU over the period under review, the Syndicate has therefore decreased supplies for its white sugar to 154,530 tons in 2020/21, compared with almost 195,000 tons in the previous year. Sales to the regional market consequently increased from 21,351 to 61,114 tons over the same period.

Enhanced sales to the regional market, especially Kenya, have been made possible through mixing with imported raw sugar, in accordance with the provision of the COMESA rules of origin.



#### Export of white sugar per destination (tons)

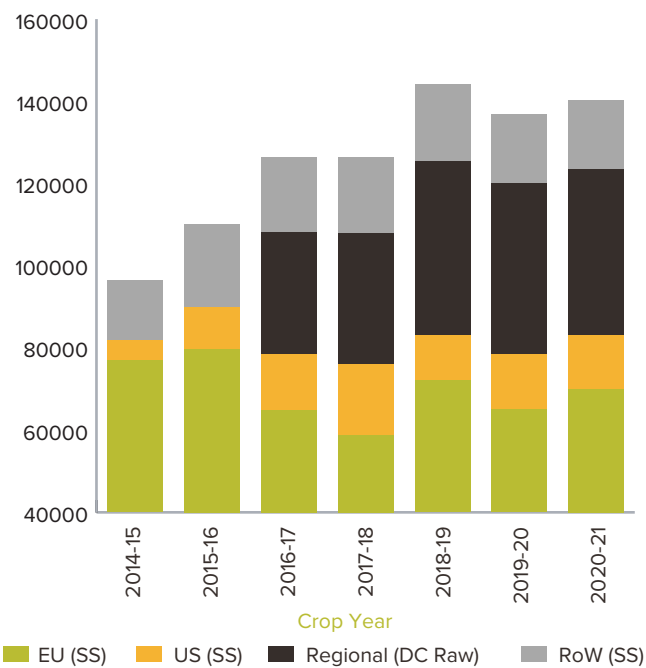
# 2020 Crop

As from the 2020 crop, given the large capacity surplus at OMOL Refinery after refining of locally produced sugars, and in light of the volatility of market prices, both for purchase of the raw sugar feedstock and export of the white sugar, but also that of sea freight and currency exchange rates, the latter shoulders the operational and financial risks of such tolling operations. The Syndicate, as exporter of the sugar, but also since the imported raws are mixed with originating sugar, takes the lead for both the purchase and sales transactions, and is subsequently rewarded through a management fee. The risks and rewards associated with such transactions are clearly spelt out in an MOU signed between the 2 parties.

For the 2020 crop year, 109,523 tons raw sugar were imported, and they would all have been utilized by the end of the campaign. 28 % of white refined sugars would have been directed to the EU market, 54% to Kenya and the balance to meet the domestic market needs.

## Special Sugars

A sales growth of about 3% has been realised for Special Sugars (SS) and DC raw sugars over the 2020/21 campaign compared with the preceding year despite the slowdown in certain market segments as a result of the COVID 19 related confinements.



### Export of Special / DC raw sugars per destination (tons)

With some 70,000 tons sales, the EU has remained the major market destination, accounting for half of the 2020/21 export of Special/ DC raw sugars. This has been made possible mainly through new market segmentation and development, but also through product diversification.

With the Covid-19 related confinement having prevailed over 2020 and 2021, there has been an increase in home baking, hence boosting retail sales of Special Sugars, though the industrial and food service market segments have been affected.

Despite aggressive competition from new suppliers of direct consumption sugars, the Syndicate has managed to sustain market share thanks to the following:

- Mauritius, as a member of the Eastern & Southern Africa (ESA) Group having finalized interim Economic Partnership Agreements (IEPA) with the EU as from May 2012, maintains duty free and quota free access into the EU Market.
- The maturity of consumption, especially consumers' awareness for Special Sugars in their habits, as well as in its usage across developed retail market, food-service and industrial market segments, seems to be growing.
- The recognition of Mauritius Sugar quality across its wholesomeness, traceability, product consistency, and wide range choice.

The increasing competition from Central American and other ACP/LDC producers has nevertheless entailed some price war on product lines such as the Demerara, thereby enticing the Syndicate to provide price discounts to maintain market share.

The second most important destination, worth 29% of the total export, has been the regional market. Mauritius is signatory to two regional trading agreements, namely COMESA (Common Market for Eastern and Southern Africa) comprising 21 members, and SADC (Southern African Development Community) comprising 16 members, of which 9 have dual membership.

Certain members unfortunately have no external tariff on sugar, thus allowing imports at distorted world market prices while others with market deficits offer no margin of preference for regional sugars. Duty-free access provided by Kenya under COMESA trade provisions shields Mauritius sugars from the global price distortion. The quota allocated for direct consumption raw sugar stood at 48,000 tons for 2020 but decreased to 36,000 tons in the following year as white sugar ceased to be part of the Kenya Sugar Safeguard derogation. Mauritius consequently sold from its 2020 crop 61,114 tons white refined sugar and 40,620 tons DC raw sugar, compared with 21,361 tons and 41,787 tons respectively in the preceding campaign.

In parallel, the SACU market also extends duty-free access to Mauritius sugars but with a quota restriction representing only 6% of the overall annual quota extended to non-SACU SADC producers while the country accounts for 35% of their overall net surplus production, an inequity being addressed at the level of the SADC Technical Committee on Sugar. For the 2020/21 campaign, Mauritius was allocated under Annex VII of the SADC Trade Agreement a SACU TRQ of 2,875 tons which was fulfilled.

The African continent sugar deficit presently exceeds 8 M tons annually, but total imports are even higher as regional sugars to the tune of 2 M tons are being exported further afield, to more remunerative destinations. In an ideal situation, the deficit should in priority be met with regional production and trade should have been facilitated by the regional agreements like SADC or COMESA.

Significant sales growth has also been achieved in the Middle East and Asian markets, which henceforth account for about 10% of the total export of special sugars.

With regard to the US market, domestic production over 2020-21, initially forecasted at 9.0M short tons (ST) in December 2020, has increased to 9.23M ST, but estimated imports fell from 4.15 M ST to 3.18 M ST.

Mauritius was initially granted by the US Trade representative (USTR) its minimum annual duty-free raw sugar TRQ of 12,636 mt raw value (mtrv) for FY 2021 but with the supply shortfall in the US, it was reallocated an additional 1,106 mtrv in July 2021. These sugars were meant to arrive in the US between 1 October 2020 and 30 September 2021, but due to the Covid-19 and its impact on import flows, the delivery period was extended to 31 October 2021.

The US market remains of great interest for Mauritius special sugars where its know-how, quality and consistency are very much appreciated. Although export to the US remains restricted by the TRQ allocation, it represents an important destination accounting for almost 10% of the total export of Mauritius special sugars.

The lock-down in the US market due to the Covid-19 has impacted on the consumption of Special Sugars which has resulted in the delays in order deliveries, even falling outside the 2020/2021 TRQ period. As a result, total sales against the 2020/21 US TRQ were finalized at only 12,929 tons, despite the TRQ reallocation, compared with 13,381 mt over the previous delivery period.

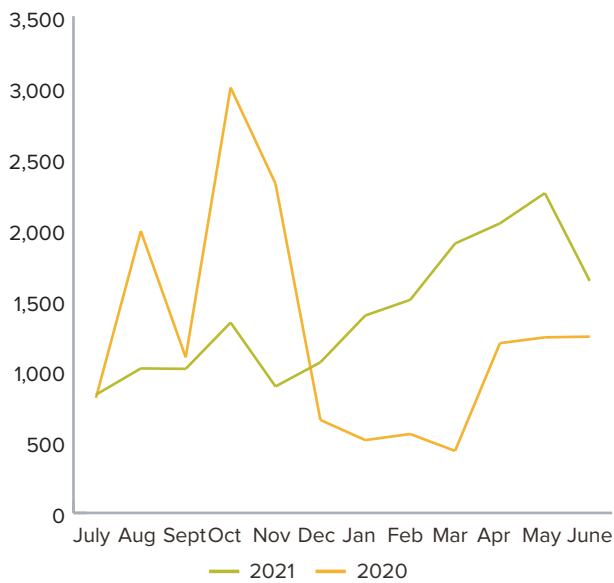
## Local Market

The annual domestic market consumption is usually to the tune of 35,000 tons but has shown a provisional decline recently due to the lockdowns and especially closure of hotels, restaurants, and other food services. However, an increasing share of direct consumption raw sugar has been noticed, probably to around 4,000 tons, the balance being white refined sugar for both industrial and household purposes.

The Syndicate's sales on the local market stood at 16,877 tons over the 2020 crop year, compared with 11,326 tons over the corresponding period in 2019/20, while the balance of the domestic market needs was met from imports by competitors.

Although priority of supplies should have given to domestic producers, as is the case in most sugar producing countries, duty exempt imports from COMESA and SADC origins, and tariff exemption provided to industrial users for the import of their raw materials, still allow import of sugar at distorted world market prices. The recovery in market share for the Syndicate is attributed to the aggressive promotional pricing adopted from September to December 2020 but also due to the drastic increase in costs of imports meanwhile with the surge in global prices and sea freight rates as from early 2021, together with the weakening of the Rupee. Had there not been supplies from local produce, the domestic price of sugar would have increased by some 40% over the last 12 months.

The Syndicate is meanwhile reviewing its sales strategy on the local market to retain its customer base. This comprises an improvement in its delivery services, including the decentralization of its supply platforms, and above all the repositioning of the Mauritius Sugar Label so they can be prioritized by end users. In this regard, a promotional campaign is underway to boost sales of the Mauritius special sugars, thereby making them more accessible to local consumers.



### MSS local market sales (tons)



## 2020 Crop

### Deliveries

#### Agreement with producers of special sugars and white sugar

Given its objective to maximise its members' revenue, the Syndicate is on the constant search for the highest revenue for each ton of sugar produced by them. This comprises not only being on the look-out for the most remunerative markets, including opportunities under the preferential trade arrangements which Mauritius has finalised with targeted countries, but also delivering to these destinations at the lowest costs, and above all developing the right sugars for this purpose. The industry already made the transition some 10 years ago from being a supplier of essentially raw cane sugar for refining to a producer of exclusively direct consumption sugars, comprising white refined sugar and its unique range of unrefined special sugars. For the 2020 crop, the sales mix comprised an almost equal proportion of these 2 main types of sugars, and the objective is to continue enhancing production and sales of the special sugars with the view to further improve the average price obtainable per ton sugar.

While white sugar is produced from raw sugar at the refineries, special sugars are derived after further processing at the mills themselves. Both operations require investment in additional equipment, not only for the production of each of the sugar varieties with consistent qualities, but also to safeguard food safety during processing of the sugars, all facilities in Mauritius having been certified BRC in this regard. They consequently require payment of manufacturing premiums to cover such investments and additional processing costs.

Given on the other hand, the strategy of the industry to produce more special sugars, while the island's cane availability has meanwhile declined, a thorough discussion held in the previous year among the 2 mills, Alteo and Terra, and the 2 refineries, Alteo Refinery and OMOL Refinery, and the Syndicate, which was facilitated by the consultancy firm EY, has concluded the need to maintain only one refinery, namely OMOL Refinery, while allocating the increasing production of special sugars to the 3 sugar mills, essentially Alteo and Terra. With the closure of Alteo Refinery, its mill has been allocated the bulk of the increased production of special sugars which would be required over the forthcoming years to meet the Syndicate's export demand.

These arrangements, including the relevant remuneration, have been transcribed into a Master Agreement signed by the Syndicate and each of these 3 entities in August 2020, and which will last till 2025.

#### Storage and Shipping Arrangements

The global shipping industry has been marked by unprecedented challenges marked by disruption in the regular flow of goods and services due to the Covid-19 pandemic, and the Syndicate has unfortunately not been spared.

With regular delays in vessel berthing, omissions, and space constraints, more predominately during the first half of 2021, the Syndicate export flows have been negatively impacted, with direct consequences on customers' supply chains and sugar stocks. In addition, the stock of empty food-grade containers for stuffing of sugars has been critically low due to irregular inflows and overall reduction in Mauritius's import demand during the confinements.

As in the previous years, the Syndicate has pursued, through its "cahier des charges", the inspection of the container preparation, ensuring avoidance of high humidity in the containers, which could affect the quality of the sugar at destination. Due to the various stages

of quality control, the number of rejected containers at the preparation level remains relatively high due to their poor state at origin.

All these external factors have added extra pressure on the Syndicate's supply chain, thereby requiring a close monitoring to ensure a minimum number of containers is readily available for smooth loading operations at the refinery and at the various sugar warehouses.

For the 2020 crop, the Syndicate has worked with three main shipping carriers, namely Mediterranean Shipping Company (MSC), MAERSK Line and CMA-CGM, and has exported containerised sugar to some 70 ports across the globe, including 32 in the EU, 5 in the US and the balance in the regional and otherworld market destinations. Furthermore, in view of optimizing its operations, the Syndicate has closely collaborated with OMOL refinery to ensure that production matches customers' shipping forecasts thereby minimising as far as possible the storage period in Port Louis. In the same vein, all container movements from time of pick-up at the depot till delivery to the customers are tracked on an MSS IT-platform.

