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# ANNUAL REPORT

# CONTENT

1

Our Company

2

Corporate  
Governance

3

Our Footprint

4

Highlights of 2020

5

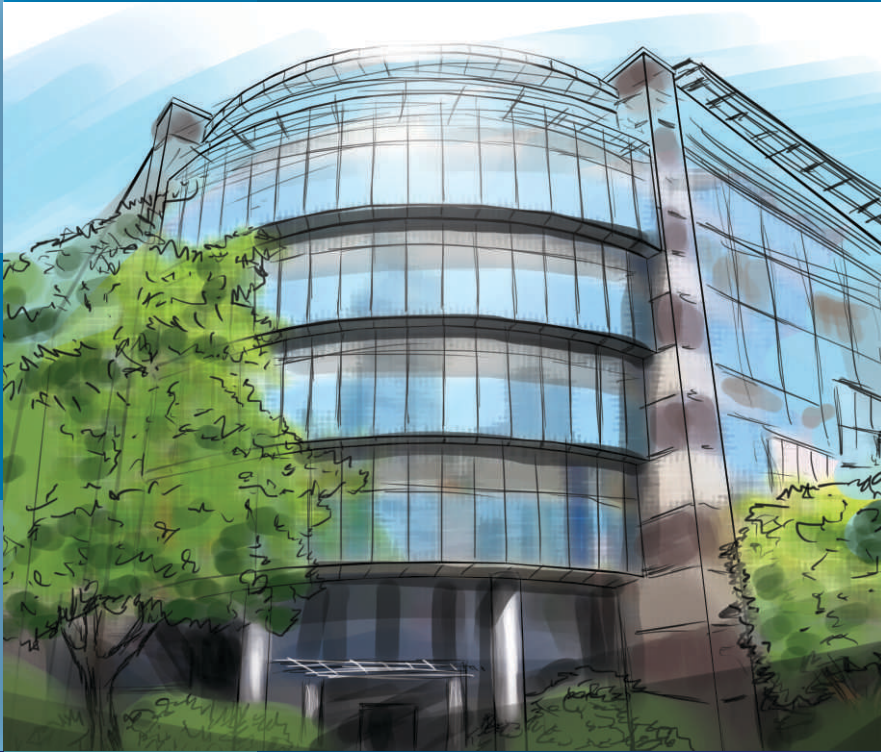
Performance  
Review

6

Our Future

7

Audited Financial  
Statements





**01**

# OUR COMPANY



## Our Strategic Objectives

## About Us

Our history dates back to 1949 , with the introduction of electricity services to government institutions and public buildings. The service had been provided under different names, until incorporation as a State Owned Enterprise and was named State Electric Company Limited(STELCO) in 1997.

We are responsible for the electricity generation, transmission and distribution and retailing of electricity in Male' and Kaafu Atoll , Ari Atoll and Vaavu Atoll.

Today, STELCO is an intergrated utility service provider with power generation facilities, transmission networks, water and sewerage facilities.

We serve over 65,000 customers through 35 independent power plants with the addition of 4 desalination plant. Our company also operates a distilled water bottling facility in Male'.

Service Reliability

Sustainable Future

Financial Security

Customer Oriented Service

Operational Excellence

# Our Customers

Institutional and Governmental



**1,935**

Customers 3%

Commercial



**16,249**

Customers 24%

Residential



**50,312**

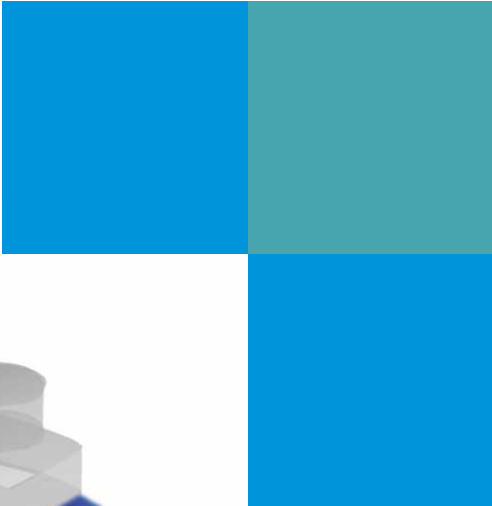
Customers 73%

Total

**68,511**

Customers

Note: Customers are defined by one customer per electrical connection

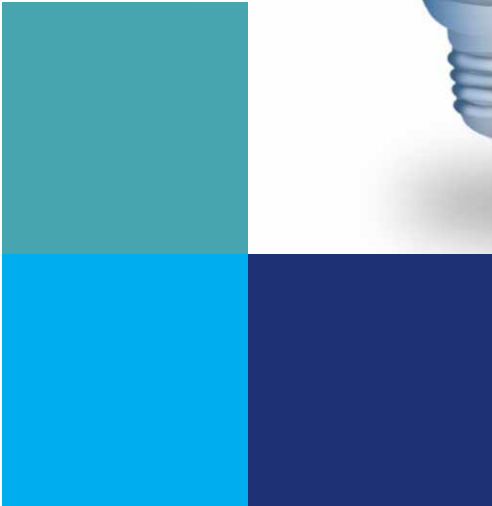
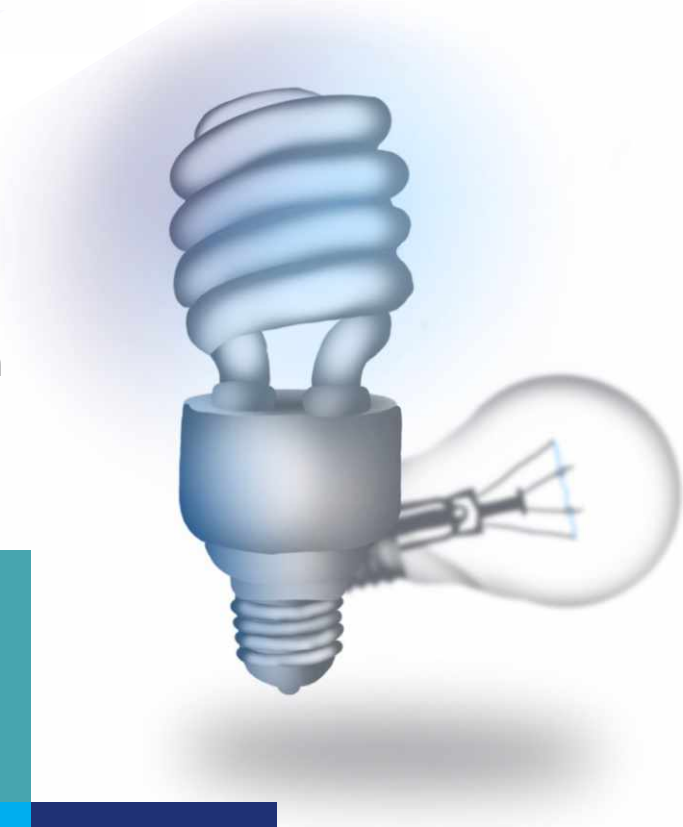


## Our Mission

To provide utility services with efficiency and reliability using renewable and innovative technologies

## Our Vision

Prosperity through excellence in utility services



# Value Aspects

## Excellence

A horizontal progress bar for 'Excellence' consisting of three segments: a dark blue segment on the left (approximately 33%), a medium blue segment in the middle (approximately 33%), and a light blue segment on the right (approximately 33%).

## Customer Focus

A horizontal progress bar for 'Customer Focus' consisting of three segments: a dark blue segment on the left (approximately 33%), a medium blue segment in the middle (approximately 33%), and a light blue segment on the right (approximately 33%).

## Sustainability

A horizontal progress bar for 'Sustainability' consisting of three segments: a dark blue segment on the left (approximately 33%), a medium blue segment in the middle (approximately 33%), and a light blue segment on the right (approximately 33%).

## Integrity

A horizontal progress bar for 'Integrity' consisting of three segments: a dark blue segment on the left (approximately 33%), a medium blue segment in the middle (approximately 33%), and a light blue segment on the right (approximately 33%).

## Teamwork

A horizontal progress bar for 'Teamwork' consisting of three segments: a dark blue segment on the left (approximately 33%), a medium blue segment in the middle (approximately 33%), and a light blue segment on the right (approximately 33%).

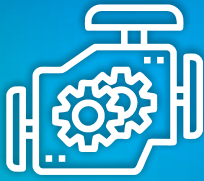
## Safety

A horizontal progress bar for 'Safety' consisting of three segments: a dark blue segment on the left (approximately 33%), a medium blue segment in the middle (approximately 33%), and a light blue segment on the right (approximately 33%).

## We Strive To:

- Making it as easy as possible to contact our technical support team 24 hours a day, 7 days a week.
- Providing clear, complete and accurate information on our products, services and pricing.
- Ensuring that in every aspect of our work, each individual is responsible and accountable for the quality of their work.
- Continuously enhancing and improving the network to ensure that the service we provide continues to meet and exceed the expectation of our customers.
- At all times striving to be honest, friendly and courteous, treating all customers as valued customers.
- Making certain that the level of service we provide meet your reasonable expectations.
- Treat personal information in the strictest confidence.

# KEY MILESTONES



**1949**

**First Powerhouse established at H.Orchidmaage**

installed capacity 14kW



**1953**

**Power Generation Capacity Upgrade**

2 X 38 kW Generator Sets Installed



**1958**

**“Baa Injeenuge” Established**

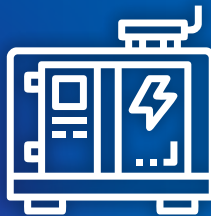
Power generation capacity 2 X 75 kW



**1960**

**Power Generation Capacity Upgrade**

2 X 238 kW Generator Sets installed



**1964**

**First Substation Installed**

Underground cables laid to powerhouses



**1982**

**Institution Renamed**

Renamed to Maldives Electricity Board



**1990-1993**

**New Powerhouse constructed on south east side of Male’**

Power Development Project 3 X 2000 kW installed



**1996-1997**

**Second Power Development Project**

5700 kW and 4000 kW installed



**1997**  
**STELCO**  
**Incorporated**

“State Electric Company  
Limited”  
Established as a company



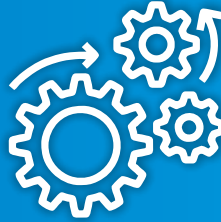
**2000-2002**  
**Third Power**  
**Development Project**

2 X 6500 kW Generator  
Sets installed



**2008-2012**  
**Fourth Power**  
**Development**  
**Project**

2 X 8700 kW Generator  
Sets installed



**2017**  
**Fourth Power**  
**Development**  
**Extension Project**

2 X 8700 kW Generator  
Sets installed



**2016-2019**  
**Fifth Power**  
**Development Project**

6 X 8700 kW Generator  
Sets installed



**2019\_**  
**Greater Male’**  
**Grid Connection**  
**Phase 1**

Male’ - Hulhumale’  
Inter-Connection  
Initiated



**2019**  
**STELCO**  
**Greenlife**  
**Initiative**

An environmental friendly  
approach to STELCO’s  
operations including  
renewable energy



**2020**  
**STELCO**  
**Greenlife**  
**SolarPod**

STELCO introduced an  
innovative floating solar  
system customizable  
and feasible to our  
geographic structure



**MOHAMED  
RASHEED**  
CHAIRMAN

# Chairman's Message

On behalf of the Board of Directors, it is my privilege to present the Annual Report of State Electric Company Limited (STELCO) for the financial year ending 31st December 2020.

The year 2020 was no ordinary year for the company; the surge in Covid-19 cases during early 2020 led the company's operations transitioning to a lockdown phase in the Male' area, and many organizational functions shifting to a work from home basis. The subsequent economic slowdown also affected many of our customer base adversely. I would like to extend my gratitude to the government of Maldives for anticipating the likely resultant financial difficulties to customers due to the Covid-19 crisis, and moving swiftly to offer economic relief by offering discounts on utility bills to alleviate the situation. I would also like to acknowledge the employees of STELCO for the dedication and commitment they demonstrated throughout the unexpectedly challenging year, in working to ensure that the operations of STELCO continued unhindered.

Despite the challenges, the company made significant strides to improve both power generation and utility service infrastructure in regions the company operates in, through consistent upgrades in power production and distribution capacities and investments in water and sewerage operations and storage plant capabilities. Transitioning towards sustainability and renewable energy mediums is also a key area that the company achieved notable growth in, such as introducing Floating Solar pod inventions and services such as commencement of sale of Solar Panel installations to domestic customers. The transition from carbon-based fuel sources to more sustainable energy mediums is a key target of the Maldivian government and a goal that STELCO hopes to assist the government in achieving success.

I sincerely wish that the company persists undeterred in the path towards operational excellence and service reliability. In today's modern environment, the provision of uninterrupted, reliable utility services is seen as a key measure and determinant of a nation's development progress. As a state-owned enterprise fulfilling this essential service is a target that we should consistently strive to achieve excellence in. We thus remain committed to sustained investments in water, sewerage, and power generation infrastructure in order to reliably provide and improve the level of service we offer to our customer base.

I pray that STELCO, its management and staff achieve success in fulfilling the company's founding objectives and attain prosperity in all business endeavors in years to come.



**Mohamed Rasheed**  
Chairman



**HASSAN  
MUGHNEE**  
MANAGING DIRECTOR

# Managing Director's Message

Regardless of the obstacles, we walked through, I look back on 2020 to see and take pride in another successful year in STELCO's phenomenal history. I am delighted to have ended a year with solid financials, exceptional performance and excellent quality of service. Since I was appointed Managing Director in 2018, the consistent progress we have made in our performance has highlighted STELCO's name at a regional level as the "Dream Company to Work For" at the 11th Asia's Employer Brand Awards. My special thanks to the Board of Directors, management and all employees for their un-distracted commitment to the company's interest.