For the period under review, 8,536 containers of white refined sugar were loaded directly at OMOL and 321 containers at Alteo prior to closure of its refinery in September 2020. All containers were delivered to the MSS dedicated storage area at the Cargo Handling Corporation Ltd (CHCL) and the Mauritius Freeport Development (MFD) in Port Louis. Out of the 8,857 containers delivered, 6,526 were destined to the EU and 2,301 to the regional market, mainly to Kenya, and the balance to world market destinations. Moreover, out of the total export of white refined sugar, 2,771 containers were loaded in bulk liners, 3,647 in big bags (1.000 t/ 1.050 t/ 1.150 t/1200 t), 2,220 in 50 kg and the balance in 25 kg bags.

As for the special sugars in bags, 139,357 tons were produced during the 2020 crop, compared with 145,570 tons in the previous year. Out of these deliveries, 99, 985 tons were stored in MICA warehouses, 10,634 tons at Velogic's warehouse, 25,460 tons transited at the MFD warehouses located at Mer Rouge and Jin Fei, while 3,278 tons were loaded into containers at the mills. It is worth noting that extra warehousing space has been made available during the year under review with the partial conversion of Shed 1 of the Bulk Sugar Terminal, destined for bulk raw sugar, to accommodate bagged sugar.

With regard to Direct Consumption raw sugar earmarked for the regional market, OMOL produced 3,733 tons, while 33,210 tons and 2,775 tons were produced by Alteo and Terra Milling respectively. 36,202 tons of these sugars were delivered to Kenya. As in previous years all exports to this destination undergo quality control as per Kenyan Bureau of Standard (KEBS) requirements by an independent surveillance company, namely Société Générale de Surveillance (SGS).

With the view to address its growing bagged sugar storage needs to meet its strategic objective to ramp up sales of special sugars to 180,000 tons, alongside the request of Landscape Mauritius to relocate MCIA's warehouse at Caudan (Les Salines) for construction of a cruise terminal, the Syndicate has conducted, with the support of consultants from Advanced Mechanical and Electrical Services (AMES Ltd), an assessment of its overall warehousing area requirement, but while ensuring optimisation of the capital investment and operational costs.

Meanwhile, after Government's announcement in the 2021 budget speech, of the financing of the construction of a state-of-the-art warehouse to accommodate 150,000 tons of bagged sugar at Jin Fei in Riche Terre, this project will be pursued by the MCIA .

### TOTAL EXPORTS (July 2020/June 2021)

#### White Refined Sugar

**7,221 TEUs\***

10,258 TEUs (2019)

#### Special Sugars

**5,261 TEUs\***

5,740 TEUs (2019)

### PRODUCTION OF SPECIAL AND WHITE SUGAR

#### White Refined Sugar 2020 Crop

**205,820 tons**

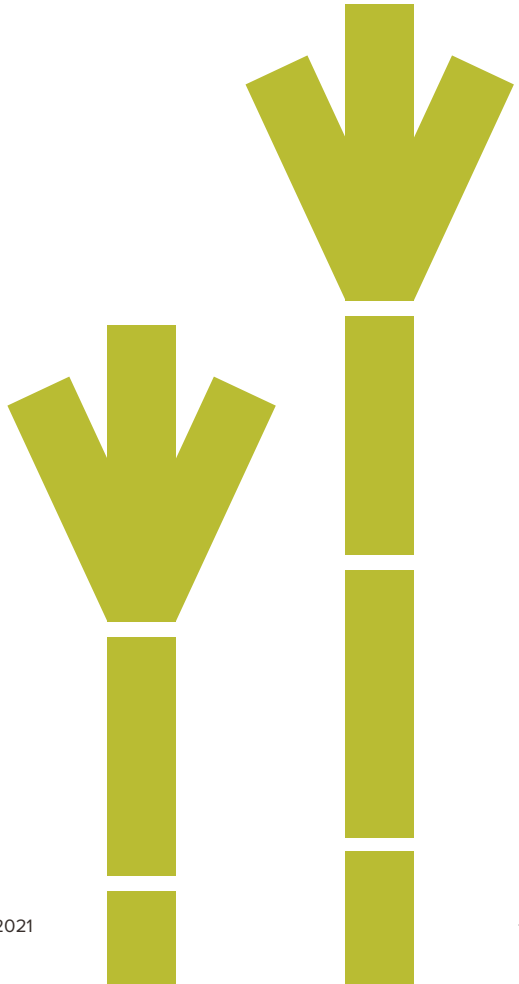
246,208 tons (2019)

#### Special Sugars 2020 Crop

**138,923 tons**

145,570 tons (2019)

\* TEUs - Twenty Equivalent Units





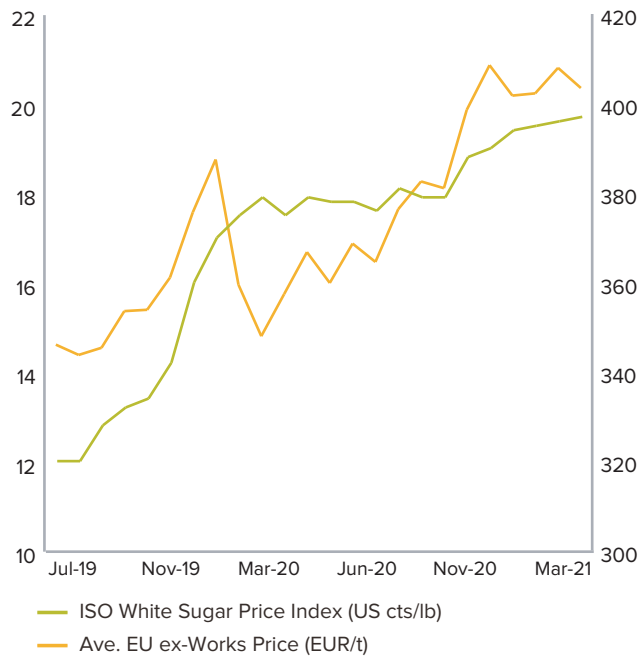
2020 Crop

Market Outlook

The world market price has continued increasing since beginning 2021, like most other agricultural commodities, and when sales negotiation for the 2021 crop was underway prior to the start of the new harvest, the New York #11 futures for raw sugar had reached some US 17 cts/lb, almost 40% higher than at the same time in the previous year. In addition to the fund’s investment it has enticed, especially against a background of macro-economic uncertainty with the persisting propagation of the COVID-19, the fundamentals also weighed on this sugar price improvement.

Firstly, because of the drought in Brazil followed by the damage to the new ratoon shoots caused by frost at the start of harvest, their 2021 crop is expected at time of writing to have been affected by some 17%, with almost 15 M tons of lower sucrose production compared with the preceding year. This production decline is foreseen despite the maximum sugar mix, ethanol parity having meanwhile attained some US 18 cts/lb, while the production recovery in Thailand and Europe would not suffice to close the gap, especially with the anticipation of a recovery in global consumption after 2 years of movement restrictions worldwide. According to the ISO estimates of August 2021, the global deficit for 2020/21 has been revised to 1.45 M tons but would surge to 3.83 M tons in 2021/22.

At time of writing, the New York #11 futures at some US 20 cts/lb was already some 60% higher than at the same time in the previous year, but further price increases would be capped by increasing Indian sugar supplies, since they can be exported without Government support at this price level but also by declining Chinese imports.



Global vs EU Price Evolution – for white sugar

As for the EU market, after the production fall to some 15.4 M tons for the 2020 beet crop harvest, having entailed a decline in the closing stock to an alarming 900,000 tons, beet sugar production is expected to recover in 2021/22 due to improved sugar yields. However, despite the increase in import parity, EU prices have not followed the world market at time of writing, most likely due to the persisting uncertainty on sugar consumption levels due to the persisting spread of the COVID-19, exacerbated by the Delta variant. Although restrictions starting to be eased across EU, consumption is still not fully back to pre-Covid-19 levels. Potentially it could slowly reach the normalization of consumption in 2022, but most likely still below the level of 2018/2019.

It is to be noted that the enhanced preferential market access triggered by BREXIT, namely through new duty-free sugar TRQs allocated to suppliers having finalised FTAs with UK but also their annual Autonomous TRQ of 270,000 tons, are also contributing to the suppressed EU price improvements.

At time of writing, sales prices obtainable in the EU market especially for white sugar were still lower than those secured by the Syndicate in the regional market, hence the higher sales mix to these alternate destinations.

As regards Special Sugars, the Syndicate will continue increasing its share in its export mix, in line with the marketing strategy already set in this regard. The repositioning of the Mauritius Sugar Label should help in meeting these targets, through both sales consolidation in existing destinations and further expansion of its market base. Export to non-EU market destinations would already be boosted by an additional 10,000 tons thanks to the bilateral free trade agreement finalised with China early in the year, while market development in India, supported by the CECPA, is also on track.





Traceability .....





# Mauritius Sugar

## The Terroir

The sweet fragrance of fresh sugar cane, filling the air of the country for centuries, says it all. The Island Paradise welcomes growth with its maritime subtropical climate and distinctive geological features.

Sugar cane plants are cultivated on a total area of approximately 43,000 hectares. It is no secret that they dominate the landscape. Their vegetative and maturation phases coincide with our summer and winter seasons respectively. They are blessed with sunshine all year round, and thrive in the island's deep, well-drained humid soils of volcanic origin.

Canes ripen naturally in the fields with no recourse to ripeners. Our producers adopt efficient harvesting practices as they build on ancestors' savoir-faire. This leads to cane stalks of excellent quality, both in terms of volume and sucrose content.



## Our Savoir Faire

As the custodians of a rich savoir-faire, transmitted across generations, the producers are masters in the art of crafting sumptuous sugar crystals of varying colours and sizes.

## Sugar cane, the soul of the Mauritian landscape

Sugar cane was introduced in Mauritius in 1639, under the Dutch period, but it was only after the French settled in 1721 that the sugar industry truly started flourishing. Ever since, the lush sweeping fields of sugar cane have been the quintessence of the island. In the 18th century, sugar, then considered as a luxurious spice, started being traded all around the world. Drinking coffee with sugar became the trend among the elites, and soon, merchants began to call this life sweetener "white gold". British rule was established in 1810, a milestone for the industry. Several decades later, sugar production in Mauritius reached its peak. By 1858, there were 288 factories, the largest number of factories to have operated on the island. The increased production and export of sugar led to significant developments in the country. Sugar cane was the population's lifeblood. To date, sugar cane remains the gold of Mauritius. More than a pillar of the economy, it is an important piece of its history, culture, heritage, and pride.



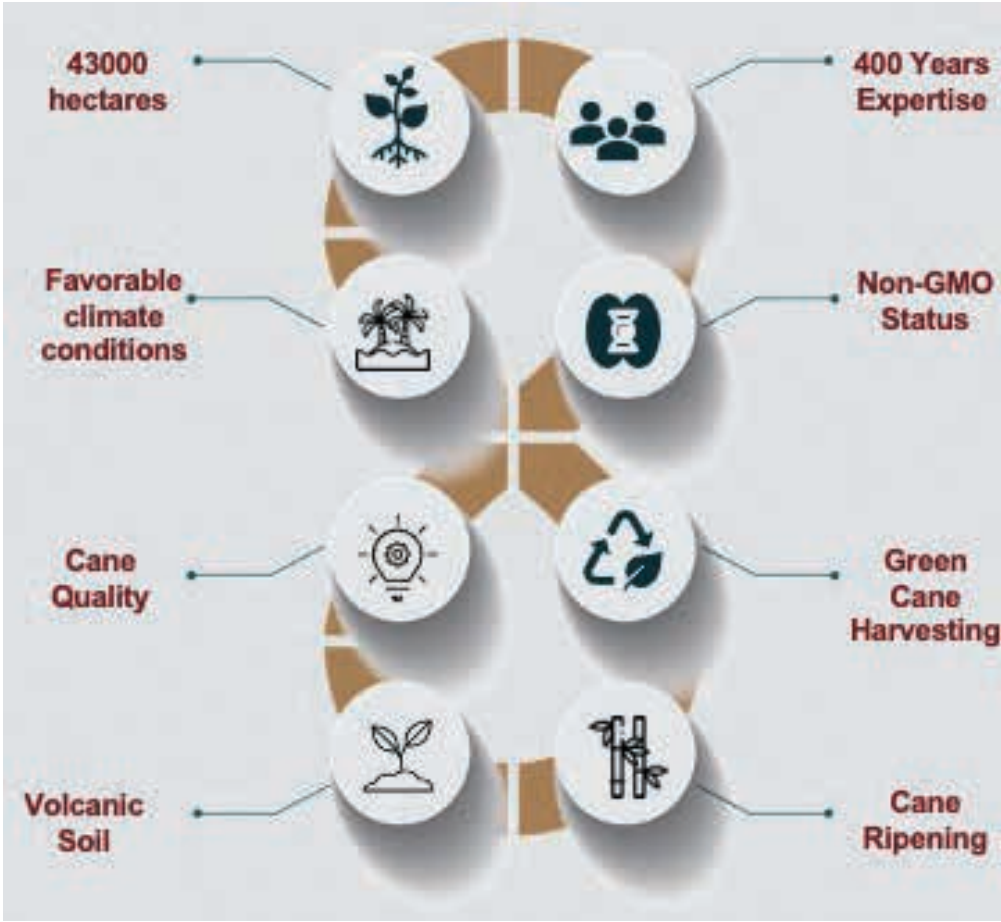


A label to usher in a new era

Mauritius offers an unrivalled range of special unrefined sugars crafted from the finest centuries-old savoir-faire and traditions of a unique, sunshine-blessed, cane terroir. They are made with meticulous precision for diverse household and industrial usage; for sweetening tea or coffee, baking, confectionery, winemaking, haute cuisine.

Mauritius Special Sugars are to be feasted upon with the eyes first, each of them consisting of sumptuous crystals that are perfectly uniform in size and colour. They are also renowned across the globe for the natural intensity of their aroma and taste. Among the prestigious 2-star Great Taste Awards winners are the molasses-rich unrefined soft sugars. Made from sugar cane juice, special sugars are richer in antioxidants and minerals such as potassium, calcium, and magnesium as they retain a higher molasses content.

Mauritius Terroir Savoir-Faire



Authenticity at its finest

**Discover, experience, and taste the very best of Mauritius while indulging in these Special Sugars. They are produced in a raw sugar house in an allergen-free environment, without any preservatives or other additives to enhance the colour and flavour. Their production does not involve the use of ionizing radiation or animal derivatives, hence their suitability for all consumers.**

**Their quality, safety, stability, and legality are derived from:**

- The volcanic nature of our soils;
- The perfect match between sugar cane vegetative & maturation cycle & the Mauritius climate;
- The special boiling and conditioning systems in place at the mills;
- The high level of control over process parameters by vastly experienced Sugar/Chemical Engineers;
- Judicious choice of food contact materials and processing aids;
- Excellent control over the food safety plan by preventive control Qualified Individuals (PCQI);
- The implementation of a food safety management system (BRC) recognized by the Global Food safety initiative;
- Excellent control over the supply chain through the implementation of CTPAT minimum security criteria and guidelines.

Mauritius Sugar: a simplified label bringing the whole range of Mauritius Special Sugars to greater heights.

Mauritius being one of the pioneers in having developed the 100% natural Special Sugars without any additive, a number of competitors have pursued a positioning on these niche market segments, in some cases, with additives such as coloring and flavoring.

It has thus been important to valorize the Mauritius Terroir, the Mauritius Sugar quality and its unique attributes.

The Syndicate has therefore defined the 6 pillars of its products and future development:

1. its Wholesomeness (a product 100% natural produced from cane juice with no additive);
2. its Taste (recognized and appreciated internationally across professionals, food experts and a winner of the UK Great Taste Award);
3. its Traceability (starting from the production process to the export bag codification, allowing a full and complete traceability of the products along both the production and supply chain);
4. its Sustainability Commitment (where everything from the sugar cane is re-used, re-cycled and re-produced leading to an eco-friendly circular economy with the result of achieving a negative carbon footprint);
5. its Healthy Benefits (where the organoleptic properties of some of its sugars show richness in terms of minerals such as potassium, magnesium, calcium, and iron and natural antioxidant properties);
6. its Easy and Convenient Sourcing (where the know-how, commitment, and competencies of its teams would provide to its customers peace of mind, offering a one-stop shop service).

The Syndicate decided to put forward these pillars through a webinar presentation addressed to all its customers and through the launch of a new product segmentation and labelling.

As part of its marketing vision 2.0 to reposition the Mauritius Sugar, the Syndicate has created a new label, underlining the intrinsic values of the Special Sugars and the characteristics making a difference to consumers and on the market in general.

“Mauritius Sugar” is the new label under which the whole range of Special Sugars will be sold and promoted. This simplification of the branding will be the foundation of its commercial and promotional strategy going forward, a new value proposition better adapted to the authenticity and sincerity of its unique products.

This new label is available to all its customers, adding value to their own brands across the retail, food-service and industrial market segments.



“THE SYNDICATE HAS ENGAGED INTO A NEW LABEL, PUTTING FORWARD THE INTRINSIC VALUES OF THE SPECIAL SUGARS”



Mauritius Sugar

The Syndicates’ strategy to differentiate the Origin of the sugar, provides its customers with a guarantee of quality, one they can display on their products, with the label.

With this repositioning, the Syndicate has redeveloped and revamped its communication platform namely through:

- an innovative and fresh website and;
- a dynamic presence on social media platforms, namely LinkedIn, Facebook and Instagram.



Over time (1978 to date), 18 varieties of special sugars have been produced from Non-GMO sugar cane juice and with specific textures, aromas, tastes and mouth-feel.

The first step of the repositioning of the Mauritius Sugar has consisted in bringing clarity to its range of Special Sugars by segmenting these into 3 categories, namely:

- The Natural Classics;
- The Authentic Specials;
- The Wholesome Gems.

This classification across these 3 product families is based on:

- Complexity of production process (cooking duration / Sieving);
- Crystal grain size & color;
- Flavor and aroma;
- Free flowing level depending on the type of usage.

All Special Sugars are suitable for direct consumption and usage as Natural sweetener & natural ingredients offering **CHOICE, QUALITY and CONSISTENCY**.

This new marketing approach to sell and promote the Mauritius Sugar has been positively welcomed by its customers. The content created will also help their sales teams to better understand the unique characteristics and benefits. The Syndicate aims at creating quality content to help its customers add value to their respective brands. In doing so, it is positioning itself as a partner, with an innovative and unique approach, and a reliable and high-quality product.



Our Markets



Sales of the Mauritius Special Sugars have been developed mainly in the Syndicate’s export markets, taking advantage of the preferential trade agreements which Mauritius has signed with the relevant countries of destination.

From the appointment of local distributors / importers, the Syndicate has managed to extend its distribution network through participation in international food exhibitions such as SIAL, Anuga and Gulf Food Fair, and is seeking to further develop its sales into strategic markets.

Solid of its international reputation built through partnerships with long term customers, Europe has remained the main export destination, but the market base has been gradually diversified with the Global Footprint of the Mauritius Special Sugars now covering 120 customers across 55 countries.



## A new product positioning onto the local market

The Syndicate also aims at enabling Mauritian consumers to discover the Mauritius Special Sugars.

The communication tactics towards Mauritian consumers regarding Special Sugars and how they are distinctly superior have been as follows:

- Launch of a yearly *Festival des Sucres Speciaux* in association with Labourdonnais Hotel;
  - All menus made by Chef Nizam Peeroo using Special Sugars across main dishes, sauces and desserts;
  - Events:
    - Master Class addressed to the public to show how to use Special Sugars in cooking / baking;
    - Cocktails nights;
    - Conference “A Table avec Finley Salesse” with guest speakers from the Sugar Cane Sector;
- Road Shows in association with local brands selling Special Sugars – Kanasuk / Sweet Dodo etc.:
  - Display and tasting at shopping malls;
- Ambassadors of Special Sugars;
  - Food influencers / bloggers;
  - Artisan Coffee / Café LUX\* / other targeted restaurants and bars;
- Use of Social Media platform via Facebook and Instagram to communicate on Special Sugars:
  - History;
  - Varieties and benefits;
  - Story Telling about its people and terroir, its naturalness, its taste, its sustainability, its health benefits, its traceability;
  - Quizzes and competitions;
- Increased accessibility of Special Sugars to end-consumers:
  - Review the pricing structure to make retail price points more accessible to the public, with a lower differential compared with white sugar.









# Sustainability and Quality

Building trust with millers and buyers:

Assuring  
**Food Safety**  
at production  
and along supply  
chain

Assuring producers'  
strict adherence to the  
**rigorous**  
production guidelines

Continuous  
assessment of  
**quality**  
during storage



## Quality and Food Safety

A strong reputation for quality can be an important differentiator in competitive markets, with the consistent supply of quality products being key in maintaining customer satisfaction and loyalty. Food safety not only implies the production of food safe products for consumption, but also that same is kept safe as it moves along the supply chain. This represents a significant challenge as the food supply chain must be monitored for accidental contamination and purposeful bioterrorism. Creating and sustaining demand for Mauritius Special Sugars rely on building the trust and confidence of buyers in the integrity of the food system in place.

Sugars exported to the Syndicate's customers can be considered as the summation of quality of the sugar and the packaging materials, including containers used for transport to the final destination. The intent of packaging is to protect the integrity, quality, freshness, and safety of the sugar from production through storage and haulage, till the end buyers, while the use of 'food grade' containers reduces the risk of cross contamination from origin to the port of destination. These two elements contribute to uphold the safety, quality, and stability of products, already assured at the production phase.

Assuring food quality and safety requires the implementation of effective controls on the sugar produced, during both production and storage. Buyers' raw material specifications, guidelines for their production as well as analytical methods to be used for the purpose of quality control are therefore communicated to the producers. The product release certificate issued for each production batch is reviewed by the Syndicate prior to release for delivery and export. More than 1,000 such certificates were thus issued during the period under review. Likewise, shipment of sugar to these buyers required the issue of some 5,000 certificates of analysis which have been included in the set of shipping documents. Through regular monitoring and audits at production sites, the Syndicate ensures producers' strict adherence to the rigorous production guidelines.

Ensuring the quality of sugars supplied to buyers is one of the Syndicate's top priorities. The quality of sugar is therefore continuously assessed during storage, thus enabling the Syndicate to proactively address any potential quality issues and ensure safe storage of the sugar. Furthermore, regular audits conducted at depots guarantee the provision of fit for purpose boxes for the transport of sugar to buyers.

As part of its duties, the Syndicate is also involved in the preparation of insurance survey reports for containers damaged during transport, storage, and container handling in the port area.

Because of travel restrictions due to Covid-19, buyers could not conduct physical inspection of production sites, choosing virtual and desktop audits instead. Following up on these exercises, the Syndicate ensured that all non-conformities identified were effectively addressed. Such period was also characterized by an increased use of questionnaires by buyers. As usual, these were reviewed with representatives of mills, refineries and warehousing facilities and the information contained therein used by buyers to update their records and classify the Syndicate as an approved supplier.

To optimize on the production capacity of local refineries, the Syndicate proceeded with the import of high Polarisation and low colour sugar for refining in Mauritius. As part of its responsibilities, it ensured that appropriate quality control was in place during loading, discharge, and delivery of same to the refinery. All relevant quality documents relating to the imported sugar were made available to the refiner to meet specific clauses of the BRCGS standard.

As part of its duties, the Syndicate's technical team assisted the Marketing and Sales department in the differentiation of sugars and in defending their market position. The Syndicate also diligently performed its standing obligation towards sugar producers by analysing daily sugar samples sent by mills for Polarisation and moisture content. The results of such analysis were averaged and communicated to the Control and Arbitration Department of the Mauritius Cane Industry Authority at the end of the crop. These data were used to determine the tonnage of sugar accruing to millers and planters for payment purposes.



Sustainability and Quality

Fairtrade labelled sugars.

External factors have unfortunately restrained the Syndicate from taking full advantage of sales opportunities in this market segment. These comprised persistent compliance issues and the deferral, because of lockdown due to the COVID 19 pandemic, of some co-operatives' recertification audits. Thus, whereas a total of 16,520 tons labelled sugars supplied by 21 co-operatives was sold for the 2019 harvest, only 17,273 tons were available for export on Fairtrade terms from the 2020 crop. As in prior years, the total production was exported, compared with the global average Fairtrade sugar sales performance of 50%. All the same, whereas national sugar production fell by 18.2% in 2020, Fairtrade sugar availability increased by 4.6%, hence underlining the prime importance of Fairtrade as a sustainability vehicle.

Chronic certification volatility amongst producer groups having hampered the Syndicate from optimally fulfilling its Fairtrade sales potential in recent years, it resolved during the year under review to drive and facilitate the setting-up of a co-operative to group the island's free sugar cane planters with the priority aim of preparing them for Fairtrade certification. The MSS Multi-purpose Co-operative Society Ltd was consequently registered in January 2021 and enlistment of planters was ongoing at time of writing.



Sustainable Sugar Production

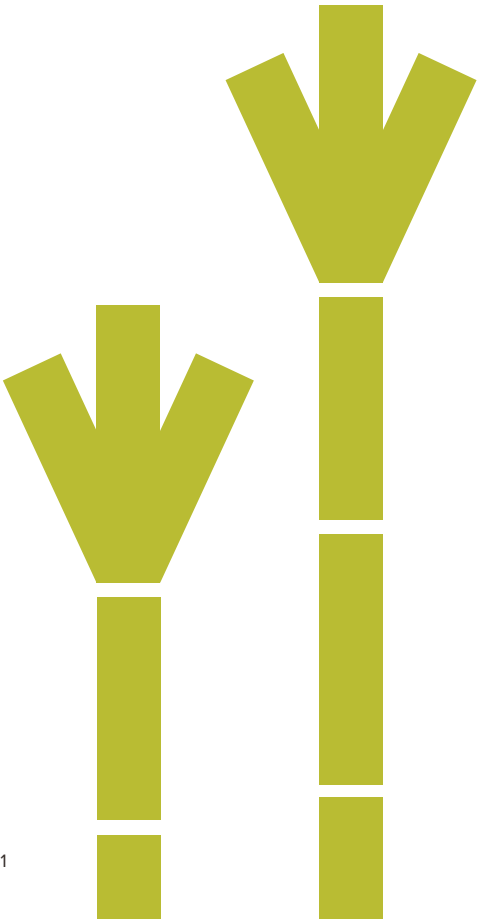
On 21 September 2020, Bonsucro, the leading global sustainability scheme for sugar cane, announced the Syndicate's certification to its Chain of Custody Standard, making it the first marketing organization within Sub-Saharan Africa to be awarded this recognition. This accreditation enables the Syndicate to further reach out to businesses keen on sourcing their sugar requirements in priority from sustainable origins.