## Vision for the Future

2020 has been a prodigious year for STELCO in terms of maintaining consistency in our electricity. We have given high importance to improve our operations and resources to meet the increasing demand each year. In addition to this, we also laid foot works in sustainability through diversification of operational methods in solar generation projects. Regardless of its challenges, we continued to journey another year of financial success to fund in our future.

## Financial Performance

Financial performance of STELCO for 2020 has shown stability despite the major challenges it brought. The turnover has been maintained with a difference of 0.41% to MVR 1934 million whilst the EBITDA increased by 38% to MVR 589 million. The profits after taxes also rose to MVR 141 million, showing our focus on reducing expenditure and efficient management. However, due to the financial crisis imposed by COVID-19 major projects were delayed. With our financial fulfilment of 2019 the company declared MVR 20 million dividends at the Annual General Meeting in 2020. This is the first time in 15 years STELCO has proclaimed a dividend. Furthermore, the total assets of the company have been stated at a value of MVR 4.7 billion.

## Infrastructure Development

STELCO has made major commitments towards a strong infrastructure throughout our operations across different lines. This includes the continued progression of the Greater Male' Grid Connection project to guarantee reliability and power security, generation capacity upgrades to cope with foreseeable demands in multiple locations including Male' peak handling, Environment Impact Assessment, relocation and construction of 5 island powerhouse to a modern and efficient standard.

## Embracing Technology

Technology became a crucial part of STELCO's operational efficiency due to the brought up circumstances within the previous year. Numerous digitalized methods were introduced to our work procedures in both the administrative and technical fields. This includes the development of our customer application to provide a wider range of services at the fingertips, paperless billing process and meter reading submissions digitally.

In Addition to this, internal operations have been systemized through modern software in areas such as procurement and departmental communications, while Engine Monitoring, Troubleshooting and Security project has been progressed across our operational locations ensuring powerhouse security. Furthermore, an Enterprise Resource Planning project has commenced integrating our functions under an automated system. This ERP project will structure smart methods of work into STELCO's future.

## **STELCO GreenLife Initiative – Fehi Dhiriulhun**

Though works began in 2019, officially launched by H.E.P Ibrahim Mohamed Solih during the '70 Years of Service' event on 3rd March 2020, STELCO GreenLife Initiative is a remarkable milestone for the company.

STELCO's GreenLife Initiative is a company's step towards comprehensive environment-friendly and green practices within the workplace and also to encourage our customers to choose greener options. With this campaign, residential customers have started moving towards renewable energy with the solar panels made available. Moreover with our research and development STELCO also introduced our floating solar pod to the market, being designed and manufactured in-house. As a successor to previous years, the 'Rah Fehi Program'- the Inter-Powerhouse tree planting competition was conducted for the 2nd year in a row, aiming to green our grounds.

The initiative has driven our focus to a greener STELCO – with the majority of the energy usage at STELCO powerhouses being structured to come from renewable sources through newly developed projects. Greenlife Initiative will continue to impact STELCO's operations in future with projects such as the zero single used plastic campaign being planned for 2021.

## **Staff Welfare & Development**

In STELCO we believe that our employees are the pillars that hold our success and key to our progress. Hence STELCO ensures each staff is valued with great importance and allowed to develop. , In 2020, we have conducted several technical and administrative training programs to bring up a skilful and productive workforce. We also committed in funding many ambitious individuals to study through our scholarships. This motivates our capable staff to commit to the company and advance their career. With the challenges faced in 2020, to carry out many staff activities, we aim to come strong in the upcoming year for the better interest of our employees.

## **Empowering Women**

During 2020, we continued on the path of empowering our female employees through conducting the “National Certificate Level 3 in Electrician” course targeted at women. This course will embrace the skills of female employees by providing proper training and resources and create gender equality at the workplace. Furthermore, STELCO continues to provide 2 slots for pilgrimage designated to women under our Hajj & Umra Policy. In Addition to 6 months of maternity leave and 1-month paternity leave in support STELCO's in-house Health Insurance Scheme are framed to address health issues that are associated to women and are not a part of the common insurance policies of Maldives.

## Giving Back to the Community

As a value of ethics, STELCO listens to the needs of the community and act on enriching the communities we operate in. Multiple programs we conduct under our Corporate Social Responsibility (CSR) policy are solely purposed to give back to the community. Like the previous year, we worked on a special program to renovate the Friday Mosque Minaret, focused on preserving our religion, culture and heritage for another generation to look upon. Moreover, we opened our Green Life bus stand as a part of a public service and society's convenience. We also conduct our annual Apprenticeship Program and Corporate Scholarship Scheme, to support our youth and provide them with opportunities to develop. Mostly we have given our best commitment in battling with the Covid-19 pandemic.

## Covid-19: Global Pandemic

As we all know the greatest catastrophe of the century was the pandemic that spread across the globe, even impacting our small nation. Like any other company, this sudden impact caused us many challenges in operating. However, our utility services being a necessity we stepped out to guarantee an uninterrupted service even in the lockdown period. We took cautious and strategic measures while adapting to new operational methods to cope with the situation. I thank the brave workforce of STELCO that steps into the front line at such times.

In addition to its impact on our operations, STELCO is proud to have contributed a large number of our resources, skills and financial assistance towards the cause of protecting the nation from the pandemic. This includes over MVR5.1 million provided for the cause. STELCO is fully prepared and geared to battle and assist in any further circumstances that could arise in future.

## Awards & Recognitions

In 2020, STELCO was recognized at a regional level has received the award of “Dream Company to Work For” at the 11th Asia's Employer Brand Awards. Furthermore, our continuous efforts to promote good governance practices resulted in STELCO winning the CG Efforts Award in the State-Owned Enterprises category. Strategic operations, our work environment and governance procedures are to be embraced in these awards we have received.

## Acknowledgments

Regardless of the year's challenges, 2020's astonishing success is a combined effort of many stakeholders. A special applaud of gratitude must be given to the exceptional work of STELCO's Board of Directors, my management team and dedicated employees. I wholeheartedly acknowledge our employees, with their determined effort and inspirational ethics in serving the nation in this challenging pandemic.

May God bless STELCO in our works and guide us to further success.



**Hassan Mughnee**  
Managing Director





**02**

# CORPORATE GOVERNANCE

# Directors Governance Report

The company strives to strengthen good governance by ensuring that we operate efficiently through greater accountability and transparency, improved Boardroom practices, internal controls and internal risk management.

In this regard, our governance practices are underpinned by the principles of good corporate governance set out for us in the Code of Corporate Governance for State Owned Enterprises by the Privatisation & Corporatisation Board of the Ministry of Finance.

## BOARD OF DIRECTORS

The Board size and structure is governed by the Privatisation & Corporatisation Board under Ministry of Finance. During the year 2020, the Board comprised of the Chairman, two non-executive directors who were appointed by the government and two independent directors. Hence, the Board has an appropriate balance of Executive and Non-Executive directors to ensure that unbiased and diverse advice is brought to the board discussions.



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## Board Members

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1

**DR. ALI AZWAR**

DEPUTY MANAGING DIRECTOR, EXECUTIVE DIRECTOR

2

**MAJOR (RTD) THOLHATH HASSAN**

NON-EXECUTIVE DIRECTOR

3

**MOHAMED RASHEED**

CHAIRMAN

4

**HASSAN MUGHNEE**

MANAGING DIRECTOR, EXECUTIVE DIRECTOR

5

**AHMED LATHEEF**

NON-EXECUTIVE DIRECTOR



## MOHAMED RASHEED

CHAIRMAN

Being one of the first technical foreign-educated engineers in the Maldives, Mohamed Rasheed has played a key role in the development of the countries electricity sector.

He started his career as an apprentice at STELCO and has worked at all levels of the company including leading the company as Chief Executive Officer from 2008 to 2012. He has over 48 years of experience and is one of the most respected engineers in the country. He was appointed as Chairman of STELCO on 12<sup>th</sup> February 2019.

In addition to his contribution to STELCO, he has also worked as a consultant in the design and development of the electrical system in over 30 resorts and several islands. He was instrumental in the development and modernization of current STELCO system which includes First, Second and Third Power Development Projects at Male'.

Mohamed Rasheed holds a Bachelor of Science in power generation and distribution engineering from Energy Technical College of Leningrad, Former Soviet Union (Russia).



**HASSAN MUGHNEE**  
MANAGING DIRECTOR,  
EXECUTIVE DIRECTOR

Hassan Mughnee was appointed as the Managing Director and Executive Director of the Board of State Electric Company Ltd (STELCO) on 4th December 2018.

With over 15 years of experience in State Owned Enterprises, Mr. Mughnee has previously worked in Male Water & Sewerage Company (MWSC) as the Head of Marketing Division and as the Chief Operating Officer at Maldives Transport & Contracting Company (MTCC). He has held senior positions in several government and independent institutions including the position of Director General of Elections Commission of the Maldives in 2013, Director General of Customs Integrity Commission in 2015 and Director General of National Integrity Commission.

Mughnee brings an array of technical and academic knowledge to the company. He holds a Master's Degree in Business Administration from Brandeis International Business School, USA and a Bachelor of Science with Summa Cum Laude in Financial Management & Marketing from Upper Iowa University, USA.



**DR. ALI AZWAR**  
DEPUTY MANAGING DIRECTOR,  
EXECUTIVE DIRECTOR

Dr. Ali Azwar joined STELCO in 1997, and currently is the Deputy Managing Director of STELCO and also Director of the Board. He has held various executive posts in the company including the posts of Chief Operating Officer, Head of Customer Services Department, Head of Business Development Department. He has also worked in Projects Department and Regional Department.

Dr. Azwar holds a Doctorate in Public Policy specialising in Renewable Energy Policy from Victoria University of Wellington, New Zealand, Masters Degree in Public Policy from National University of Singapore and a Bachelors Degree in Business Studies from University of Sheffield, United Kingdom.



**AHMED LATHEEF**  
NON-EXECUTIVE DIRECTOR



**MAJOR (RTD)  
THOLHATH HASSAN**  
NON-EXECUTIVE DIRECTOR

Major (Rtd) Tholhath Hassan was appointed as a Director of the Board on 13 July 2020. He has served over 21 years in Maldives National Defense Force (MNDF). During his tenure at MNDF he was the Officer In-charge of Communications and Marine Electronics Department. He holds a Masters in Engineering with Electrical Specialization from INS Valsura, India.

Ahmed Latheef was appointed as a Director of the Board on 18<sup>th</sup> March 2020. Over the past decade, he has held various managerial positions in different private sector businesses. As a result, he brings a diverse range of skills and knowledge to the Board including a solid understanding of private sector perspective on business issues.



# FORMER MEMBERS OF BOARD OF DIRECTORS

## ABDUL RAHMAN ARIF

NON-EXECUTIVE DIRECTOR (2013-2020)

Abdul Rahman Arif was appointed as a Director of the Board in 2014. He is currently the Chief Engineer at Sun Hotels & Resorts and has over 16 years of experience in the field.

Abdul Rahman Arif has served as a Board Member from 18<sup>th</sup> February 2014 to 13<sup>th</sup> July 2020. We thank him for his invaluable contribution towards the development and improvement of the company during his tenure.

## MOHAMED WASEEM

NON-EXECUTIVE DIRECTOR (2014-2020)

Mohamed Waseem was appointed as a Director of the Board in 2014. Waseem served the Government in various capacities for a period of 15 years.

Waseem served as the Board Member from 18<sup>th</sup> February 2014 to 18<sup>th</sup> March 2020. We thank him for his invaluable contribution towards the development and improvement of the company during his tenure.



## Independence

The majority of the board consists of non-executive and independent members. The Board has determined that the Board members Mr. Abdul Rahman Arif and Mr. Mohamed Waseem, who left the Board during the 2020 and Mr. Ahmed Latheef and Major (Rtd) Tholhath Hassan who were appointed to the Board during 2020 are independent members. This determination takes into account, the relevant provisions of the Code of Corporate Governance for State Owned Enterprises regarding directors' independence such as character, judgment and the absence of relationships or circumstances which could compromise directors' independence. In the light of these factors, the Board is satisfied with the independence of the directors mentioned above.

## Diversity

The Board directors bring a diverse range of skills, knowledge and independence to the Board's work and the work of its committees. The board collectively possess knowledge and experience in the fields of public policy, business, finance and engineering.

These specific skills, expertise and experience of the Board members allow the Board to deliberate on major strategic and operational issues and also the selection of Board members to serve on Board Committees.

## The Chairperson

Mr. Mohamed Rasheed was appointed as the Chairman of the Board on 12<sup>th</sup> February 2020. As mentioned in the Articles of Association and the Code of Corporate Governance for State Owned Enterprises, the roles and responsibilities of the

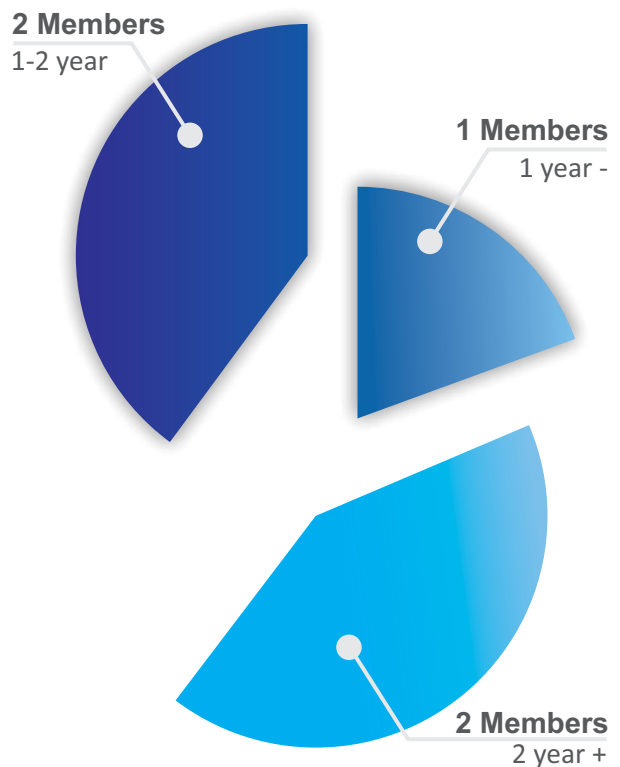
Chairman are separate from that of the Managing Director.