For the fifth and final year of the 2016 - 2020 Partnership Agreement with Ctm Altromercato, the Syndicate shipped 4,000 mt of white refined sugar to Ferrero. Carrying an additional incentive of EUR 40 per ton sugar that goes towards financing a Sustainable Development Programme (SDP), this volume is sourced from 25 co-operatives regrouping about 700 small sugar cane planters. Set up to improve the economic, environmental, and social sustainability of these groups, the main axes of this five-year project were to encourage adoption of best agricultural practices, including increased use of bio-fertilisers, and to provide enhanced support services to the concerned planters. The SDP has proven to be an effective bulwark against productivity loss and cane cultivation abandonment. However, the project's renewal has been put on hold provisionally because of the pandemic.

Comparative Performance 2016 – 2020		
Indicator	Island	SDP
Area Harvested	-15%	-9%
Cane harvested	- 31%	-18%
Sugar produced	-30%	-15%
No. of farmers	-24%	-16%

“ THIS ACCREDITATION ENABLES THE SYNDICATE TO REACH OUT TO BUSINESSES KEEN ON SOURCING THEIR SUGARS FROM SUSTAINABLE ORIGINS. ”





Easy &  
Convenient  
Sourcing





# Financial Review

## Highlights

### Revenue

**Rs 7,645 m**

2020\* : Rs. 7,468 m

### Sales Volume

**336,114 MT**

2020\* : 366,821 MT

### Net revenue to producers

**Rs 3,830 m**

2020\* : Rs. 3,793 m

### Ex-Syndicate Price

**Rs 14,062.22**

2020\* : Rs. 11,383.65

### Inventories

**Rs 620 m**

2020\* : Rs. 83 m

### Increase in Ex-Syndicate Price

**+ 24%**

2020\* : +31 %

### Unshipped Sugars

**Rs 1,371 m**

2020\* : Rs. 2,025 m

### Borrowings

**Rs 2,447 m**

2020\* : Rs. 2,331 m

\*2020 refer to year ended 30 June 2020 (i.e., Crop 2019)

## PERFORMANCE

### STATEMENT OF PROFIT & LOSS (Determination of Ex-Syndicate Price)

	CROP 2019 Rs. M	CROP 2020 Rs. M
<b>REVENUE</b>	7,468	7,645
<b>EXPENDITURE</b>		
Consumption of NOS	655	1,200
Sugar Processing & Bagging Fees	1,375	1,140
Costs of Bags, Liners & Steel Bars	161	139
Freight & other export charges	736	510
Other direct operating costs	149	150
Direct Operating Costs	3,075	3,140
Storage Charges	188	246
Levy and Contribution to SIR Fund	39	56
Administrative and Other Charges	102	56
	3,405	3,497
<b>NET REVENUE BEFORE FINANCE COSTS</b>	4,063	4,148
Finance costs	(141)	(113)
Reimbursement of financial support	(129)	(205)
<b>NET REVENUE TO PRODUCERS</b>	3,793	3,830
RAW SUGAR PRODUCTION - POL BASIS - MT	333,176	272,347
EX-SYNDICATE PRICE - Rs. / MT	11,383.65	14,062.22

Despite a lower Crop 2020 outturn (i.e. year ended 30 June 2021) compared with Crop 2019 (i.e. year ended 30 June 2020) by 18%, sales fell by only 8% through utilisation of imported raw sugar feedstock (described as 'NOS') which was mixed with locally produced raw sugar prior to refining. On the other hand, despite this 8% sales decline, revenue increased by 2%, principally due to depreciation of the Rupee which boosted up the unit price of sugar paid to producers.

Excluding the consumption of NOS, direct operating expenses per ton sugar sold fell by 13%. This was thanks to the new Master Agreement negotiated by the Syndicate with the millers which brought down the processing and bagging fees per ton of sugar. Moreover, freight and other export charges also fell with the exoneration of port charges following Finance Act 2020 and due to the fact that a larger portion of sugar was shipped on an FOB basis.

Administrative and other charges declined due to a credit on retirement benefits obligations. Finance costs fell by 20% due to lower interest rates on borrowings and improved treasury management. On the other hand, there has been an accelerated re-imbursement of previous years, financial support to reduce the amount to be withheld from producers in forthcoming years.

All the above elements contributed to an increase of 24% in the ex-Syndicate price for Crop 2020 compared with Crop 2019.

## FINANCIAL POSITION

At 30 June 2021, borrowings amounted to Rs. 2,447 M compared with a corresponding balance of Rs. 2,331 M in the previous year. This was mainly due to a lower financing required for the unshipped sales portion at the same date, which fell from Rs. 2,025 M to Rs. 1,371 M.

However, Inventories at 30 June 2021 increased to Rs. 620 M, from a mere Rs. 86 M at 30 June 2020. This increase is due to the delivery of a NOS consignment in May 2021. This volume of raw sugar would be processed and sold during the forthcoming Crop year.



OUTLOOK

With the COVID 19 pandemic and its long-lasting effect, the Cane sector has been proved to be more resilient than other sectors of the Mauritian Economy. Revenue derived from sugar, have thus been less affected by the related lockdowns. Crop 2020 was marked by a significant 18% drop in raw sugar production and an equivalent volume is expected to be produced from Crop 2021.

With the depreciation of the Rupee, increases in selling prices the of sugars in foreign currencies and the growth in the mix of special sugars, it is expected that revenue derived from sugar should be further enhanced during Crop 2021.

All measures are being taken by the Syndicate to contain and optimise costs, yet certain external factors like the rising cost of freight or cost of imports of certain consumables may increase substantially.

Nevertheless, it is expected that the forecasted ex-Syndicate price for Crop 2021 should continue to increase and in this respect, advances paid to producers as from July 2021 is being based on a price of Rs. 14,750 per ton sugar.

DISBURSEMENTS TO SUGAR PRODUCERS

A snapshot of the various relevant categories of disbursements made to sugar producers for Crop 2021 by the Syndicate (net of SIFB premium) is given in the table below: More details are provided thereafter.

PAYMENTS TO PRODUCERS FOR CROP 2020

Revenue Stream (converted to equivalent per ton of sugar)	PLANTERS			MILLERS
	First 60 mt	Next 60 mt	Miller - Planters	
	Rs. / mt	Rs. / mt	Rs. / mt	Rs. / mt
1 Sugar Proceeds	14,062	14,062	14,062	14,062
2 Bagasse Transfer Price Fund (BTPF)	137	137	62	-
3 Molasses and distillers	1,746	1,746	1,746	-
4 SIFB Premium	-	(591)	(591)	(591)
5 Government Financial Support (applicable to all planters for first 60 mt)	7,902	-	-	-
TOTAL	23,846	15,353	15,278	13,471

Sugar Accruing

For Crop 2020, there was a first conservative estimate of the ex-Syndicate price at Rs. 10,000 per ton sugar in July 2020. This was revised to Rs. 12,000 per ton sugar in September 2020 and subsequently to Rs. 13,000 in March 2021. Advances to producers on sugar accruing were paid to them on this basis.

For growers cultivating under 100 Ha land, a first advance of Rs 8,000 per ton sugar was paid to them by the Syndicate as from July 2020. However, after Government guaranteed the payment of Rs 25,000 per ton sugar for the first 60 tons sugar produced, and it subsequently recommended a total advance of Rs. 20,000 per ton sugar for such category of producers, including its own financial support of Rs. 10,400, the Syndicate raised its first advances to such categories of planters to Rs. 9,600 per ton sugar as from 3rd October 2020, which was equivalent to 80% of the then estimated ex-Syndicate price.

Advances paid to the other producers, through the financial year ended 30 June 2021, were continuously increased as follows:

Period	Increase in Advance	Cumulative Advance	% of final estimated ex-Syndicate price
	Rs. / mt	Rs. / mt	
1 July to September 2020	6,000	6,000	46%
2 October to November 2020	1,200	7,200	55%
3 December 2020 to March 2021	1,500	8,700	70%
4 April 2021	1,000	9,700	75%
5 May 2021	1,800	11,500	90%

The above advances paid to producers during the financial year ended 30 June 2021 necessitated funds amounting to Rs. 3.1 billion. The settlement of the ex-Syndicate price, once finalised at Rs. 14,062.22 per ton sugar, was made on 23 July 2021, requiring a further disbursement of Rs. 698 M by the Syndicate.

Molasses and contribution by Distillers/Bottlers

The responsibility for determination of the final price payable for molasses, which includes the contribution made by Distillers/Bottlers of absolute alcohol retrieved for domestic consumption, rests with the Control and Arbitration Department (CAD) of the MCIA. For the 2020 Crop, the disbursement in this respect was finalised by the CAD on 30 July 2021 at Rs 4,248.48 per ton Molasses or at an equivalent of Rs. 1,745.59 per ton sugar. An advance of Rs. 131 M was paid to eligible producers on 7th May 2021, being roughly Rs. 600 per ton sugar and a final settlement of Rs. 241 M was made by the Syndicate to eligible Producers on 20 August 2021 after receipt of final dues from the different distilleries.

The contribution from Distiller/Bottlers, amounting to Rs 158 M, was collected by the Mauritius Revenue Authority and was remitted to the Syndicate through the Ministry of Agro-Industry and Food Security through the financial year. The remaining balance, with regards to Molasses payment, was invoiced by the Syndicate to the distillers on 3 February, 27 April and finally in July 2021, according to the tonnage of molasses purchased or used by them during the year.

Bagasse Transfer Price Fund (BTPF)

Pursuant to Section 13 of the Sugar Industry Efficiency (SIE) Act 2001, proceeds in respect of the Bagasse Transfer Price Fund for Crop 2020 amounting to Rs. 15 M and Rs. 30 M were received by the Syndicate from Omnicane Thermal Energy Operations Limited and the Central Electricity Board on 27 July and 30 July 2021 respectively. Disbursements of the BTPF were consequently made on 6 August 2021 to the 2 groups of producers mentioned in the SIE Act 2001 as follows:

- a) Rs 61.68 per ton sugar for the first group, i.e. Miller-Planters;
- a) Rs 136.73 per ton sugar for the second group i.e. Other planters.

Government Financial support

Following the promulgation of the Finance Act 2020, all planters have been entitled to a guaranteed price of Rs 25,000 per ton sugar for the first 60 tons accruing to them for Crop 2020. This has been made possible through a Government Financial Support (GFS) topping up payment to the producers over the following components (i) the final ex-Syndicate price for Sugar Accruing (ii) the final price payable for Molasses (including the contribution made by Distillers/Bottlers) (iii) the Bagasse Transfer Price Fund (iii) the CESS component which would have been payable on the first 60 tons sugar, and (iv) the deemed SIFB premium which would have been payable by growers with less than 60 tons sugar accruing.

An amount of Rs. 437.2 M was received by the Syndicate from the MCIA for Crop 2020 under the GFS though total disbursement made by the Syndicate amounted to Rs. 436.5 M during year ended 30 June 2021.

A final settlement of Rs. 12.5 M has been made in September 2021. However, due to the enhanced advance paid initially, on the approval of the MCIA, total payment by the Syndicate to eligible producers exceeded receipt of MCIA funds by Rs. 97.2 M. This excess amount paid will be withheld from these producers from their sugar accruing for Crop 2021. After recoupment of the permissible amount, a settlement of funds back to the MCIA will be made by the Syndicate.

Based on the final computed amount attributable to eligible producers, GFS for Crop 2020 computes to an amount of Rs. 7.901.50 per ton of sugar accruing.

SIFB Premium

The final premium declared and payable to the Sugar Insurance Fund Board for Crop 2020 amounted to Rs 124.6 M and was retained by the Syndicate out of the final settlement of sugar proceeds on 23 July 2021. This represent Rs. 591 per ton sugar. The share between Millers and Planters is as follows.

- a) Millers' share: Rs 31.3 M; and
- a) Planters' share: Rs 93.3 M.

An amount of Rs 24.6 M was subsidised by Government for growers with less than 60 tons sugar accruing and included in the GFS topping up their proceeds to Rs 25,000 per ton sugar.



Financial Review

SIFB Compensation

Given that the Sugar Insurance Fund Board declared Crop 2020 as an event year in 2 factory areas, a substantial amount of General Compensation was declared, amounting to Rs. 427.6 M and settled to eligible producers on 27 July 2021. The Fire Compensation and transport allowance amounted to Rs 9 M and was paid through the Syndicate to the eligible producers on 3 August 2021

Cooperative Credit Societies for Fair-Trade

For Crop 2020, 20 Cooperative Credit Societies (CCSs), producing an estimated 15,485 tons of Fairtrade sugar, were initially certified. During the financial year, 1 of them was unfortunately decertified and 2 were recertified. As at 30 June 2021, the Syndicate was still awaiting a retro certification of some 1,898 tons sugar from these 2 CCSs for sales as fair trade sugar and the remaining 21 CCSs had an estimated production of 16,900 tons of Fairtrade-certified sugars.

For year ended 30 June 2021, an amount of Rs. 35.5 M was invoiced to foreign buyers as Fairtrade premium due on sales of the certified sugars. Out of this amount, Rs. 27.7 M have been distributed to the CCSs as at 30 June 2021 and the balances shall be paid out after the relevant amounts are received from the customers.

Payments on behalf of millers

During financial year ended 30 June 2021, a total amount of Rs. 30.3 M was received from the milling entities of Terra, Alteo and OMOL, representing the refund of extra transport costs and payment of compensation in respect of weighbridge closures accruing to planters. These sums were subsequently remitted by the Syndicate to the relevant planters’ accounts or through their respective cooperative credit societies with which they were registered on 13 May 2021.

CROP FINANCING

Treasury Management and Borrowings

As per its usual practice, the Syndicate made disbursements in the form of advances to producers for Crop 2020 to the tune of some Rs 3.1 billion throughout the year up to 30 June 2021.

The Syndicate utilised its existing Money Market Lines facilities with commercial banks to meet its funding requirements. The tenors of these facilities are for a maximum of 3 months and are renewed, when necessary, at competitive rates. On 30 June 2021, these facilities amounted to Rs 2,357 M, compared with Rs 2,091 M at the end of the previous financial year.

The Syndicate has also financed the purchase of 3 consignments of raw sugar feedstock imported from Brazil, totalling 109,523 tonnes and amounting to some USD 41 M. These imports were also financed through the Syndicate’s Money Market Lines at competitive rates.

The Syndicate had taken a long-term borrowing of Rs 300 M from the Sugar Insurance Fund Board (SIFB) to supplement the ex-Syndicate price of crop 2017. A first instalment of this loan, amounting to Rs 60 M, was repaid in May 2020. The SIFB requested an early refund of 50% of the balance payable of Rs 120M in September 2020 and another instalment of Rs 30M was paid in May 2021. The balance outstanding as of 30 June 2021 was at Rs 90M. In June 2021 the SIFB put forward a new request for the total refund of the outstanding balance and same was effected on 15 July 2021.

The treasury management function, operating under the Finance Department of the Syndicate, has established Cash Flow budgets and rolling forecasts and ensured monitoring to be able to take informed decisions on cash requirements and to secure the most competitive costs of finance. At the same time, the principles for good Working Capital Management were enforced to ensure that the Syndicate operates efficiently through the monitoring of its sugar inventories, trade receivables, and payables to the best effect.

With a view to further bring down borrowing costs, the Syndicate explored other non-traditional avenues. Thus, with the support of Pleion Corporate Finance, a leader in Fund raising transaction, the Syndicate started a process for Credit Rating certification and obtention of licence from the Bank of Mauritius in view of issuing medium term Money Market Instruments. The Care Rating certification was successfully completed in July 2021, and the Syndicate was awarded MAU A1+ Rating which is the top rating in the market for short term instruments.

The Syndicate received its licence as Issuer of Money Market Instruments from the Bank of Mauritius on 18 August 2021. Immediately after obtention of the necessary certifications, the Syndicate launched its first bid for a Rs 1.5 billion issue for a one-year tenor. The interest shown towards this bid by the banking and other financial institutions was enormous. Thus, to take advantage of this interest and to satisfy the market, the Syndicate decided to issue a further Rs 1.2 billion Money Market Instrument for a 6-months tenor. This move will ensure that the cost of funding for the Syndicate will be further reduced.

Finance costs for Crop 2020 has decreased by 25% compared with Crop 2019 as shown by the table below:

	Crop 2020	Crop 2019	Difference between Crops 2020 & 2019	
Borrowing costs	Rs. 61.8 M	Rs. 82.9 M	Rs. 21.1 M	25%

This decrease in the borrowing costs was largely attributable to the continuous monitoring and informed decisions taken as a result of enhanced treasury & working capital management. It should be noted that Bank of Mauritius has maintained the key repo rate at 1.85% since April 2020.

Foreign Exchange Receipts and Hedging Performance

Out of the total annual revenue from sales of sugar which amounted to Rs 7.6 billion, Rs 399 M represented local market sales and the balance of Rs 7.2 billion (95%) represented proceeds from exports.

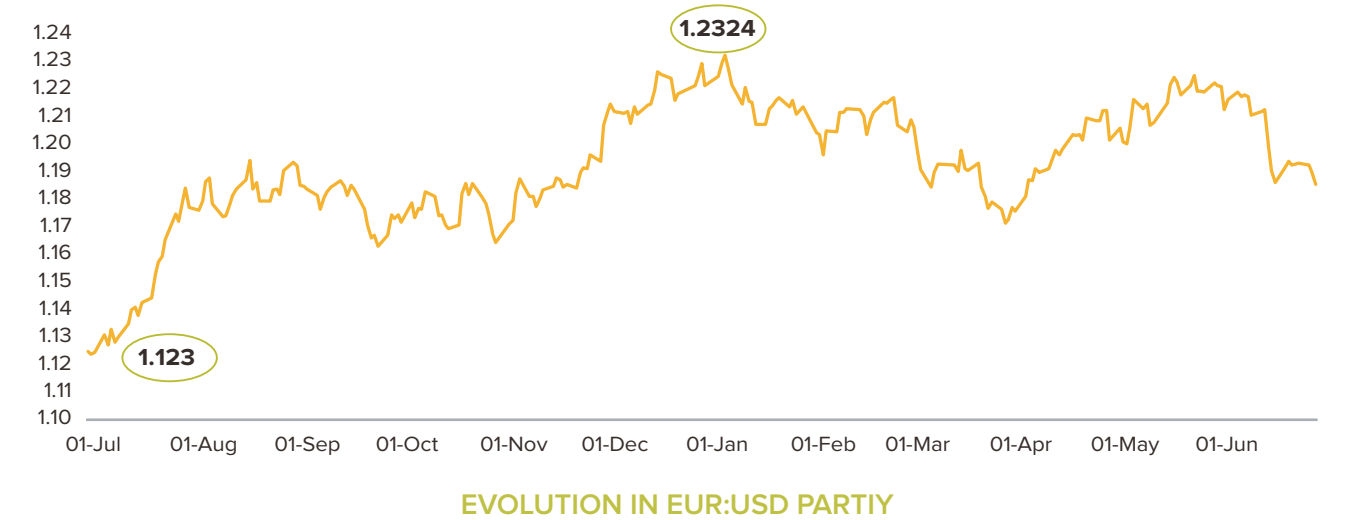
The export proceeds are denominated mainly in EUR and USD, with sales proceeds for Crop 2020 having amounted to EUR 100 M and USD 68 M. Under the aegis of the Forex Committee, the Syndicate pursued its established practice of hedging its foreign currency receipts to mitigate the risks and volatility inherent in the currency market.

The Syndicate started to hedge the proceeds of Crop 2020 as from January 2020 when the EUR/USD pair was trading between 1.1200 and 1.1000, the spot of EUR/MUR at around Rs 39.85 and USD/MUR at around Rs 36.09.

In the international market, the Delta variant following the COVID 19 pandemic continued to impact the economies of the Euro zone and the USA. This impact was reflected in the volatility of the pair which from 1.1200 in July 2020 reached a peak of 1.2300 by January 2021. The pair started a downward trend thereafter to reach 1.1855 by 30 June 2021.

The Euro zone remains under pressure on downbeat economic data and the cautious tone adopted by the European Central Bank whilst US economy growth potential and rumours of rate cut has curbed the weakness of the dollar.

The evolution of the EUR / USD parity during year ended 30 June 2021 is depicted in the following graph:

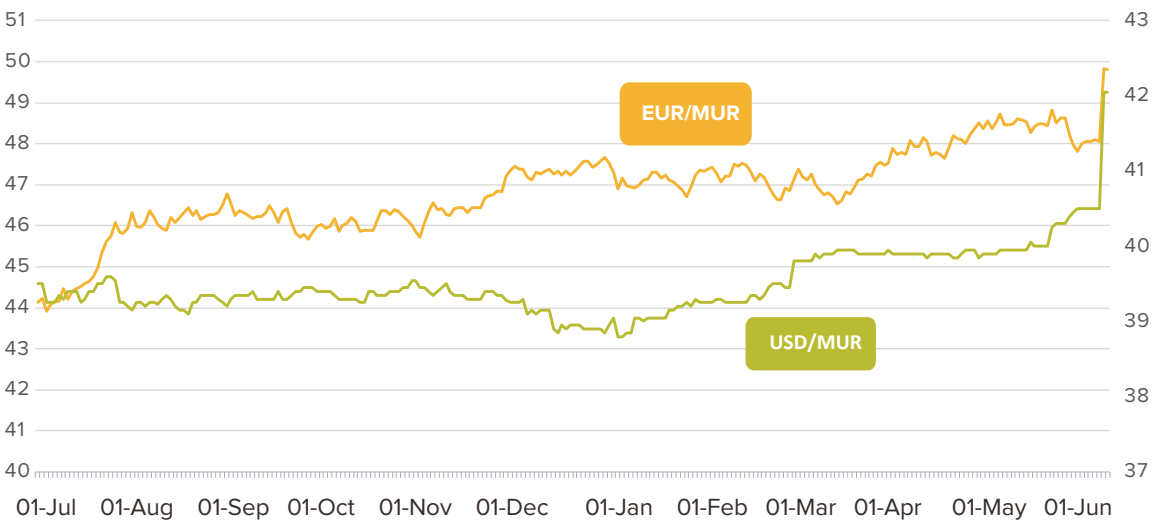


In the domestic market, the depreciation of the MUR vis a vis the EUR and USD had ranged between 10% and 15% during the period March to June 2020. This trend continued from July 2020 till 30 June 2021 with the MUR depreciating further vis a vis the Eur by some 13% and vis a vis the USD by some 6%



Financial Review

The evolution of the MUR compared to the EUR and USD parity during year ended 30 June 2021 is depicted in the following graph:



EVOLUTION EUR/MUR AND USD/MUR

The continued depreciation of the MUR has been beneficial to the Syndicate although the impact was not fully reflected during Crop 2020 as certain volumes of foreign currencies had already been hedged beforehand. The average rate achieved for Crop 2020 was MUR 45.52 to Euro and MUR 39.70 to USD.

Following the volatility of the MUR vis-à-vis the Euro and USD, the Forex Hedging Policy of the Syndicate was revised, presented to the FOREX Committee of the Syndicate and is now being applied. The revised Forex Hedging Policy is more closely linked to the decision-making process within the Syndicate, is in line with the new market environment, sets out what is achievable and also considers risks involved. It uses a more scientific approach to determining the volume, type and timing of foreign currencies to be hedged as well on the recommended hedging instruments.





# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MAURITIUS SUGAR SYNDICATE

## Report on the audit of financial statements

### Opinion

We have audited the financial statements of **The Mauritius Sugar Syndicate** ("the Syndicate") set out on pages 62 to 84, which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, the financial position of the Syndicate as at 30 June 2021, the financial performance and the cash flows for the year then ended have been prepared, in all material respects, in accordance with and comply with the accounting policies of the Syndicate.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Syndicate in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* (the 'IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter - Basis of preparation

We draw your attention to Note 2(a) of the financial statements in respect of the Basis of Preparation which states that the financial statements have been prepared, in all material respects, in accordance with and comply with the accounting policies of the Syndicate. Our opinion is not modified in respect of this matter.

### Other information

The Main Committee is responsible for the other information. The other information comprises The President's Report 2020-2021, 2020 Crop Sales, Supply & Delivery Arrangements, 2020 Crop & Market Prospects, Financial Management, Risk Management and Audit and appendices I and II but does not include the financial statements and our auditor's report thereon.

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

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

### Responsibilities of Main Committee for the financial statements

The Main Committee is responsible for the preparation and fair presentation of the financial statements in accordance with and in compliance with the accounting policies of the Syndicate and they are also responsible for such internal control as the main committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Main Committee is responsible for overseeing the Syndicate's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MAURITIUS SUGAR SYNDICATE

## Auditor's responsibilities for the audit of the financial statements (Cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Syndicate'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 the Main Committee'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 Syndicate's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Syndicate 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Syndicate to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

### Report on the contractual requirements

In accordance with the engagement letter dated 1<sup>st</sup> April 2021, we report as follows:

- we have no relationship with, or interest in, the Syndicate other than in our capacities as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Syndicate as far as appears from our examination of those records.

### Use of this report

This report is made solely to the Syndicate's members, as a body, in accordance with engagement letter dated 1<sup>st</sup> April 2021. Our audit work has been undertaken so that we might state to the Syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Syndicate and the Syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte  
**Chartered Accountants**  
30 September 2021



# MAURITIUS SUGAR SYNDICATE AND ITS SUBSIDIARY STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

THE SYNDICATE		
Notes	2021 Rs'000	2020 Rs'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Equipment	4	41,235
Intangible assets	5	576
Non current receivables	6	-
Investment in subsidiary	7	-
	<b>41,811</b>	249,999
<b>CURRENT ASSETS</b>		
Current receivables	6	145,000
Inventories	8	619,690
Trade and other receivables	9	2,654,315
Cash and cash equivalents	10	279,924
	<b>3,698,929</b>	3,932,550
	<b>3,740,740</b>	4,182,549
<b>TOTAL ASSETS</b>		
<b>RESERVE</b>		
Non distributable reserve	12	-
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Retirement benefit obligations	13	35,907
Borrowings	14	-
	<b>35,907</b>	248,190
<b>CURRENT LIABILITIES</b>		
Derivative financial instruments	11	-
Borrowings	14	2,447,032
Trade and other payables	15	1,257,801
	<b>3,704,833</b>	3,998,954
	<b>3,740,740</b>	4,247,144
<b>TOTAL LIABILITIES</b>		
<b>TOTAL RESERVE AND LIABILITIES</b>		
	<b>3,740,740</b>	4,182,549

These financial statements have been approved by the Committee for issue on 30 September 2021

Devesh Dukhira  
Chief Executive Officer

Balmick Molaye  
Chief Finance Officer

The notes on pages 65 to 84 form an integral part of these financial statements.  
Independent auditor's report on pages 60 to 61.