The responsibilities of the Chairman include leading the Board, determining its agenda, facilitating full participation by each Board member and ensuring the board's effectiveness and satisfactory performance.

## Tenure

As of 31st December 2020, all of the board members have been appointed to the board within the past 3 years, whereby former board director Mr.Hassan Mughnee holds the longest duration in the board with over 2 years. Moreover, it is identified that 2 of the board members has been replaced within the year 2020.

## Service period of members



## Composition of Board

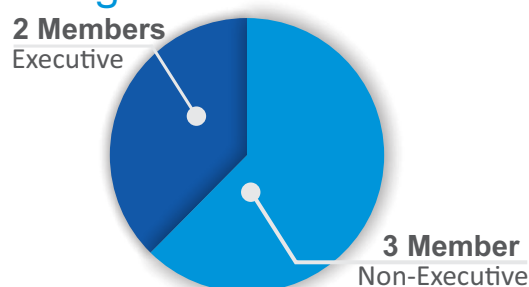
The size and composition of the Board is adequate to ensure effective corporate governance, necessary pluralism, productive and constructive discussions, prompt and rational decisions and effective organization of the work of the Board's committees.

All members of the board are individuals of integrity who can bring a blend of knowledge, expertise, skills, objectivity, experience and commitment to the Board. All Board members are nominated based on the qualifications and have equivalent legal responsibilities. The Board has an appropriate balance of Executive and Non-Executive directors to ensure unbiased and diverse advice is brought to the company and also to ensure that no individual or small groups of individuals can dominate the Board's decision.

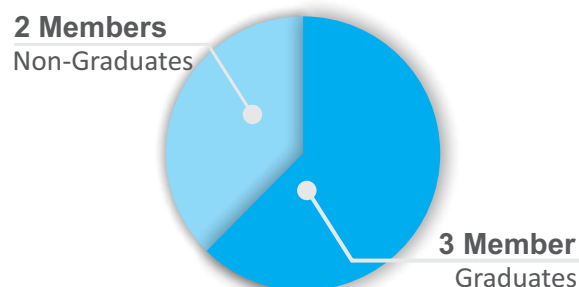
### Composition of the Board of Directors as of 31<sup>st</sup> December 2020

Name	Designation	Executive/Non Executive
Mr.Mohamed Rasheed	Chairman	Non-Executive
Mr. Hassan Mughnee	Managing Director	Executive
Dr. Ali Azwar	Board Director	Executive
Mr. Ahmed Latheef	Board Director	Non-Executive & Independent
Major (Rtd) Tholhath Hassan	Board Director	Non-Executive

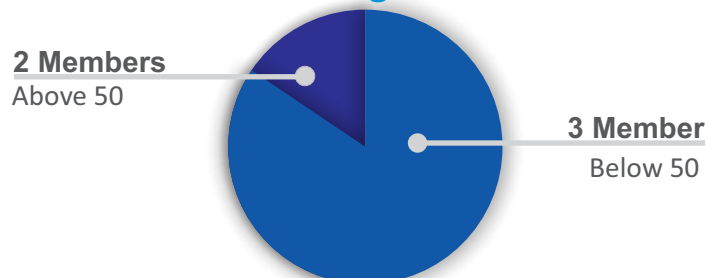
#### Designation



#### Education



#### Age



## Board of Directors Service Duration

Name	Designation	Service Duration		
Mr.Mohamed Rasheed	Chairman	12.02.2019	-	to present
Mr. Hassan Mughnee	Managing Director	04.12.2018	-	to present
Dr. Ali Azwar	Board Director	09.05.2019	-	to present
Mr. Ahmed Latheef	Board Director	18.03.2020	-	to present
Major (Rtd) Tholhath Hassan	Board Director	13.07.2020	-	to present

## Process of Appointing of New Directors

STELCO, being a 100% state-owned company, board members are appointed and removed from STELCO's Board at the discretion of the Privatisation & Corporatisation Board who act on behalf of the government. Therefore, STELCO the appointment and removal of board members are outside the control of the company.

## Non- Executive Members

Non-Executive Board members comprise at least one-half of the Board. These directors are responsible for the stewardship of the company on behalf of the Government, and the public. The two key functions in its stewardship of the company are to lead the company and to oversee the management and operations of the company. Their responsibilities also include performing their duties in good faith and in a manner that they believe in the best interests of the company and the public.

## Induction & Training of Board Directors

### Induction

An induction programme is in place to familiarise new board members regarding the responsibilities expected of them as a Board director, the roles and responsibilities of the Board as a whole, and the operations of the company. New Board members are provided with an 'induction pack' that contains the company's Memorandum and Articles of Association, Code of Corporate Governance for State-Owned Enterprises, most recently published Annual Report and documents containing key information regarding the strategic and operational functions of the company.

### Trainings

Board Members are required to complete the Directors Training conducted by Capital Market Development Authority within 6 months of being appointed to the Board. As such, STELCO's Board of Directors has completed this training within 6 months of being appointed to the board. Some Board Directors have also refreshed this training in light of the Code of Corporate Governance for State Owned Enterprises published by the Privatisation and Corporatisation Board in 2019.

Name	Designation	Director's Training completed / refreshed date
Mr.Mohamed Rasheed	Chairman	30 June 2020
Mr. Hassan Mughnee	Managing Director	30 June 2020
Dr. Ali Azwar	Deputy Managing Director	30 June 2020
Mr. Ahmed Latheef	Non-Executive Director	30 June 2020

## The Board

The Board conducts regular and frequent meetings and has a formal schedule of matters specifically reserved to it for decision. The principal matters reserved to the Board include:

- Approval of annual budgets
- Approval and review of audited financial statements
- Reviewing operational and financial performance
- Approval of major capital expenditure
- Reviewing of the company's internal controls and risk management

The Board has delegated authority to the management for normal course of business operations and decisions within defined limits and thresholds.

## Board Evaluation

According to the Code of Corporate Governance for State Owned Enterprises, an evaluation of the board must be carried out annually. STELCO's board evaluation procedure has been developed and the Board has been evaluated based on its performance in 2020. The findings of the board evaluation will enable the Board to make recommendations and improve its performance.

## Conflict of Interest

In 2020, STELCO had no cases of conflicts of interest. If such a case were to arise, then the Board director would refrain from participating in the discussion and voting of the relevant matter. This applies to both definitive and potential conflicts of interest.

The company secretary maintains a Register of Interests that contain details of shareholding in other businesses by directors and their immediate family, details of director's major assets and current and past employment of directors and their immediate family members. This register is updated regularly and shared with the Privatisation & Corporatisation Board.

## Meetings of the Board of Directors

The Board schedules and follows its annual plan which provides for a number of meetings to be held. However additional meetings are held promptly when the need arises. The agenda of the board meetings are sent to all directors in advance of the meeting, together with the Board Papers and supporting documents for each agenda item.

The Board meetings are held pursuant to the Articles of Association of the company and the Code of Corporate Governance for State Owned Enterprises. The directors are highly encouraged attend to Board meetings in person but if this is not possible, then the director can participate via video conference.

### Attendance of Directors at Board Meetings (2020)

Name	Designation	Attendance
Mr.Mohamed Rasheed	Chairman	23/23
Mr. Hassan Mughnee	Managing Director	23/23
Dr. Ali Azwar	Board Director	23/23

### Attendance of newly appointed Directors at Board Meetings (2020)

Name	Designation	Attendance
Mr. Mohamed Latheef	Board Director	18/18
Major (Rtd) Tholhath Hassan	Board Director	15/15

## Major Decisions of the Board

- Senior Management, Unit Heads, Powerhouse In-charges and Technical In-charges of the powerhouses were approved as senior positions of the company as per the Employment Act 2/2008, clause 34.(a).(5).
- Approved to implement the Corporate Social Responsibility (CSR) Policy of the company.
- Approved to extend the Greater Male' grid Connection Phase 1 Project for further 5 months from March 2021.
- Approved to sponsor the salary of Care Society's Care Development Teacher for a period of one year, under STELCO's CSR.
- Approved STELCO's corporate membership in Maldives Hajj Corporation Limited.
- Changes were brought to Company's salary structure temporarily, as a cost cutting measure due to COVID-19
- Introduced STELCO Staff Health Benefit Scheme.
- Approved to upgrade the bus stop near STELCO premises at Boduthakurufaanu Magu, under STELCO's CSR.
- Approved the policy 'Minimum Requirement of Chief Financial Officer (CFO) for SOEs and assigned the responsibilities of the CFO to the Head of Finance and Accounts Department.
- Assigned the responsibilities of Chief Internal Auditor to the head of Internal Audit.
- Authorised Managing Director and Head of Corporate and Legal Affairs Department to sign the land rent agreements between STELCO and Housing Development Corporation.
- Authorised Managing Director and Head of Corporate and Legal Affairs Department to sign the land rent agreements between STELCO and Greater Male' Industrial Zone Limited.
- Approved the responsibilities of the Managing Director and Deputy Managing Directors of the company.
- Declared MVR 20 (Twenty) Million as Dividend for the year 2019.
- Approved the Board Evaluation Policy.
- Implemented the policy obligating staff to resign from the company's position, in order to apply for Local Council election, Presidential election and other elections.
- Approved to provide services under CSR to support national efforts to manage COVID-19.
- Approved to provide a reduction to customers that settle STELCO bills in USD.
- Approved the Internal Audit Charter of the Company.
- Approved to waive off fine charges for customers that enter into agreement with STELCO to pay their STELCO electricity bills in instalments until 31<sup>st</sup> October 2020 under the COVID-19 relief measures provided to customers.
- Authorised Managing Director to sign the Power Purchasing Agreement and the Escrow Agreement of ASPIRE Project Phase 2.
- Approved to sign the Tripartite Novation Agreement of "the design and built basis: Sewage Collection Network, Sewage Pump station, Sewage Treatment Plant, Sea Outfall and Allied Works in ADh. Fenfushi".

- Approved to extend the Greater Male Grid Connection Phase 1 Project for further 111 days from November 2020.
- Approved to implement the Retirement Benefit Scheme.
- Approved the budget for the year 2021.
- Endorsed the policy to hire independent workers to the company.
- Approved to register in the Dhirithi Portal of the Maldives Food and Drug Authority.

## Company Secretary

Ms. Aishath Muzna was appointed as the Company Secretary of STELCO on 21<sup>st</sup> August 2017. The Company Secretary holds a Bachelor's Degree in Accounting & Finance and has completed the Company Secretaries Training Program conducted by Capital Market Development Authority on 13<sup>th</sup> February 2020. Hence, STELCO has a qualified and competent company secretary to assist the Board. During 2019, the Company Secretary has carried out the responsibilities set out in the Code of Corporate Governance for State Owned Enterprises which include:

- Facilitating the efficient administration of Board meetings
- Assisting and advising the Board on the company's compliance with the corporate governance
- Serving as liaison between the directors and management
- Providing the Board as a whole and directors individually with detailed

guidance as to how their responsibilities should be properly discharged in the best interests of the company.

- Ensuring timely, accessible and accurate filing of corporate statutory records as required by the law, PCB and the company's Articles of Association such as Board meeting minutes and attendance.

The Board is satisfied with the level of competency and professionalism displayed by the Company Secretary.

## Remuneration of Board Members & Senior Management

The Board members' remuneration package is determined by the Ministry of Finance's Policy on "*Categorization of State Owned Enterprises and Remuneration of Board Members*" which defines the basic salary and allowances to be provided to the Chairperson, Executive and Non-Executive Directors. STELCO does not provide Board Members any additional allowances outside of this policy.

The Board has decided that the remuneration of the senior management will be disclosed to the Ministry of Finance as they are the shareholder representative from the government.

## Internal Control

The Board has overall responsibility for the company's system of internal control and for monitoring its effectiveness. The Board is satisfied with the system of internal control established

within the company and understand that it can provide reasonable but not complete assurance against financial loss.

STELCO has established the following in order to strengthen its system of internal controls:

- Established an organisational structure with clear operating and reporting procedures, segregation of duties, lines of responsibility and authorisation limits.
- Annual budget requires approval of the Board.
- A comprehensive system of financial reporting is established.
- Large capital expenditure requires approval of the Board, and are closely monitored on an ongoing basis.
- All procurement activities require a 3 step approval process. Furthermore, Board approval is required for all procurement activities that are above MVR. 50,000 including foreign procurement.
- Whistleblowing mechanism is in place to report fraud or ethical concerns confidentially and anonymously.

## Good Governance, Policies, Procedures & Guidelines

STELCO is currently developing policies, procedures and guidelines to promote good governance. As such, the Code of Ethics and Board Evaluation Procedure is currently in approval stage.

Furthermore, the company has established a Conflict of Interests Policy, Procurement Policy, CSR Policy and Whistleblowing Policy over the recent years.

These policies are implemented to ensure that the company has an effective 'checks and balance' system in place. In addition to this, these policies clearly set out the roles and responsibilities entrusted to staff and prevent both intentional and unintentional misconduct.

## Management Review & Responsibility

The Board has delegated the leadership and control of the company to the Managing Director and his Senior Management team for normal course of business operations and decisions within pre-defined authorisation limits and boundaries.

The Managing Director appoints staff to Senior Management based on qualification, experience and capability. Senior Management members are assigned roles and responsibilities and their performance is evaluated annually.