# MAURITIUS SUGAR SYNDICATE AND ITS SUBSIDIARY STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020 - 2021 Crop			2019 - 2020 Crop		
		Rs'000	Rs per MT	%	Rs'000	Rs per MT	%
REVENUE							
Sales proceeds	16	7,584,118	27,847	99.20	7,422,014	22,277	99.38
Other income	17	61,214	225	0.80	46,075	138	0.62
		7,645,332	28,072	100.00	7,468,089	22,415	100.00
EXPENDITURE							
Direct operating costs	18	(3,139,637)	(11,528)	(41.07)	(3,075,333)	(9,230)	(41.18)
Storage charges	19	(245,770)	(902)	(3.21)	(188,446)	(566)	(2.52)
Administrative and other charges	20	(56,382)	(207)	(0.74)	(102,297)	(307)	(1.37)
Service Providing Institutions and MCIA Levy	21	(55,333)	(203)	(0.72)	(39,069)	(117)	(0.52)
Sugar Insurance Reserve Fund		(362)	(1)	(0.00)	(337)	(1)	(0.00)
TOTAL EXPENDITURE		(3,497,484)	(12,842)	(45.74)	(3,405,482)	(10,221)	(45.59)
Finance cost - net	22	(318,039)	(1,168)	(4.16)	(269,844)	(810)	(3.61)
NET REVENUE DISTRIBUTED TO ALL PRODUCERS AS EX-SYNDICATE PRICE							
		3,829,809	14,062	50.10	3,792,763	11,384	50.80

The notes on pages 65 to 84 form an integral part of these financial statements.  
Independent auditor's report on pages 60 to 61.



# MAURITIUS SUGAR SYNDICATE AND ITS SUBSIDIARY

## STATEMENT OF CASH FLOW

### FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Rs'000	2020 Rs'000
<b>Cash flows from operating activities</b>			
Net revenue distributed to all producers as Ex-Syndicate price		3,829,809	3,792,763
<i>Adjustments for:</i>			
Profit on disposal of equipment	17	(217)	(300)
Loss on disposal of intangible assets	17	148	-
Loss on winding up of subsidiary		459	-
Amount receivable from subsidiary written off	20	98	-
Interest payable	22	266,792	211,438
Interest income	22	(62)	(62)
Depreciation of equipment	4	7,542	4,303
Amortisation of intangible assets	5	1,231	1,209
Retirement benefit obligations	13	(32,283)	14,792
<b>Operating profit before working capital changes</b>		4,073,517	4,024,143
(Increase)/ decrease in inventories		(536,216)	135,167
Decrease/ (increase) in trade and other receivables		1,002,052	(281,344)
(Decrease)/ increase in trade and other payables		(525,152)	973,564
		(59,316)	827,387
<b>Cash generated from operations</b>		4,014,201	4,851,530
Advance payment made to producers/planters		(3,829,809)	(3,792,763)
Interest paid		(266,792)	(211,438)
<b>Net cash (used in)/ generated from operating activities</b>		(82,400)	847,329
<b>Investing activities</b>			
Purchase of equipment	4	(36,904)	(768)
Purchase of intangible assets	5	-	(647)
Proceeds from disposal of equipment		929	300
Interest received		62	62
<b>Net cash used in investing activities</b>		(35,913)	(1,053)
<b>Financing activities</b>			
Loan repaid	10 (iv)	(4,226,438)	(3,969,093)
Loans received	10 (iv)	4,170,909	3,099,585
<b>Net cash used in financing activities</b>		(55,529)	(869,508)
<b>Net decrease in cash and cash equivalents</b>		(173,842)	(23,232)
<b>Movement in cash and cash equivalents</b>			
At July 01, 2020		282,611	255,387
Net decrease in cash and cash equivalents		(173,842)	(23,232)
Effects of foreign exchange	10	171,155	50,456
<b>At June 30, 2021</b>	10	279,924	282,611

The notes on pages 65 to 84 form an integral part of these financial statements.  
Independent auditor's report on pages 60 to 61.

# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 1. GENERAL INFORMATION

In 1951, following the recommendations made by the Mauritius Economic Commission 1947-48, the Mauritius Sugar Syndicate ("the Syndicate"), which had been founded in 1919, was set up for an indefinite period in pursuance of the Mauritius Sugar Syndicate Act of 1951.

The Syndicate is the sole sugar marketing organisation in Mauritius and its objective is the sale of all sugars received by it for the account of its members, all of whom are sugar producers comprising corporate and independent sugarcane growers, as well as millers and the distribution of the proceeds of such sales.

The Syndicate had a wholly owned subsidiary SUCOM which was incorporated in France and its main business activity was the marketing of sugar. The company provided its marketing services to the Mauritius Sugar Syndicate in Europe. The subsidiary has been wound up during the year ended 30 June 2021.

All local sugar producers are members of the Syndicate. The Syndicate's registered office and principal place of business is 7th Floor, Medine Mews Building, La Chaussee, Port Louis.

These financial statements are submitted for consideration and approval at the Annual General Meeting of the members of the Syndicate.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of Preparation

The financial statements have been prepared in all material respects, in accordance with, and comply with the accounting policies of the Syndicate as stated in the financial statements.

The Syndicate presented consolidated financial statements up to 30 June 2020. During the financial year 2021, the subsidiary, SUCOM, has been wound up and therefore the Syndicate is not presenting consolidated financial statements as at 30 June 2021. Consequently, group comparative figures have not been disclosed in these financial statements.

The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000), except when otherwise stated.

The financial statements are prepared under the historical cost convention except that derivative financial instruments are carried at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received on sale of an asset or on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Syndicate takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

##### (b) Investment in Subsidiary

In the financial statements of the Syndicate, investment in the subsidiary company is carried at cost. The carrying amount is reduced to recognise any impairment in the value of the investment.

All expenses incurred by the subsidiary during the period 01 July 2020 to 31 March 2021 were borne by the Syndicate.

##### (c) Equipment

Equipment are stated at cost less accumulated depreciation and impairment loss. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following basis:

	%
Computer equipment	25
Furniture and equipment	10
Motor vehicles	20
Offsite equipment	33.3

The estimated useful lives, residual values and depreciation method, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.



# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (d) Intangible Assets (Cont'd)

Acquired computer software licences with finite useful lives are capitalised on the basis of costs incurred to acquire and bring to use the specific software (carried at cost) less accumulated amortisation and impairment losses.

Amortisation is recognised on a straight-line basis over their useful economic lives which generally range from 3 to 5 years and assessed for impairment whenever there is an indication that the asset may be impaired. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software controlled by the Syndicate and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### (e) Derivative Financial Instruments

The Syndicate uses a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in note 11.

Derivatives are recognised initially at the contracted value on the date the derivative contract is finalised and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the statement of profit or loss as the instrument matures. Pursuant to its Committee meeting of 15 July, 2016, the Syndicate resolved to account for unrealised gains/ (losses) relating to proceeds that the Syndicate expects to receive for the future crop year in a non distributable reserve if the maturity of the instruments falls after the year end.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as current assets or current liabilities. Other derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months.

### (f) Trade and Other Receivables

Trade receivables are amounts due from customers for sugars sold in the ordinary course of business. Also included in trade receivables are the sales of sugars relating to the crop year under review, and may not yet have been shipped to the customers at the end of the reporting period. If collection is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Syndicate will not be able to collect all amounts due.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the profit or loss statement.

### (g) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs for the loan to the extent that is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

At the end of the reporting date, borrowings denominated in foreign currencies are stated at their carrying amount at the time of disbursement. Exchange rates differences arising on the repayment of loan are recognised in the statement of profit or loss at the time of repayment.

# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (h) Cash and Cash Equivalents

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

### (i) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non current liabilities. Included in trade and other payables are direct operating costs accrued at year end with respect to the unshipped portion of sugars that relate to the current crop year.

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

### (j) Inventories

Inventories comprise of bags, steel bars, liners, other consumables and non originating sugar which are stated at the lower of cost and net realisable value using the weighted average cost method. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### (k) Retirement Benefits Obligations

The Syndicate has both defined benefit and defined contribution plans. The Syndicate and all its employees also contribute to the appropriate National Pension Scheme, which are defined contribution schemes.

#### Defined Contribution Plan

A defined contribution plan is a pension plan under which the Syndicate pays fixed contributions to a separate entity. The Syndicate has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to their service in the current and prior year periods. Payments to defined contribution plans are recognised as an expense included in profit or loss within employee benefit expenses when employees have rendered service that entitle them to the contributions.

#### Defined Benefit Plan

A defined benefit plan is a retirement benefit plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans in the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in profit or loss in the period in which they occur.

The Syndicate determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.



# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (k) Retirement Benefits Obligations (Cont'd)

#### Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts redundancy in exchange for these benefits. The Syndicate recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### (l) Foreign Currencies

#### Functional and presentation currency

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

#### Transactions and balances

In preparing the financial statements of the Syndicate, transactions in currencies other than the Mauritian Rupees are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities, with the exception of borrowings (see note 14) that are denominated in foreign currencies are retranslated at the rates prevailing at that date or to a date which is very near to the reporting date and gives a good approximation of the re-translated amount in Rupees. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

### (m) Revenue recognition

Revenue consists of gross sugar export proceeds derived from:

- Shipped' sugar exports
- Unshipped' sugars
- Sales of sugar on local market

Revenue is measured based on the consideration to which the Syndicate expects to be entitled in a contract with a customer. The Syndicate recognises revenue on a crop basis, that is, for 'shipped' sugar exports at the time when the sugar is shipped for export and for 'unshipped' sugars which pertain unsold stock quantities available for sale for the current crop year. Revenue is shown net of returns, rebates and discounts.

#### 'Shipped' Sugar exports

The Syndicate sells white refined sugar and special sugars to the European Union (EU), United States of America (USA), Regional Market (Africa) and the World Market. Revenue is recognised when control of the goods has transferred to the customer, that is, at the time the sugar is loaded on the ship. A receivable is recognised by the Syndicate when the goods have been shipped to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

#### 'Unshipped' sugar

Unshipped' sugar at the reporting date is recognised from customers based on the remaining quantities of firm orders for exports which will be shipped after the reporting date. The amount of revenue is measured at the latest contract price agreed between the customer and the Syndicate or the best estimate by management where contract is not yet secured.

#### Sales of Sugar on local market

The Syndicate sells white refined sugar and special sugars to customers on the local market. Revenue is recognised when control of the goods is transferred to the customer, generally on delivery and acceptance by the customer.

# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (n) Expenses

Expenses are accounted for on the accrual basis and charged to statement of profit or loss. Included in expenses are the direct operating costs accrued at year end with respect to the 'Unshipped' sugars that relate to the current crop year under review.

### (o) Non-Current Receivables

Non current receivables represent amounts advanced to producers through various Government financial support schemes from previous crops. They are re-imbursed by Producers over the next three to five years and are included with the finance costs of the Syndicate.

## 3. Critical accounting judgements and key sources of estimation uncertainty

In applying the Syndicate's accounting policies, which are described in note 2, the Main Committee is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying the Syndicate's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Main Committee has made in the process of applying the Syndicate's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

#### Key sources of estimation uncertainty

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

#### Discount rate used to determine the carrying amount of the Syndicate's defined benefit obligation

The determination of the Syndicate's defined benefit obligation depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to market yields at the end of the reporting period on government bonds yields. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Syndicate's financial statements within the next year. Further information on the carrying amounts of the Syndicate's defined benefit obligation and the sensitivity of those amounts to changes in discount rate are provided in note 13. Any change in these amount will impact the amount for retirement gratuities.

#### Revenue recognition

At the end of the reporting period, the Syndicate recognises the 'Unshipped' sugars that relate to the crop year under review as revenue and the valuation of the 'Unshipped Sales' is described in note 2(m).

#### Depreciation

Equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net of the amount that the Syndicate expect to obtain from disposal of the asset, if the asset was already of the age in condition expected at the end of its useful life.



# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 4. EQUIPMENT

	Offsite Equipment Rs'000	Computer Equipment Rs'000	Furniture and Equipment Rs'000	Motor Vehicles Rs'000	Total Rs'000
<b>COST</b>					
At July 01, 2019	-	4,495	15,010	13,305	32,810
Additions	-	469	299	-	768
Disposal	-	-	-	(1,115)	(1,115)
<b>At June 30, 2020</b>	<b>-</b>	<b>4,964</b>	<b>15,309</b>	<b>12,190</b>	<b>32,463</b>
At July 01, 2020	-	4,964	15,309	12,190	32,463
Additions	35,561	570	773	-	36,904
Disposal	-	(2,018)	-	(3,262)	(5,280)
<b>At June 30, 2021</b>	<b>35,561</b>	<b>3,516</b>	<b>16,082</b>	<b>8,928</b>	<b>64,087</b>
<b>DEPRECIATION</b>					
At July 01, 2019	-	3,467	7,381	5,842	16,690
Charge for the year	-	550	1,314	2,439	4,303
Disposal	-	-	-	(1,115)	(1,115)
<b>At June 30, 2020</b>	<b>-</b>	<b>4,017</b>	<b>8,695</b>	<b>7,166</b>	<b>19,878</b>
At July 01, 2020	-	4,017	8,695	7,166	19,878
Charge for the year	3,679	573	1,304	1,986	7,542
Disposal	-	(1,982)	-	(2,586)	(4,568)
<b>At June 30, 2021</b>	<b>3,679</b>	<b>2,608</b>	<b>9,999</b>	<b>6,566</b>	<b>22,852</b>
<b>NET BOOK VALUE</b>					
<b>At June 30, 2021</b>	<b>31,882</b>	<b>908</b>	<b>6,083</b>	<b>2,362</b>	<b>41,235</b>
At June 30, 2020	-	947	6,614	5,024	12,585

Depreciation expense of Rs 3,863,781 ( 2020: Rs 4,303,000) has been charged to administrative and other charges and depreciation of Rs 3,678,524 ( 2020: Nil) on Offsite equipment has been charged to direct operating costs.

# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 5. INTANGIBLE ASSETS

	Computer software Rs'000
<b>COST</b>	
At July 01, 2019	4,614
Addition	647
<b>At June 30, 2020</b>	<b>5,261</b>
At July 01, 2020	5,261
Disposal	(245)
<b>At June 30, 2021</b>	<b>5,016</b>
<b>AMORTISATION</b>	
At July 01, 2019	2,097
Charge for the year	1,209
<b>At June 30, 2020</b>	<b>3,306</b>
At July 01, 2020	3,306
Charge for the year	1,231
Disposal	(97)
<b>At June 30, 2021</b>	<b>4,440</b>
<b>NET BOOK VALUE</b>	
<b>At June 30, 2021</b>	<b>576</b>
At June 30, 2020	1,955

Amortisation charge of Rs 1,231,591 (2020: Rs 1,209,000) has been charged to administrative and other charges.

#### 6. CURRENT RECEIVABLES

	2021 Rs'000	2020 Rs'000
Support Scheme to producers ( more than 1year)	-	235,000
Support Scheme to producers ( less than 1year)	145,000	115,000
Total receivable	145,000	350,000

A financial support of Rs 850 per Tonne of sugar had been distributed to sugar producers through a loan contracted from the Sugar Insurance Fund Board. The repayment period is 5 years after a moratorium period of 2 years starting from 2017 Crop.

Rate of interest from the Sugar Insurance Fund Board is 4.50% per annum and was subsequently revised to 2.85% and is payable as from the date of the loan. The capital repayment was due as from 2019 crop and a remaining sum of Rs 90M will impact the Ex Syndicate price for crop 2021.

An additional support of Rs.600 per Tonne had been distributed to producers for Crop 2017. An amount of Rs 163,836,377 has been recouped against Crops 2018, 2019 and 2020 and the remaining balance of Rs 55M will be amortized over crop 2021.



# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 7. INVESTMENT IN SUBSIDIARY

			2021 Rs'000	2020 Rs'000		
(a)	At July 01,		459	459		
	Loss on winding up		(459)	-		
	At June 30,		-	459		
(b)	Details of the subsidiary is as follows:					
Name of the Company	Country of Incorporation	Class of shares held	Nominal value of investments	% Holding	Main Business	Financial Period ended
Euro						
<b>2021</b>						
<b>SUCOM</b>	<b>France</b>	<b>Ordinary</b>	-	-	<b>Marketing Agency</b>	<b>30 June</b>
<b>2020</b>						
<b>SUCOM</b>	<b>France</b>	<b>Ordinary</b>	10,000	100	<b>Marketing Agency</b>	<b>30 June</b>
(c)	Investment in subsidiary company is denominated in Euro. During the financial year 2021, the subsidiary, SUCOM, has been wound up. The gain or loss on winding up of the subsidiary has been recognised in the profit or loss.					
	The Syndicate has incurred a brokerage fee of Rs 971,848 in the process of winding up the subsidiary which has been recognised in other direct operating costs in the profit or loss.					

#### 8. INVENTORIES

**At Cost**  
Bags, steel bars and liners  
**At Net Realisable Value (NRV)**  
Non Originating Sugar

2021 Rs'000	2020 Rs'000
61,166	46,274
558,524	37,200
619,690	83,474

# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 9. TRADE AND OTHER RECEIVABLES

##### Trade Receivables

Shipped sugar exports  
Unshipped sugars

Staff loans  
Advances to producers/ planters  
Other receivables

2021 Rs'000	2020 Rs'000
1,256,362	1,351,486
1,370,838	2,025,247
2,627,200	3,376,733
3,062	2,203
473	32,719
23,580	39,810
2,654,315	3,451,465

The average credit period on sales of sugars is between 30 to 60 days. No interest is charged on trade receivables. The Syndicate does not hold any collateral over any past due trade debtors balances. Allowances for doubtful debtors are recognised against trade receivables which are past due on a case to case basis.

Before accepting any new customer, the Syndicate assesses the credit quality of the customer and defines the terms and credit limits accordingly.

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

The main committee is of opinion that the trade receivables are fully recoverable and that no provision is required.

As of June 30, 2021, trade receivables of Rs 63,248,417 (2020: Rs.193,458,341) were past due but not impaired.

61 - 90 days  
91-120 days  
more than 120 days

2021 Rs'000	2020 Rs'000
55,293	79,004
7,260	113,097
695	1,357
63,248	193,458

The carrying amounts of trade and other receivables are denominated in the following currencies:

Mauritian Rupee  
US Dollar  
Euro  
GBP

2021 Rs'000	2020 Rs'000
72,854	155,587
848,558	1,171,473
1,730,934	2,124,405
1,969	-
2,654,315	3,451,465



# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 10. CASH AND CASH EQUIVALENTS

	2021 Rs'000	2020 Rs'000
Bank and cash balances	279,924	282,611

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	2021 Rs'000	2020 Rs'000
<b>Bank and cash balances</b>		
Mauritian Rupee	75,013	192,170
US Dollar	114,563	47,446
Euro	85,694	38,931
GBP	4,654	4,064
	279,924	282,611

(iv) Reconciliation of liabilities arising from financing activities

	At July 1, 2020 Rs'000	Additions Rs'000	Repayments Rs'000	Effects of foreign exchange Rs'000	At June 30, 2021 Rs'000
Long-term borrowings	-	-	-	-	-
Short-term borrowings	2,331,405	4,170,909	(4,226,437)	171,155	2,447,032
Overdraft	1	-	(1)	-	-
	2,331,406	4,170,909	(4,226,438)	171,155	2,447,032

	At July 1, 2019 Rs'000	Additions Rs'000	Repayments Rs'000	Foreign exchange movement Rs'000	At June 30, 2020 Rs'000
Long-term borrowings	240,000	-	(60,000)	-	180,000
Short-term borrowings	2,910,458	3,099,584	(3,909,093)	50,456	2,151,405
Overdraft	-	1	-	-	1
	3,150,458	3,099,585	(3,969,093)	50,456	2,331,406

#### 11. DERIVATIVE FINANCIAL INSTRUMENTS

At 30 June 2021, the Syndicate does not have any derivative financial instruments (2020 : Rs (64,595,000))

#### 12. NON DISTRIBUTABLE RESERVE

	2021 Rs'000	2020 Rs'000
Unrealised loss on normal and leverage forward deals	-	(64,595)
Deficit	-	(64,595)

# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 13. RETIREMENT BENEFIT OBLIGATIONS

(i) The Syndicate operates a defined benefit pension and a contributory pension scheme. The level of benefits provided depends on members' length of service and their salary in their respective final year leading up to retirement.

(i) The assets of the plan are held independently and administered by the Sugar Industry Pension Fund / Feber Associates.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at June 30, 2021 by AON Hewitt. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) The amounts recognised in the statement of financial position are as follows:

Present value of funded obligations  
Fair value of plan assets

Unrecognised actuarial loss  
Liabilities recognised in the statement  
of financial position

The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

At July 1,  
Recognised in the statement of profit or loss  
Contributions paid  
At June 30,

(iii) The movement in the defined benefit obligations over the year is as follows:

At July 1,  
Current service cost  
Past service cost  
Employee Contributions  
Interest costs  
Benefit paid  
Liability experience gain  
(Gain)/Liability loss due to change in financial assumptions  
At June 30,

2021 Rs'000	2020 Rs'000
168,459	190,273
(132,552)	(122,083)
35,907	68,190
-	-
35,907	68,190

2021 Rs'000	2020 Rs'000
68,190	53,398
(27,505)	18,215
(4,778)	(3,423)
35,907	68,190

2021 Rs'000	2020 Rs'000
190,273	178,087
4,239	3,398
(5,902)	(23,343)
524	416
7,316	8,958
(6,999)	(11,039)
(1,150)	(5,538)
(19,842)	39,334
168,459	190,273

# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(iv) The movement in fair value of plan assets of the year is as follows:

	2021 Rs'000	2020 Rs'000
At July 1,	122,083	124,689
Interest income	4,850	7,268
Employer contribution	4,778	3,423
Employee contributions	524	416
Benefit paid	(6,999)	(11,039)
Return on plan assets excluding interest income	7,316	(2,674)
At June 30,	132,552	122,083

(v) Amounts recognised in the statement of profit or loss:

	2021 Rs'000	2020 Rs'000
Current service cost	4,239	3,398
Past service cost	(5,902)	(23,343)
Net interest on net defined benefit liability	2,466	1,690
Actuarial (gain)/ loss	(28,308)	36,470
Employee contribution	(4,778)	(3,423)
Total included in employee benefit expense	(32,283)	14,792

	2021 Rs'000	2020 Rs'000
Actual return on plan assets	12,166	4,594

(vi) The principal actuarial assumptions used for accounting purposes were:

	2021 %	2020 %
Discount rate	4.90	4.00
Future salary increases	3.00	3.00

# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(vii) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	2020 Rs'000	2019 Rs'000
Increase due to 1% decrease in discount rate	22,285	28,321
Decrease due to 1% increase in discount rate	18,544	22,953

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the project unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(ix) The defined benefit pension plan exposes the Syndicate to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk.

(x) The Syndicate expects to pay Rs 3.9M in contributions to its post-employment benefit plans for the year ended June 30, 2022.

(xi) The weighted average duration of the defined benefit obligation is 12 years at the end of the reporting period.

#### 14. BORROWINGS

	2021 Rs'000	2020 Rs'000
<b>Non-Current</b>		
SIFB loan	-	180,000
<b>Current</b>		
SIFB loan	215,142	60,000
Bank loans	2,231,890	2,091,405
Bank overdrafts	-	1
	2,447,032	2,151,406
<b>Total borrowings</b>	2,447,032	2,331,406

(a) The loan from SIFB is repayable in 5 years following a moratorium period of 2 years starting from 2017 Crop and bears interest at 2.85% per annum (2020: 4.5%).



# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 14. BORROWINGS (CONT'D)

- (b) The interest rates on bank loans and other loans are secured and vary from 1.75 % to 2.85 % per annum on Rupees accounts (2020: 2.50% to 4.50%) and 0.90 % to 1.10 % per annum on USD accounts (2020: 1.10% to 3.60%) while interest on loans in Euros were at 0.85% per annum (2020: 0.80% to 0.90%).
- (c) Short term loans & money market lines are secured by the preferential lien over all sugars as conferred by Government Ordinance No.87 of 1951. They are utilised to enable advances to be made to producers pending receipt of export proceeds.
- (d) The carrying amounts of the Syndicate's borrowings are denominated in the following currencies:

	2021 Rs'000	2020 Rs'000
Mauritian Rupee	1,625,142	1,115,000
Euro	564,190	843,231
US Dollar	257,700	373,175
	<b>2,447,032</b>	<b>2,331,406</b>

#### 15. TRADE AND OTHER PAYABLES

	2021 Rs'000	2020 Rs'000
Amount payable to producers	707,926	864,369
Trade payables and accrued expenses	487,930	912,698
Provisions and other payables	61,945	5,886
	<b>1,257,801</b>	<b>1,782,953</b>

- (a) The carrying amounts of trade and other payables approximate their value.
- (b) The Syndicate has policies in place to ensure that all payables are settled within the credit timeframe.

# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 15. TRADE AND OTHER PAYABLES (CONT'D)

- (c) The carrying amounts of trade and other payables are denominated in the following currencies:

	2021 Rs'000	2020 Rs'000
Mauritian Rupee	979,769	1,655,254
US Dollar	40,419	1,982
Euro	237,499	125,606
GBP	36	111
	<b>1,257,723</b>	<b>1,782,953</b>

#### 16. SALES PROCEEDS

	2021 Rs'000	2020 Rs'000
'Shipped' Sugar exports	5,105,855	4,352,797
'Unshipped' Sugar	2,079,427	2,831,380
	<b>7,185,282</b>	<b>7,184,177</b>
Sales of Sugar on local market	398,836	237,837
<b>Total sales proceeds</b>	<b>7,584,118</b>	<b>7,422,014</b>

#### 17. OTHER INCOME

	2021 Rs'000	2020 Rs'000
Insurance claim received and miscellaneous income	61,145	45,775
Profit on disposal of equipment	217	-
Loss on disposal of Intangible assets	(148)	300
	<b>61,214</b>	<b>46,075</b>

#### 18. DIRECT OPERATING COSTS

	2021 Rs'000	2020 Rs'000
Sugar processing fees and packing cost	1,140,196	1,374,986
Freight and export charges	510,468	736,309
Bags and other related charges	108,690	107,346
Liners, steel bars and other related costs for white refined sugar	30,672	53,383
Cost of imports for local market and re-export	1,199,626	654,649
Loss on winding up subsidiary	459	-
Depreciation of Offsite equipment	3,679	-
Other costs	145,847	148,660
	<b>3,139,637</b>	<b>3,075,333</b>

#### THE GROUP AND

# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 18. DIRECT OPERATING COSTS (CONT'D)

##### (a) Cost of imports

Costs of imports for local market and re-export are calculated on a landed basis for 80,750MT (2020: 54,259 MT) of white refined sugar and raw sugar feedstock.