## Internal Audit

STELCO Internal Audit activities are undertaken by the company's Internal Audit. Internal Audit is an independent objective assurance and consulting function which adds value and improve company's operations.

The function helps the company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, audit control and governance process

Head of Internal Audit reports functionally to the Audit Committee and administratively to Managing Director.



## External Audit

External Auditor's 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 auditors' report that includes their opinion and recommendation.

They Review financial statements to ensure that they are a 'true and fair' account of past financial performance and current financial position.

Through professional judgment and maintaining scepticism, the external auditor's review company's internal controls, understand the appropriateness of accounting policies and evaluate overall presentation and content of financial statements.

The external audit of the company is conducted by an independent party appointed by the Auditor General Office. During the year 2019, the Auditor General Office appointed KPMG as our external auditor.

A handwritten signature in blue ink, appearing to read 'Mohamed Rasheed', is positioned above a blue horizontal line. The signature is stylized and cursive.

**Mohamed Rasheed**  
Chairman



## REMUNERATION COMMITTEE REPORT

The function of the Remuneration Committee is to develop policies on employee remuneration and welfare, determining the adequacy of the company's organizational structure, remuneration packages of individual Directors and general employees of the Company.

### Members of the Committee as of 31<sup>st</sup> December 2020

Name	Designation	Appointed Date
Ahmed Latheef	Committee Chairman	26.05.2020
Major (Rtd) Tholhath Hassan	Member	14.07.2020

### Members resigned from the Committee in 2020

Name	Designation	Service Duration	
Abdul Rahman Arif	Member	03.05.2016	13.07.2020

### Attendance to Committee Meetings

Name	Designation	Attendance
Ahmed Latheef	Committee Chairman	1/1
Major (Rtd) Tholhath Hassan	Member	1/1

## Roles and Responsibilities:

- Review the suitability and importance of the existing remuneration policy.
- Ensure the payments made to employees upon termination from employment as agreed in the employment contract, are fair to the employee terminated, and the Company.
- Oversee any major changes in employee benefit structures throughout the Company and make recommendations to the Board with regard to any changes.
- Identify and submit to the Board for the approval, candidates to fill Board vacancies as and when they arise.

## Major Highlights of the Committee

- Reviewed the Board evaluation procedure and policy.

## Conclusion

The Remuneration Committee is satisfied with the activities carried out in 2020.

On behalf of the Remuneration Committee:

A handwritten signature in blue ink, appearing to read 'Ahmed Latheef', written over a horizontal line.

**Ahmed Latheef**  
Chairman, Remuneration Committee



## AUDIT COMMITTEE REPORT

The Audit Committee plays an important role in providing independent oversight of the company's risk management, internal control practices and governance. All members of the Audit Committee are Independent, Non-Executive Directors who possess the capacity to undertake the responsibilities of the Committee.

The Committee is responsible for monitoring and advising the Board on matters relating to financial reporting, risk management, information dissemination, and internal control practices. The committee also assists in the management of key risks as well as the frameworks, guidelines, policies and processes for identifying, monitoring and mitigating risks of the Company.

### Composition & Membership

The STELCO Audit Committee comprises of 02 Non- Executive directors. Followed by the changes that were brought to the Board of Directors on 26th May 2020, the members of the Audit Committee were changed as follows:

#### Members of the Committee as of 31<sup>st</sup> December 2020

Name	Designation	Appointed Date
Major (Rtd) Tholhath Hassan	Committee Chairman	14.07.2020
Ahmed Latheef	Member	26.05.2020

#### Members resigned from the Committee in 2020

Name	Designation	Service Period	
Mohamed Waseem	Committee Chairman	03.05.2016	18.03.2020
Abdul Rahman Arif	Member	03.05.2016	13.07.2020

#### Attendance of Committee Meetings

Name	Designation	Attendance
Major (Rtd) Tholhath Hassan	Committee Chairman	<b>3/3</b>

Ahmed Latheef	Member	<b>3/3</b>
Mohamed Waseem	Committee Chairman (Former)	<b>2/2</b>
Abdul Rahman Arif	Member (Former)	<b>2/2</b>

## Roles and Responsibilities:

The Audit Committee identifies and makes recommendations and report to the Board with respect to the following tasks and responsibilities;

- Reviewing and monitoring the effectiveness of the Company's internal controls to ensure that adequate measures are taken to safeguard the Company's assets;
- Approving the Internal Audit Plan and reviewing regular reports on the effectiveness of the internal control systems;
- Ensuring compliance to statutory requirements and ethical standards;
- Review reports on selected risk topics as the Committee deems appropriate from time to time.
- Receive and discuss the external auditor –Auditor General's report including any issues and recommendations raised by the external auditor on internal control weaknesses.
- Oversee the internal audit function.
- Review the reliability and accuracy of the financial information provided by the management to the Board and other users of financial information.
- Oversee and review policies and procedures for identifying, monitoring and mitigating risks.

## Major Activities of 2020:

- Endorsement of Internal Audit Charter
- Discussion and approval of Internal Audit Annual Plan
- Approval of Internal Audit Budget
- Discussion of Internal Audit Reports and recommendations given to management on actions to be taken
- Presentation of Special Audit Reports
- Presentation and discussion of External Audit Report

The Internal Audit Function carried out multiple engagements during the year in line with the approved Internal Audit Plan for 2020.

The findings of the audits were presented to the Audit Committee, along with the Management comments and Action Plan.

## Conclusion

In reliance to the activities referred above, the Audit Committee is satisfied with the Internal Audit Function and the activities carried out during the year.

On behalf of the Audit Committee:

**Major (Rtd) Tholhath Hassan**  
Chairman, Audit Committee

# EXECUTIVE



## Executive Team

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### **HASSAN MUGHNEE**

MANAGING DIRECTOR

### **MOHAMED SALEEM**

HEAD OF PROCUREMENT

### **DR. ALI AZWAR**

DEPUTY MANAGING DIRECTOR

### **ABDULLA NAZIR**

HEAD OF CORPORATE & LEGAL AFFAIRS  
/ STELCO BUREAU/ HUMAN RESOURCES &  
TRAINING (TEMPORARY)

### **MOHAMED LATHEEF**

DEPUTY MANAGING DIRECTOR

### **AHMED SHAFEEU**

HEAD OF WATER & SEWERAGE

### **HASSAN HUSSAIN**

HEAD OF TRANSPORT & LOGISTICS

### **MOHAMED SHAMIL ABDUL SATTAR**

AUDIT DIRECTOR

### **IBRAHIM NIZAM**

HEAD OF TRANSMISSION & DISTRIBUTION

# UTIVIVES



## **AISHATH MUZNA**

HEAD OF BUSINESS DEVELOPMENT  
/ COMPANY SECRETARY

## **AHMED IQBAL**

HEAD OF ISLAND POWERHOUSES

## **AHMED SAIF**

HEAD OF ENGINEERING SERVICE CENTER

## **HUSSAIN FAHMY**

HEAD OF CUSTOMER SERVICES & BILLING

## **IBRAHIM NASHID**

HEAD OF INFORMATION TECHNOLOGY  
& SOFTWARE ENGINEERING

## **ABDUL MALIK THOUFEEG**

HEAD OF PROJECTS, PLANNING  
AND IMPLEMENTATION

## **ENAS AHMED**

HEAD OF FINANCE & ACCOUNTS  
/ ACTING CHIEF FINANCIAL OFFICER

## **ABDUL GAFOOR**

CHIEF MECHANICAL ENGINEER (MALE')

## **AHMED SHARNEEZ**

CHIEF MECHANICAL ENGINEER (HULHUMALE')



## HASSAN MUGHNEE

MANAGING DIRECTOR

Hassan Mughnee was appointed as the Managing Director and Executive Director of the Board of State Electric Company Ltd (STELCO) on 4th December 2018.

With over 15 years of experience in State-Owned Enterprises, Mr. Mughnee has previously worked in Male Water & Sewerage Company (MWSC) as the Head of Marketing Division and as the Chief Operating Officer at Maldives Transport & Contracting Company (MTCC). He has held senior positions in several government and independent institutions including the position of Director General of Elections Commission of the Maldives in 2013, Director General of Customs Integrity Commission in 2015 and Director General of National Integrity Commission.

Mughnee brings an array of technical and academic knowledge to the company. He holds a Master's Degree in Business Administration from Brandeis International Business School, USA and a Bachelor of Science with Summa Cum Laude in Financial Management & Marketing from Upper Iowa University, USA.



**DR. ALI AZWAR**  
DEPUTY MANAGING DIRECTOR

Dr. Ali Azwar joined STELCO in 1997, and currently is the Deputy Managing Director of STELCO and also Executive Director of the Board. He has held various executive posts in the company including the posts of Chief Operating Officer, Head of Customer Services Department, Head of Business Development Department. He has also worked in Projects Department and Regional Department. Dr. Azwar holds a Doctorate in Public Policy specializing in Renewable Energy Policy from Victoria University of Wellington, New Zealand, Masters Degree in Public Policy from National University of Singapore and a Bachelor's Degree in Business Studies from University of Sheffield, United Kingdom.



**MOHAMED LATHEEF**  
DEPUTY MANAGING DIRECTOR

Mohamed Latheef joined STELCO in 1989 and currently holds the position of Deputy Managing Director of the Company. He has held various executive posts including the posts of Head of Projects, Planning & Information Technology, Strategy & Development and Transport & Maintenance department. He also served as the Company Secretary of STELCO from 2001 to 2008. Latheef holds a Bachelor of multi-disciplinary Science degree from Curtin University of Technology, Australia.



## **AISHATH MUZNA**

**HEAD OF BUSINESS DEVELOPMENT  
/ COMPANY SECRETARY**

Aishath Muzna joined STELCO in 2000 and currently is the Head of Business Development Department. She is also the Company Secretary since August 2017. During her years of service, she has held various executive posts including the posts of Head of Procurement & Inventory Management Department, Information Technology Department, Corporate & Legal Affairs Department, Customer Services & Billing department and STELCO Bureau. Muzna holds a Bachelor of Arts Degree in Accounting and Finance from University of East London, United Kingdom.



## **AHMED IQBAL**

**HEAD OF ISLAND POWERHOUSES**

Ahmed Iqbal joined STELCO in 1991 and currently is the Head of Island powerhouse department of the Company. He has held various executive posts including the posts of Head of Male' Region and Regional department.

Iqbal holds a Bachelor of Mechanical Engineering degree from University of Leicester, United Kingdom and an Associate Diploma in Electrical Engineering from South Australian Institute of Vocational Education.



**IBRAHIM NIZAM**  
HEAD OF TRANSMISSION & DISTRIBUTION

Ibrahim Nizam joined STELCO in 1997 and currently is the Head of Transmission & Distribution Department of the company. He has also held various executive posts including the posts of Head of Customer Services & Billing, Power Generation, Business Development, Water Production Department and Hulhumale' Powerhouse. Nizam holds a Master of Science degree in Electrical Power Engineering from The University of Manchester, England and a Bachelor of Engineering degree in Electronic and Electrical Engineering (Power Engineering) from University of Strathclyde, Scotland.



**AHMED SAIF**  
HEAD OF ENGINEERING SERVICE CENTER

Ahmed Saif joined STELCO in 1997 and currently is the Head of engineering service center. He has held various executive posts including the posts of Head of Customer Services Department, Procurement & Inventory Management Department and Projects, Planning & Development Department and Electrical, Instrumentation & Control Department. Saif holds a Bachelor of Electrical and Electronic Engineering degree from University of Leicester United Kingdom.



**HUSSAIN FAHMY**  
HEAD OF CUSTOMER SERVICES & BILLING

Hussain Fahmy joined STELCO in 1998 and currently is the Head of Customer Services & Billing Department. Prior to that, he has held various executive posts including the posts of Head of Procurement & Inventory Management and Business Development Department. Fahmy holds a Master of Arts in Accountancy from University of Aberdeen, United Kingdom and Master of Business Administration from University of East London, United Kingdom.



**HASSAN HUSSAIN**  
HEAD OF TRANSPORT & LOGISTICS

Hassan Hussain joined STELCO in 1982 and currently is the Head of Transport & Logistics Department. He has held various executive posts including the posts of Head of Managing Directors Bureau and In-charge of Hulhumale Powerhouse. Hassan holds an Advanced Certificate in Office Management from the Centre for Management and Human Resource Development, Maldives.



## MOHAMED SALEEM

HEAD OF PROCUREMENT

Mohamed Saleem joined STELCO in November 2002 and currently is the Head of Procurement Department of the company. He has held various executive posts including Head of Finance & Accounts Department, Head of Internal Audit and In-charge of Ha.Hoarafushi Powerhouse.

Saleem holds a Master of Business Administration degree from University of Wales, United Kingdom.



## IBRAHIM NASHID

HEAD OF INFORMATION TECHNOLOGY  
& SOFTWARE ENGINEERING

Ibrahim Nashid joined STELCO in 2000 and currently is the Head of Information Technology & Software Engineering Department. He has held various executive posts including the posts of Head of Transmission & Distribution and Electrical, Instrumentation & Controls Department. Nashid holds a Bachelor of Electrical and Electronic Engineering Degree from University of Hertfordshire, United Kingdom.



**AHMED SHAFEEU**  
HEAD OF WATER & SEWERAGE

Ahmed Shafeeu joined STELCO in 1991 and currently is the head of water & sewerage department of the company. He has held various executive posts including the posts of Head Transmission Distribution Department, Business Development, Billing Services, Greater Male Region, Regional, Customer Services & Information Technology Department and Chief Electrical Engineer of Hulhumale' Powerhouse. Shafeeu holds a Post Graduate Diploma in Electrical Power Systems from Norconsult International AS, Norway and a Bachelor of Science Degree in Electrical and Electronic Engineering from Islamic Institute of Technology, Bangladesh.



**ABDUL MALIK THOUFEEG**  
HEAD OF PROJECTS, PLANNING  
AND IMPLEMENTATION

Abdul Malik Thoufeeg joined STELCO in 1999 and currently is the Head of Projects, Planning & Implementation Department. Prior to that, he served as Head of Procurement Department and Internal Audit of the Company. He also worked in Electrical Department and Customer Service Department. Malik holds a Master of Business Administration degree from Ritsumeikan Asia Pacific University, Japan and Bachelor of Electrical & Electronic Engineering degree from University of Hertfordshire, United Kingdom.



## **ENAS AHMED**

**HEAD OF FINANCE & ACCOUNTS  
/ ACTING CHIEF FINANCIAL OFFICER**

Enas Ahmed joined STELCO in 1999 and currently is the Head of Finance & Accounts Department. She is also the acting CFO of the company. Prior to that, she held the post of Unit Head of Finance & Accounts Department. Enas is a Chartered Management Accountant and a member of Chartered Institute of Management Association (CIMA), United Kingdom. She also holds a Masters in Business Administration degree from Anglia Ruskin University, United Kingdom.



## **ABDULLA NAZIR**

**HEAD OF CORPORATE & LEGAL AFFAIRS  
/ STELCO BUREAU  
ACTING HEAD OF HUMAN RESOURCES  
& TRAINING**

Abdulla Nazir joined STELCO in 2001 and currently is the Head of Corporate Affairs Department and Stelco Bureau. He is also the temporary Head of Human Resource and Training Department. Prior to this he held the position as the temporary Head of Public Relations and Media Department in his service period. He served as the Company Secretary of STELCO from 2010 to 2014. Nazir holds a Bachelor of Arts degree in Business Administration from University of East London, United Kingdom.



**ABDUL GAFOOR**  
CHIEF MECHANICAL ENGINEER (MALE')

Abdul Gafoor joined STELCO in 1994 and currently is the Chief Mechanical Engineer of the Company. He also worked in Power Generation Department, Greater Male' Region Department as well as Mechanical Department. Abdul Gafoor holds a Diploma in Mechanical Engineering from INTI College, Malaysia.



**AHMED SHARNEEZ**  
CHIEF MECHANICAL ENGINEER (HULHUMALE')

Ahmed Sharneez joined STELCO in 1997 and currently is the Chief Mechanical Engineer of Hulhumale' Powerhouse. He has held various executive posts including the posts of Head of Hulhumale' Powerhouse, Regional Department and Water Production Department. Sharneez holds a Bachelor of Mechanical Engineering degree from University of Bradford, United Kingdom.



## MOHAMED SHAMIL ABDUL SATTAR

AUDIT DIRECTOR

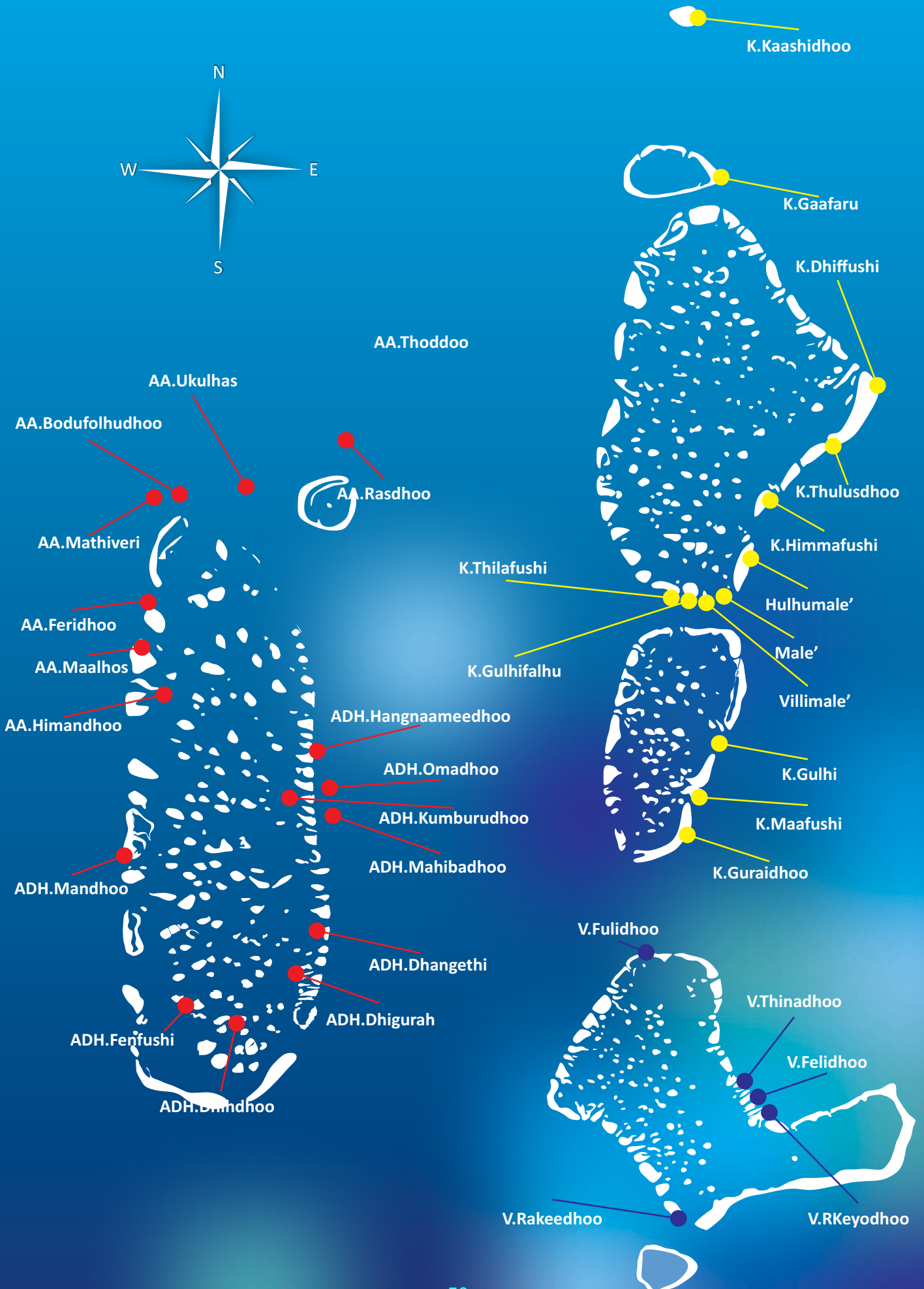
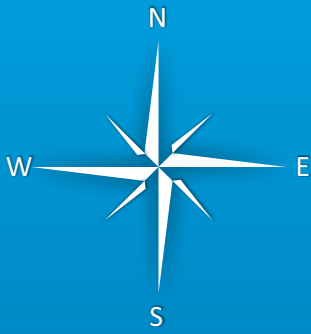
Mohamed Shamil Abdul Sattar joined STELCO in 2019 and provisionally holds the responsibility of Chief Internal Auditor. Prior to that, he held the post of Assistant Manager in the Department. Shamil holds a Bachelor's of Science Degree in Business Administration, Major in Internal Auditing (BSBA-IA) from Far Eastern University, Philippines.



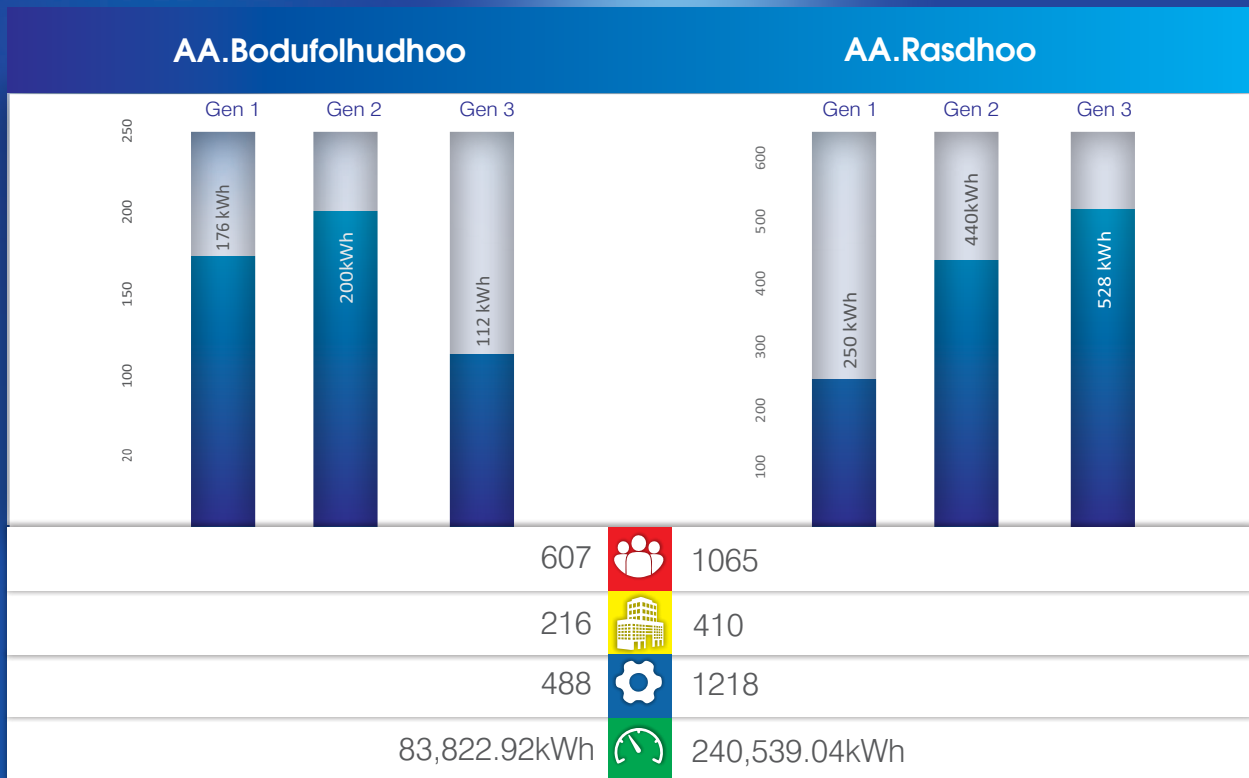
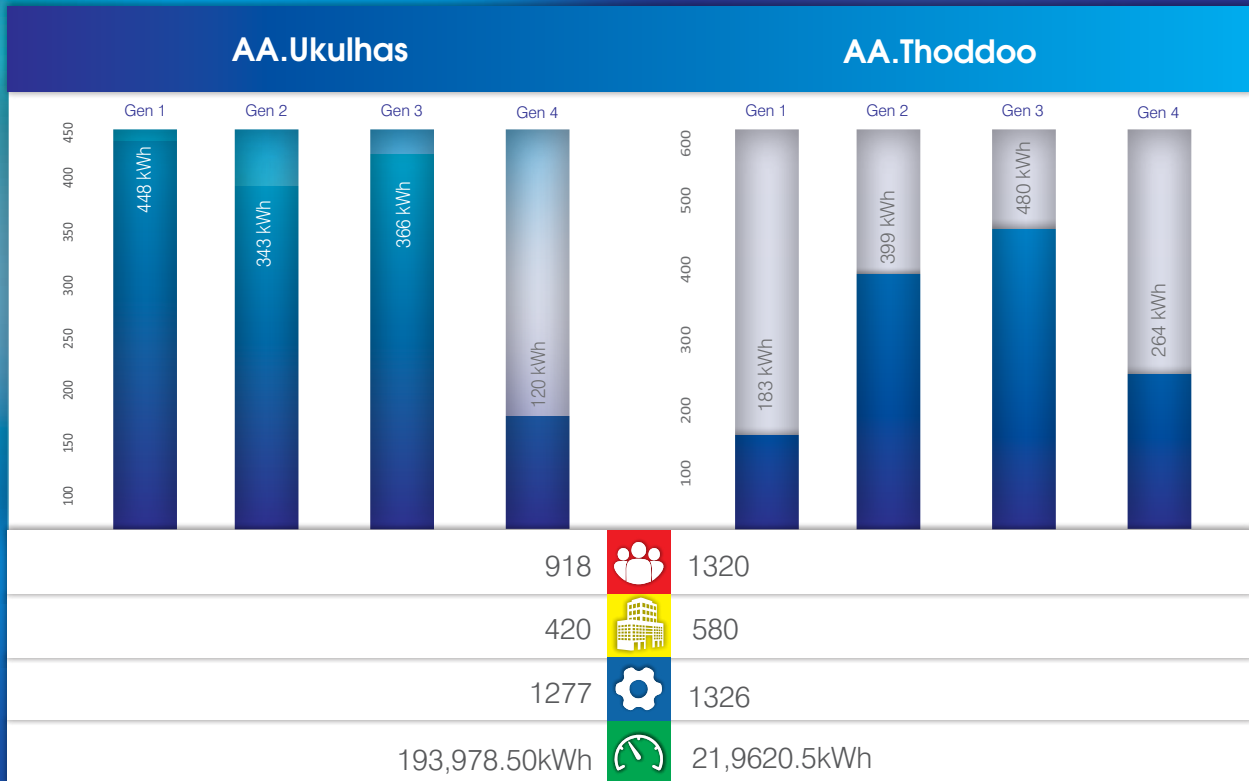