#### 19. STORAGE CHARGES

MCIA (Ex-BSSD & BST)  
CHC and MFD

2021	2020
Rs'000	Rs'000
103,110	80,600
142,660	107,846
245,770	188,446

#### 20. ADMINISTRATIVE AND OTHER CHARGES

Depreciation on equipment  
Amortisation of intangible assets  
Rental of office  
Employee benefit expense  
Overseas representation and mission expenses  
Professional fees including subscriptions  
Committee members fees  
Amount receivable from subsidiary written off  
Others

2021	2020
Rs'000	Rs'000
3,863	4,303
1,231	1,209
3,853	3,278
20,676	68,935
1,885	3,470
10,183	9,465
556	120
98	-
14,037	11,517
56,382	102,297

##### (a) EMPLOYEE BENEFIT EXPENSE

Wages and salaries, including termination benefits  
Social Security costs  
Pension costs - Defined benefit plans

2021	2020
Rs'000	Rs'000
51,205	52,252
1,754	1,891
(32,283)	14,792
20,676	68,935

#### 21. SERVICE PROVIDING INSTITUTIONS AND MCIA Levy

Levy on Local sales

2021	2020
Rs'000	Rs'000
55,333	39,069

This relates to contribution made by the Syndicate for docker's pension fund.

# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 22. FINANCE COST - NET

##### Finance income

Interest income

##### Finance costs

Interest payable on :

- Foreign currency loans  
- Mauritian rupee loans

Reimbursement of Government financial support scheme by producers (Crop 2017)

Net foreign exchange loss

##### Finance cost - Net

#### 23. RELATED PARTY TRANSACTIONS

Key management personnel remuneration

Balances with related parties:-

Amount receivable from subsidiary (SUCOM)

Transactions with related parties:-

Brokerage and marketing fees charge by subsidiary (SUCOM)

#### 24. FINANCIAL INSTRUMENTS

##### Financial Risk Management

The Syndicate's activities expose them to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Syndicate's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on its financial performance. The Syndicate seek to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The Syndicate does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Risk management is carried out under policies approved by the Marketing Committee, Risk Management Committee and the Forex Management Committee. These Committees are independent bodies that monitor risks and policies implemented to mitigate risk exposures.

2021	2020
Rs'000	Rs'000
62	62
13,481	14,055
48,311	68,849
205,000	128,534
51,309	58,468
318,101	269,906
(318,039)	(269,844)

2021	2020
Rs'000	Rs'000
16,336	19,672

2021	2020
Rs'000	Rs'000
-	98
-	29,632



# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 24. FINANCIAL INSTRUMENTS (CONT'D)

##### Financial Risk Management (cont'd)

###### Market risk

###### Currency risk

The Syndicate operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect of the Euro and US Dollar. Foreign exchange risk arises on future commercial transactions, recognised assets and liabilities in a currency that is not the Syndicate's functional currency.

The Forex Management Committee manages foreign exchange risk by monitoring the concentration and timing of trade receivables by type of currencies. To manage its foreign exchange risk arising from future commercial transactions, and recognised assets and liabilities, the Syndicate uses foreign exchange forward contracts and has foreign currency bank accounts which are transacted with commercial banks.

###### Currency profile

The currency profile of the Syndicate's financial assets and liabilities is summarised below:

	FINANCIAL ASSETS		FINANCIAL LIABILITIES	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Mauritian Rupees	282,617	659,455	2,604,419	2,769,698
US Dollar	963,121	1,218,919	298,119	375,158
Euro	1,809,754	2,163,336	801,689	968,836
GBP	6,623	4,064	36	111
	3,062,115	4,045,774	3,704,263	4,113,803

###### Foreign currency sensitivity analysis

The following table details the Syndicate's sensitivity to a 1% increase in Rupees against the relevant foreign currencies. A positive number indicates an increase on net revenue before distribution to producers where Mauritian Rupee strengthen 1% against the relevant foreign currencies. For a 1% weakening there would be an equal and opposite impact on the net revenue before distribution to producers.

# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 24. FINANCIAL INSTRUMENTS (CONT'D)

##### Financial Risk Management (cont'd)

###### Market risk (cont'd)

###### Foreign currency sensitivity analysis (Cont'd)

	FINANCIAL ASSETS		FINANCIAL LIABILITIES	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Impact on net revenue before distribution to producers:				
US Dollar	48,156	60,946	14,906	18,758
Euro	90,488	108,167	40,084	48,442
GBP	331	203	2	6
	138,975	169,316	54,992	67,206

###### Interest rate risk

The Syndicate is exposed to interest rate risk as it borrows funds at both fixed and floating rates. The risk is managed through negotiating the best interest rate available with commercial banks and institutions of the sugar industry.

At June 30, 2021, if interest rate on rupee-denominated borrowings had been 50 basis points higher or lower with all other variables held constant, the net amount distributed to producers would have been Rs 240,655 (2020: Rs 327,579) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Liquidity risk is the risk that the Syndicate will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or other financial asset.

A liquidity risk arises on advances to planters made on a weekly basis. To meet its cash outflow, the Syndicate uses overdraft and loan facilities with banks and institutions in the sugar sector to supplement its regular inflow of sugar proceeds to settle its debts as they become due.

All borrowings, derivatives, bank overdraft and other payables that are due for settlement within 12 months of the date of the statement of financial position, have been classified under current liabilities.

# MAURITIUS SUGAR SYNDICATE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 24. FINANCIAL INSTRUMENTS (CONT'D)

##### Financial Risk Management (cont'd)

##### Liquidity risk (Cont'd)

The Syndicate manages liquidity risk by maintaining the adequate level of cash and overdraft facilities to settle its debts as they become due.

##### Credit risk

Credit risk is the risk of financial loss to the Syndicate if a customer or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from cash and cash equivalents as well as credit exposures to retail customers, including receivables.

Credit risk arises from cash and cash equivalents as well as credit exposure to retail customers, including receivables.

The Syndicate assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Local sales to retail customers are settled by cheques or bank transfers. Similarly proceeds from exports are received through transfers to the Syndicate's bank accounts held with reputable local commercial banks.

For banks and financial institutions, credit risk can be assessed by the historical information about the financial strengths of the financial institutions with which the Syndicate is dealing with. In the opinion of management, there is no associated risk as these are reputable institutions' in the industry.

The credit quality of trade and other receivables that are neither past due nor impaired, can be assessed by reference to external credit ratings if available or historical information about counterparty default rates. For the year under review trade receivables were not impaired.

The carrying amount of trade and other receivables in the financial statements, which is net of impairment losses, represents the Syndicate's maximum exposure to credit risk without taking account the value of any collateral obtained. The Syndicate's main debtors are its overseas buyers on account of sugar sold to them.

#### 25. TAXATION

The Syndicate is a non-profit making organisation and is exempt from taxation.

#### 26. CONTINGENT LIABILITIES

The Syndicate has no contracted bank guarantees at June 30, 2021 and 2020.

#### 27. COVID-19

The global outbreak of the coronavirus ("COVID-19") has caused significant volatility within the economic markets, for which the duration and spread of the outbreak and the resultant economic impact is uncertain and cannot be predicted. The effect of the impact of COVID-19 has not been reflected in these financial statements; However, the impact on the future results of the Syndicate is not likely to be material considering that there has not been any impact on its customer base and demand for sugars.

#### 28 SUBSEQUENT EVENTS

##### (a) Money Market Instruments

On 18 August 2021, the Syndicate received its license as Issuer of Money Market Instruments from the Bank of Mauritius. Consequently, the Syndicate launched its bid for a Rs 1.2 billion bond issue for one-year tenor. The interest shown towards this bid by the banking and other financial sectors was enormous. Thus, to take advantage of the interest shown and to satisfy the market, the Syndicate has decided to issue a further bond of Rs 1.2 billion Money Market Instrument for 6-month tenor. This move will ensure that the cost of funding for the Syndicate will be further reduced.

##### (b) SIFB Compensation

For the crop 2020, the Sugar Insurance Fund Board (SIFB) declared an event year in 2 factory areas. As a result of this event, a substantial amount of Rs 427M was received by the Syndicate from SIFB on 20 July 2021 as full and final settlement of General Compensation. This amount was distributed to eligible producers on 27 July 2021.

# MAURITIUS SUGAR SYNDICATE

## APPENDIX I(A)

### FOR THE YEAR ENDED 30 JUNE 2021

The appendix does not form part of the financial statements

#### CONTRIBUTION AND DEDUCTIONS

	2021 Rs'000	2020 Rs'000
Bagasse Transfer Price Fund	(a) 45,078	58,344
Government financial support	(b) 351,851	609,833
Molasses Remittance and distiller/bottler contribution	(c) 371,775	427,641
Additional financial support assistance from SIFB	-	381,330
Sugar Insurance Fund Board Premium	(d) (124,517)	(116,848)
<b>NET AMOUNT DISTRIBUTED TO PRODUCERS</b>	<b>644,187</b>	<b>1,360,300</b>



# MAURITIUS SUGAR SYNDICATE

## APPENDIX I(B)

### FOR THE YEAR ENDED 30 JUNE 2021

The appendix does not form part of the financial statements

#### (a) BAGASSE TRANSFER PRICE FUND

Bagasse Transfer Price Fund represents the sum received by beneficiaries in respect of bagasse used for the production of electricity by the Central Electricity Board and for other usage. Remittance to sugar producers is effected in accordance with the Sugar Industry Efficiency Act 2001 (Section 13).

	2020-2021 Crop Rs'000	2019-2020 Crop Rs'000
Bagasse Transfer Price Fund	45,078	58,344
Paid out to:		
Planters of the first group	5,409	7,001
Planters of the second group	17,130	22,171
Millers or producers of electricity	22,539	29,172

#### Amount Per Metric Ton of Sugar Accruing

	2020-2021 Crop Rs	2019-2020 Crop Rs
Planters of the first group	61.68	66.34
Planters of the second group	136.73	143.06

#### Amount Per kWh of Firm or Continuous Electricity

	2020-2021 Crop Rs	2019-2020 Crop Rs
Millers or producers of electricity	0.0897	0.087

The Bagasse Transfer Price Fund for 2020 crop was distributed on 14 July 2020, in accordance with the Section 13 of SIE Act 2001.

#### (b) GOVERNMENT FINANCIAL SUPPORT

Financial support payable by Government to Planters during the year ended 30 June 2021 amounted to Rs 351.9M ( 2020: Rs 609.8M).

#### (c) MOLASSES REMITTANCE & DISTILLER/BOTTLER CONTRIBUTION

- (i) The final price of molasses inclusive of Distillers/Bottlers contribution determined by the MCIA amounts to Rs 4,248.48 (2020: Rs 3,717) per tonne of molasse.
- (ii) Contribution received and receivable from Distillers/Bottlers during the Crop year amounted to Rs 158M (2020: Rs 157 M).

#### (d) SUGAR INSURANCE FUND BOARD PREMIUM

The general and fire insurance premium amounted to Rs 125M for Crop 2020 (Crop 2019: Rs 116M) and remitted to the Sugar Insurance Fund Board on their behalf as per Section 24 of the Sugar Insurance Fund Act 1974. A sum of Rs 25M for Crop 2020 ( Crop 2019: Rs 23M) representing general premium for planters producing less than 60 tonnes of sugar was subsidised by the Government.

# MAURITIUS SUGAR SYNDICATE

## APPENDIX II

### FOR THE YEAR ENDED 30 JUNE 2021

The appendix does not form part of the financial statements

	2020-2021 Crop					2019-2020 Crop				
	Plantation White Sugar	Raw non- originating Sugar	White Sugar	Special Sugar	TOTAL	Plantation White Sugar	Raw non- originating Sugar	White Sugar	Special Sugar	TOTAL
	MT	MT	MT	MT	MT	MT	MT	MT	MT	MT
Sales - Export			135,321	91,955	227,276	-	-	133,319	80,463	213,782
Stock of sugar	1,837	48,772	25,014	44,451	120,074	42,057	9,240	21,979	58,094	131,370
Total sugar for Export	1,837	48,772	160,335	136,406	347,350	42,057	9,240	155,298	138,557	345,152
Sales - Local market	-	-	12,915	3,530	16,445	-	-	7,187	2,247	9,434
Total	1,837	48,772	173,250	139,936	363,795	42,057	9,240	162,485	140,804	354,586
Processing & Storage Loss					16,602					18,029
Total Sugar MTTQ					380,397					372,615
Less non-originating sugar for re-export					109,521					42,216
Total production of Sugar MTTQ					270,876					330,399
Adjustment at 98.5 Polarisation by MCIA (Control & Arbitration Department)					272,347					333,176

Ex-Syndicate Price Per  
Metric Ton

	On whole Production
	Rs
2007	18620.15
2008	17,427.30
2009	14,612.03
2010	13,535.72
2011	16,020.16
2012	17,573.32
2013	15,829.86
2014	12,639.50
2015	13,166.37
2016	15,571.50
2017	10,716.64
2018	8,685.60
2019	11,383.65
2020	14,062.22