**03**

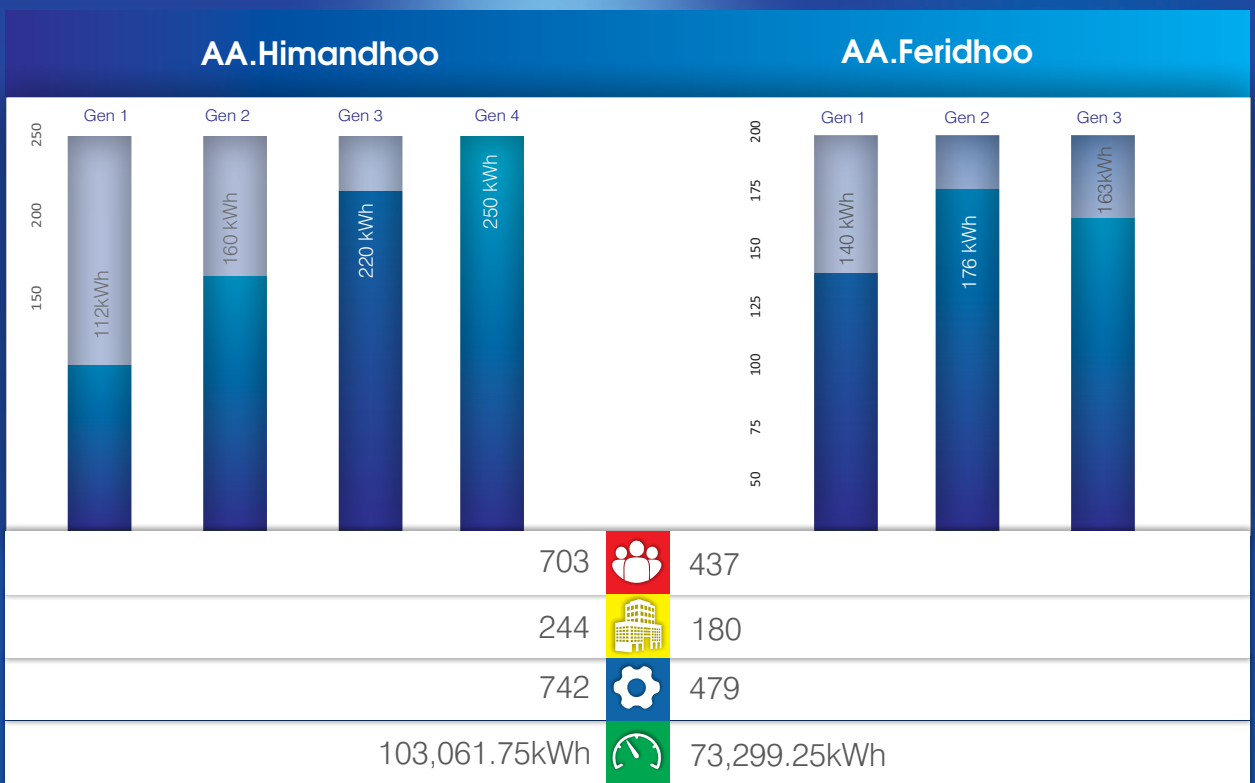
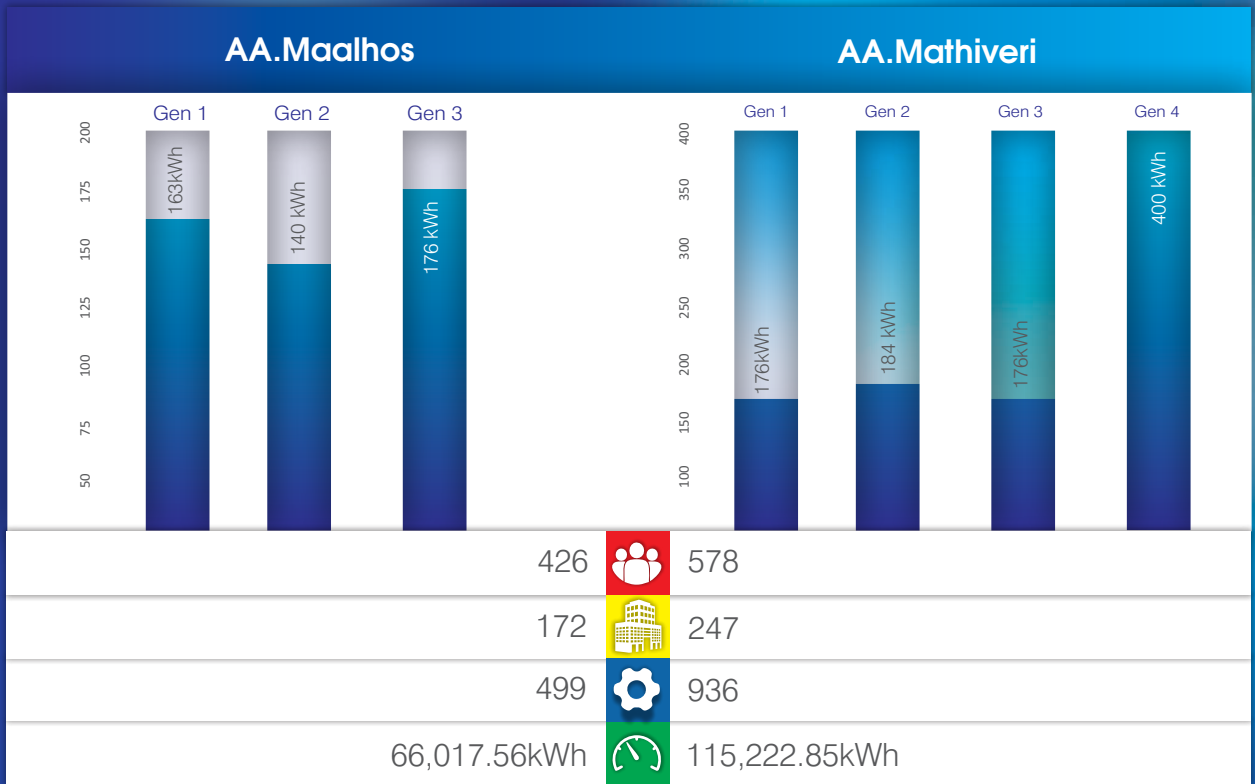
# OUR FOOTPRINT



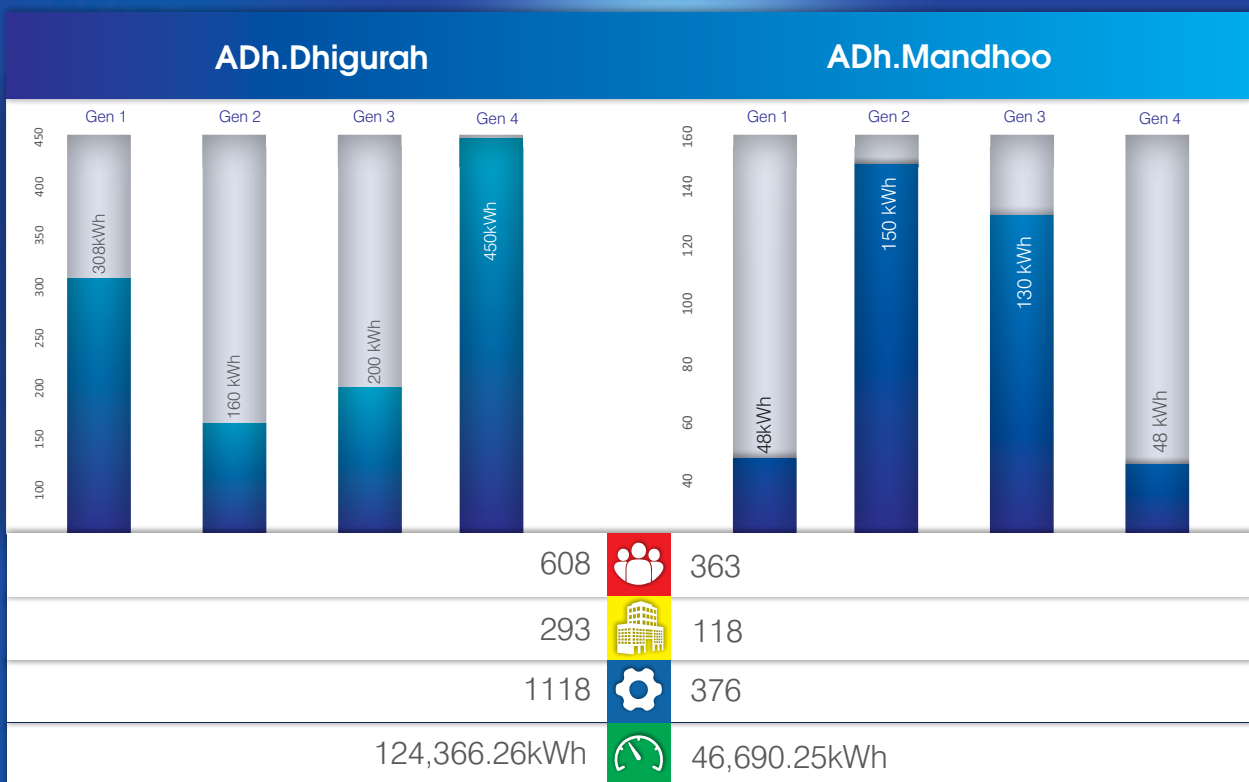
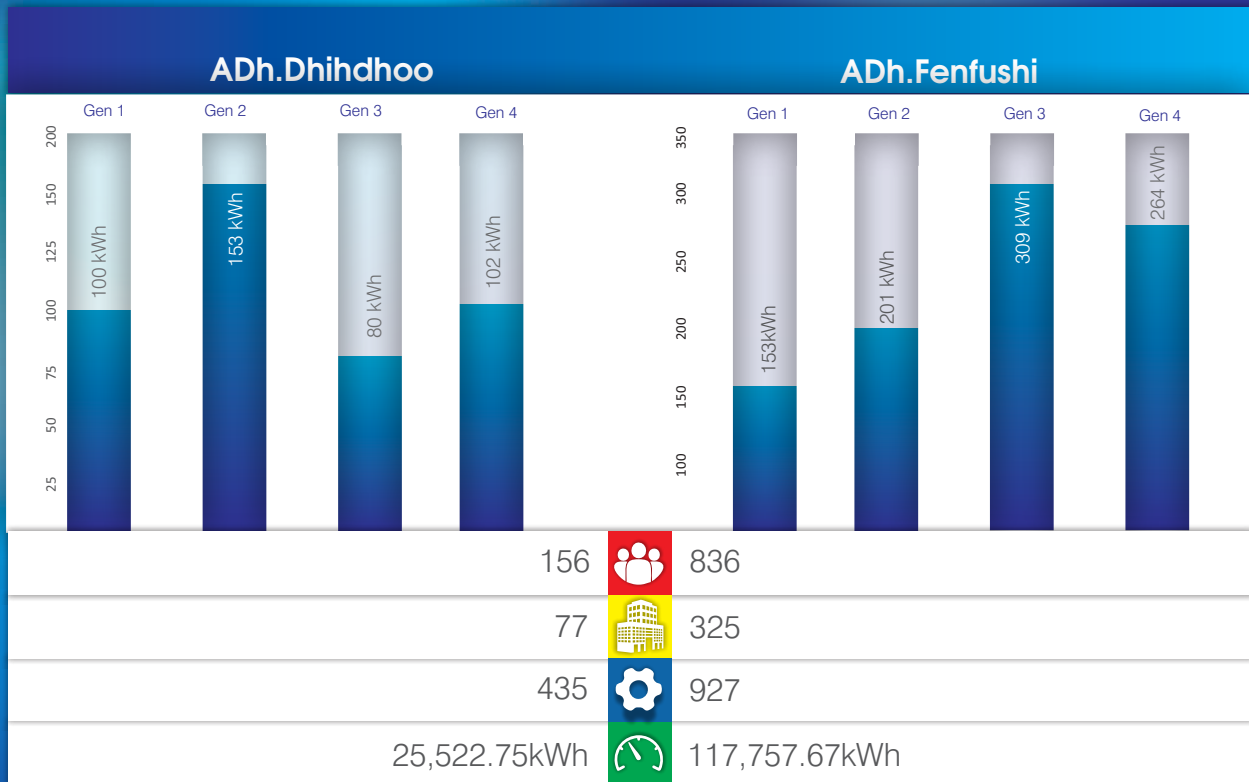
# OUR ISLAND POWERHOUSES



Population	Customers	Installed Capacity	Usage
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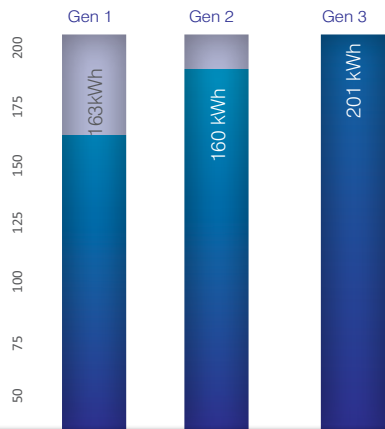


Population	Customers	Installed Capacity	Usage
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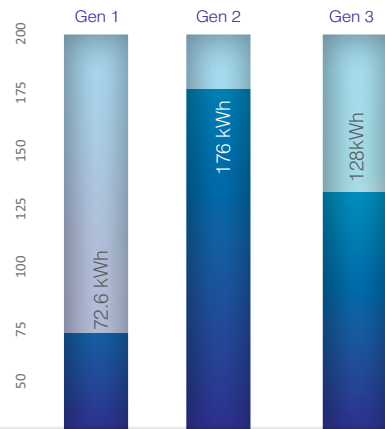


Population	Customers	Installed Capacity	Usage
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### ADh.Hangnaameedhoo

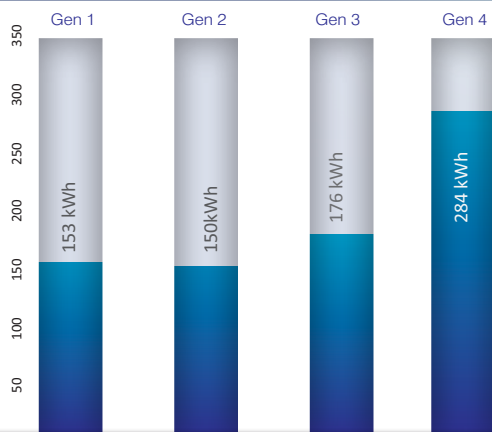


### ADh.Kumburudhoo

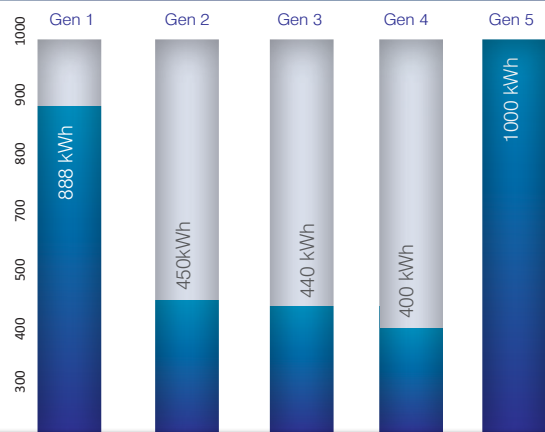


501		462
196		122
524		376.6
71,863.58kWh		59,805.25kWh

### ADh.Omadhoo



### ADh.Mahibadhoo



886		2075
289		623
763		3178
90,936.10kWh		337,743.75kWh



Population



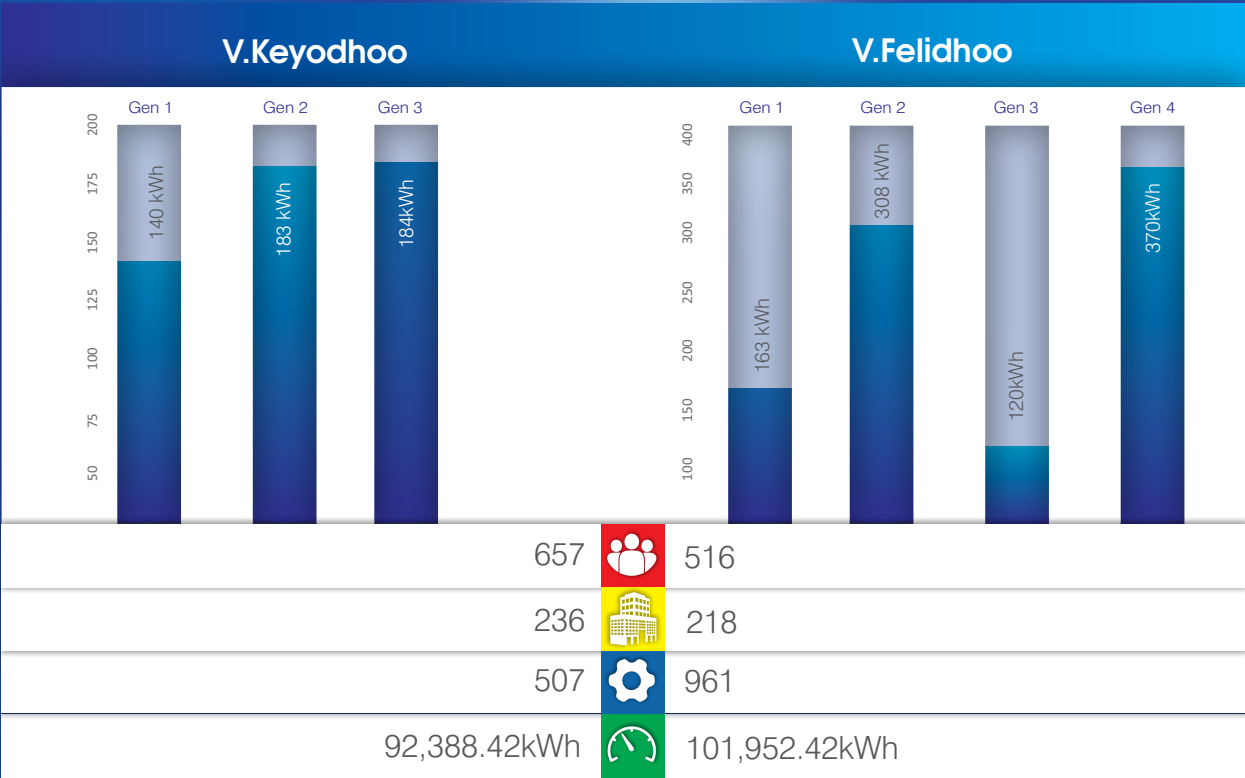
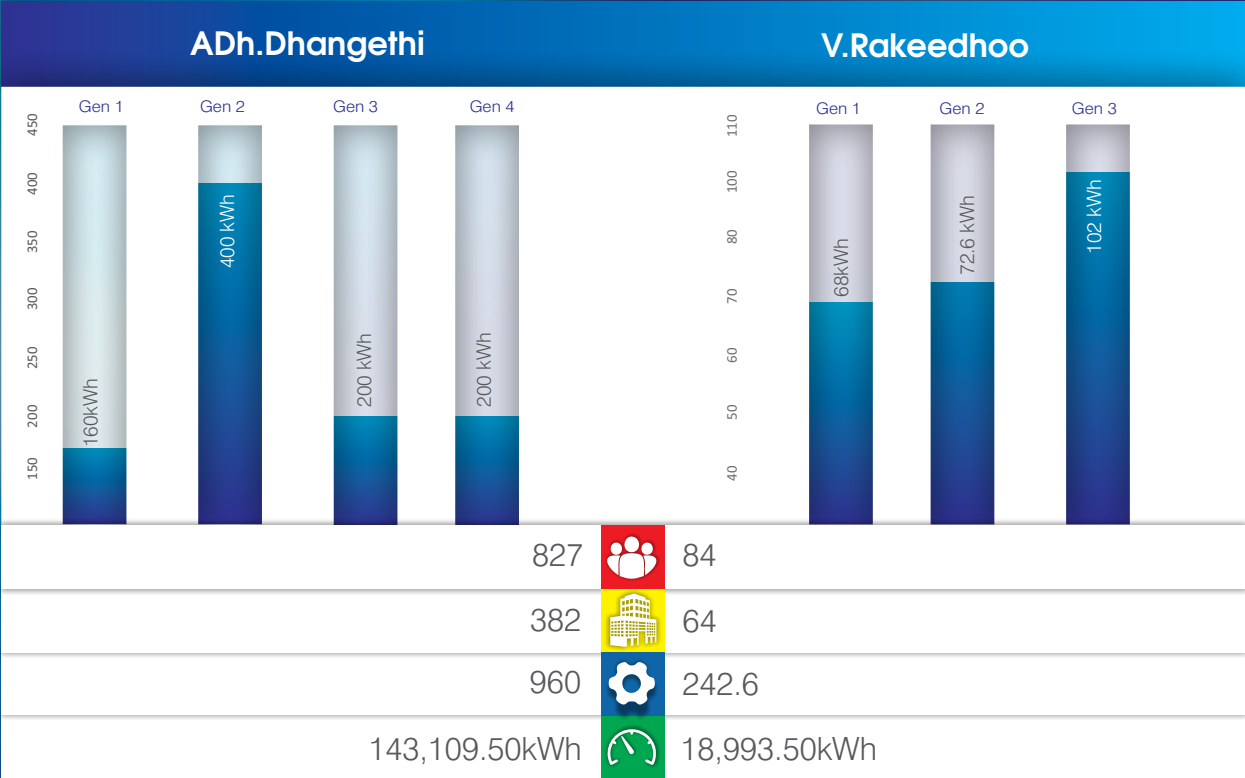
Customers



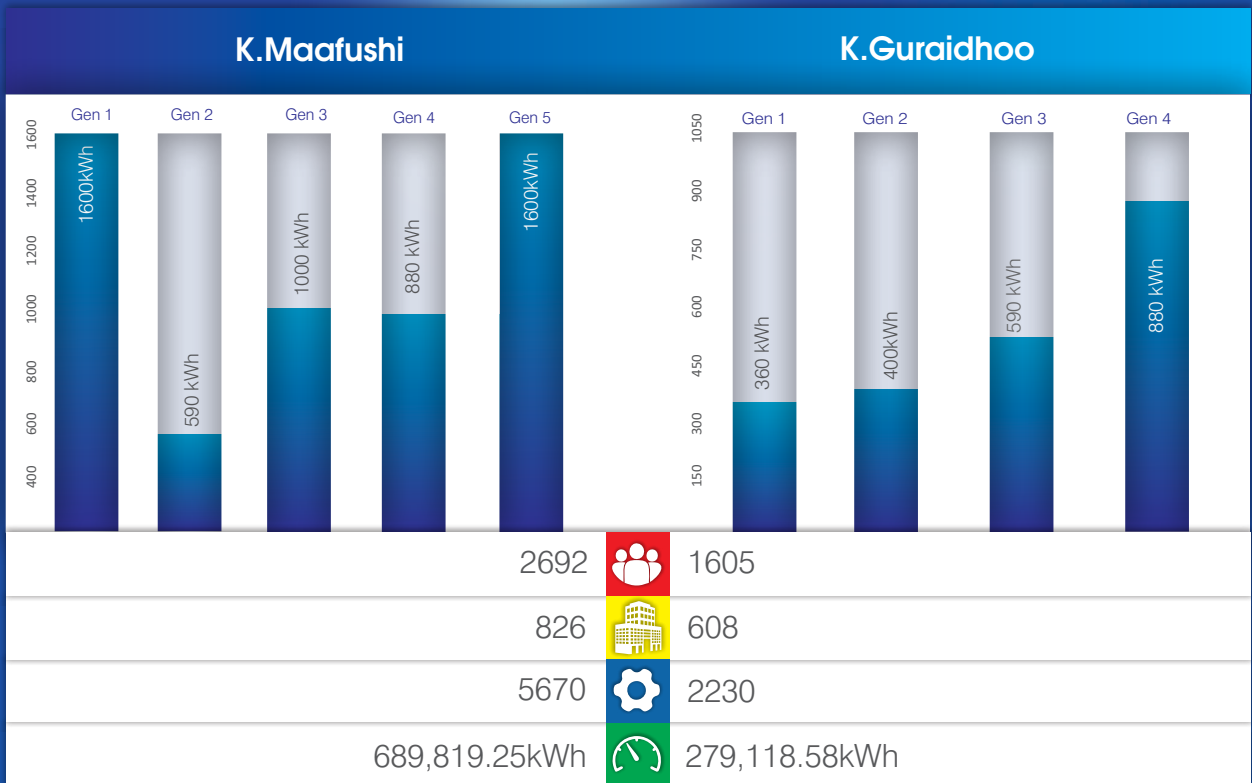
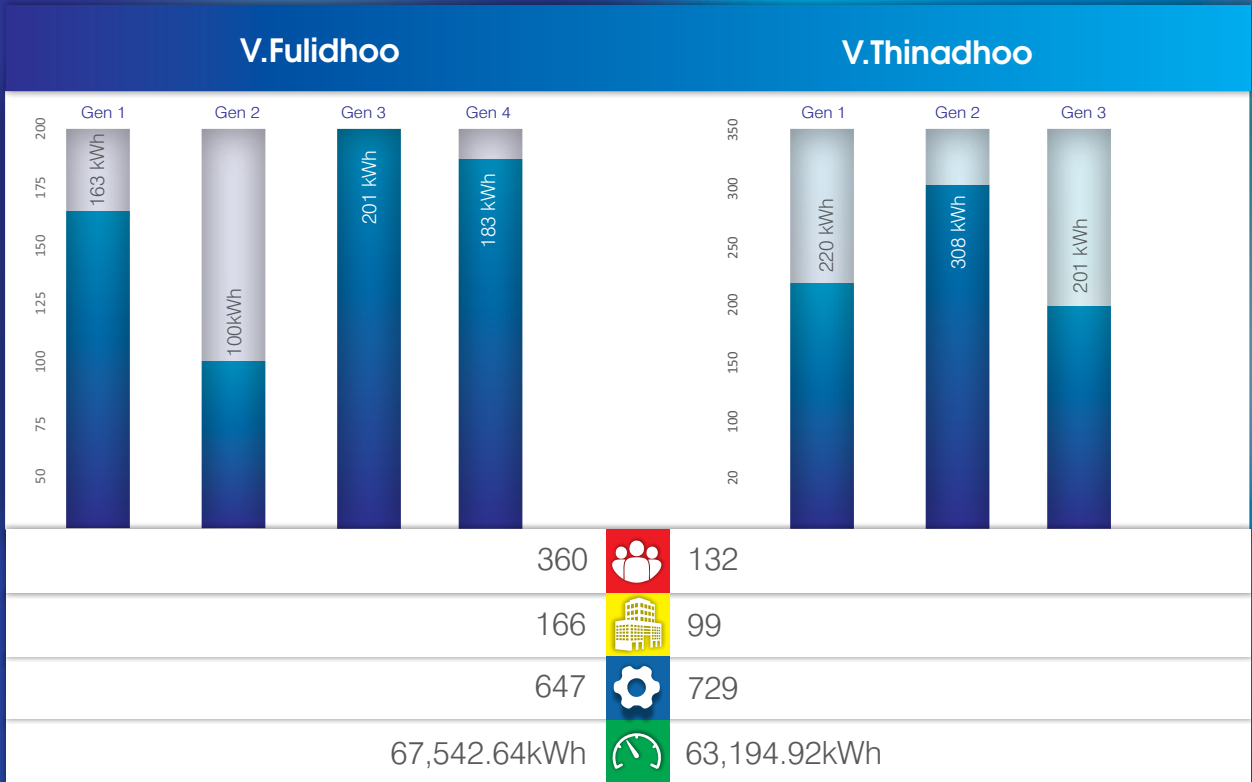
Installed Capacity



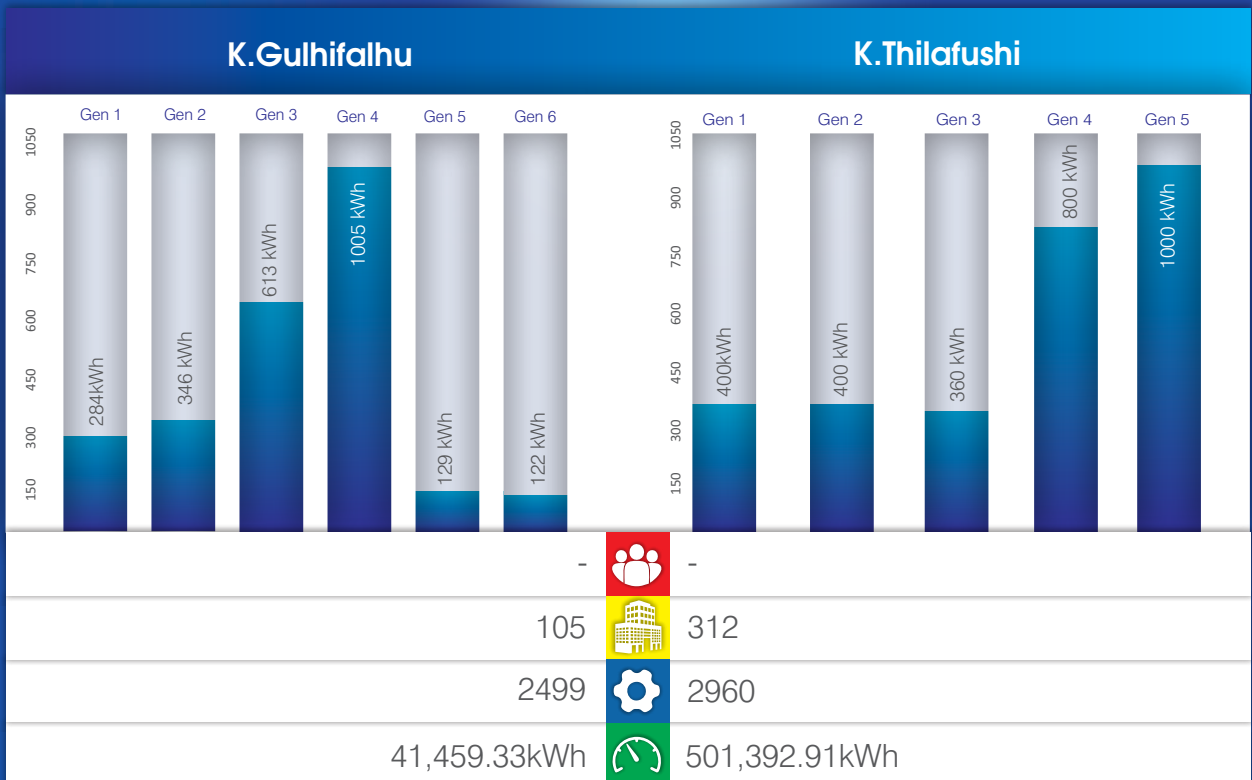
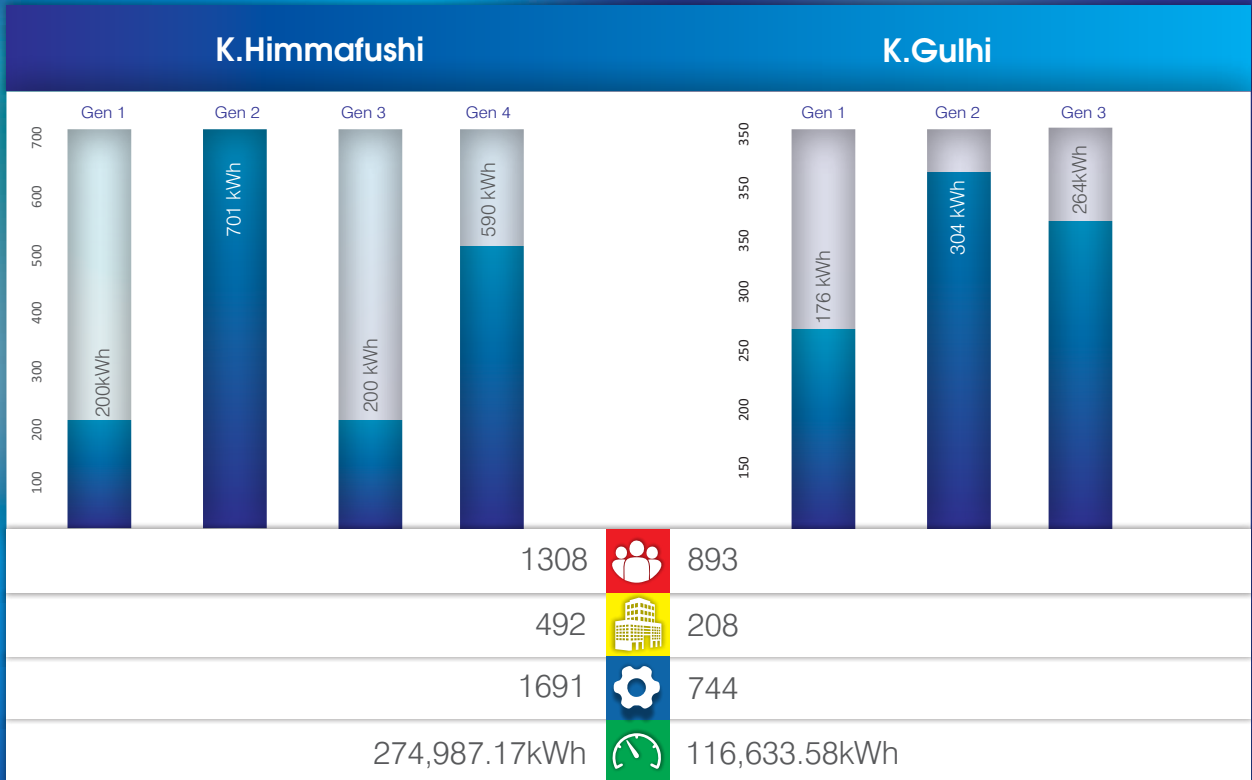
Usage



Population	Customers	Installed Capacity	Usage
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Population
 Customers
 Installed Capacity
 Usage

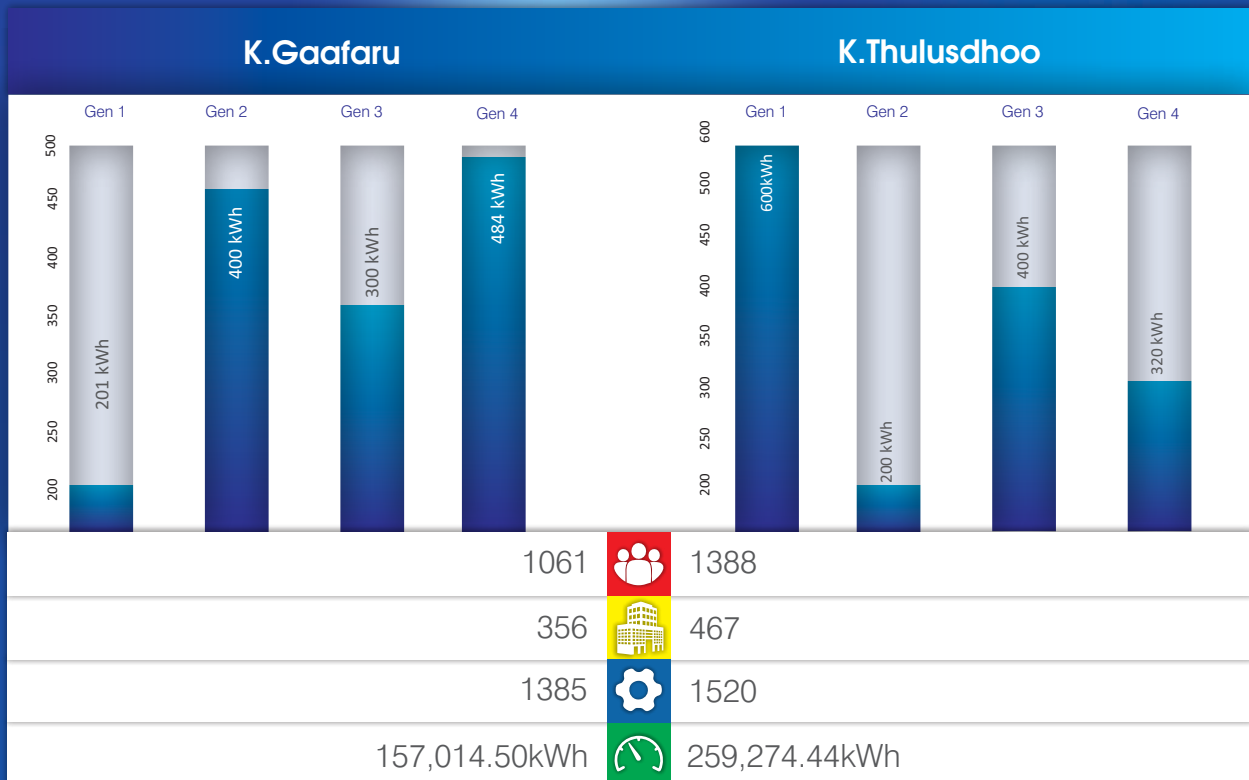
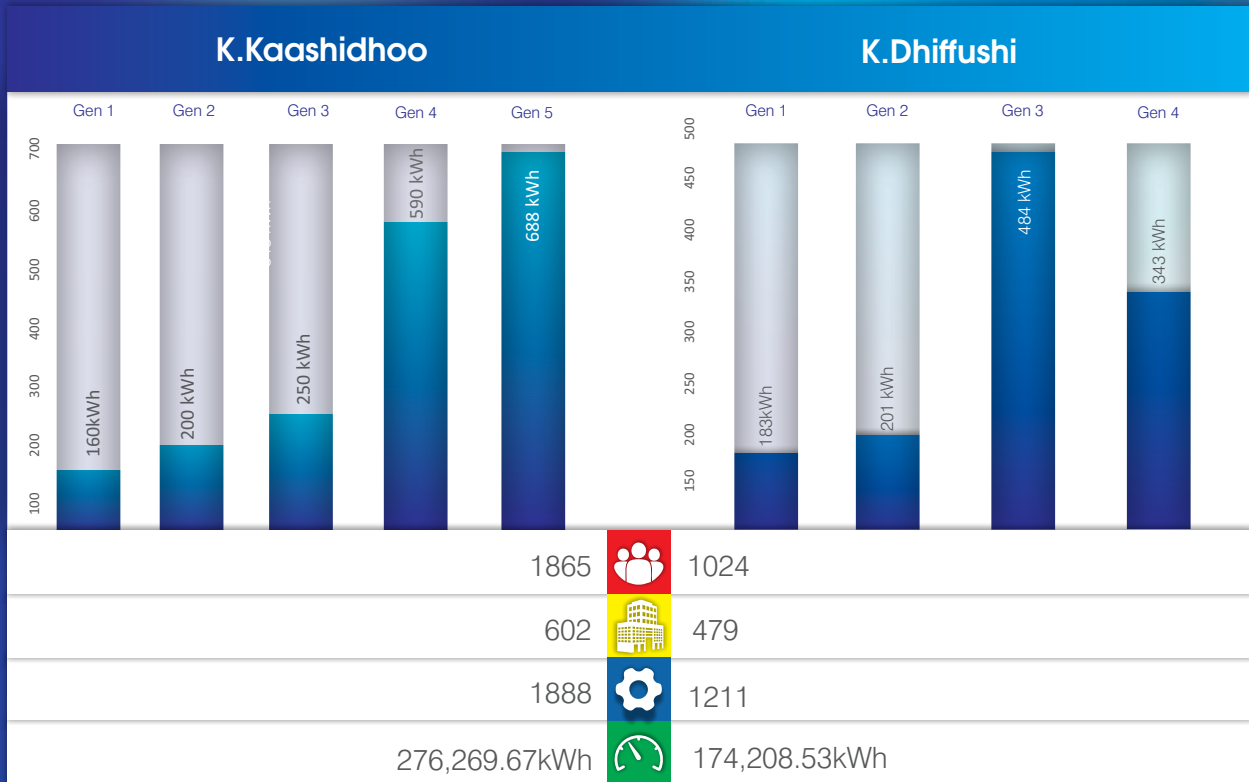


Population

Customers

Installed Capacity

Usage



Population	Customers	Installed Capacity	Usage
------------	-----------	--------------------	-------

# OUR WATER DESALINATION NETWORKS

## AA.Ukulhas

RO System Capacity

**170** m<sup>3</sup>/hr

Water Storage Capacity

**1350** m<sup>3</sup>

RW System Capacity

**5** m<sup>3</sup>/hr

Average Water Sales

**2542** m<sup>3</sup>/month

## Adh.Mahibadhoo

RO System Capacity

**130** m<sup>3</sup>/hr

Water Storage Capacity

**500** m<sup>3</sup>

RW System Capacity

**5** m<sup>3</sup>/hr

Average Water Sales

**1000** m<sup>3</sup>/month

## AA.Thoddoo

RO System Capacity

**80** m<sup>3</sup>/hr

Water Storage Capacity

**1000** m<sup>3</sup>

RW System Capacity

**8** m<sup>3</sup>/hr

Average Water Sales

**720** m<sup>3</sup>/month

## K.Guraidhoo

RO System Capacity

**192** m<sup>3</sup>/hr

Water Storage Capacity

**1000** m<sup>3</sup>

RW System Capacity

**8** m<sup>3</sup>/hr

Average Water Sales

**2470** m<sup>3</sup>/month





**03**

# HIGHLIGHTS OF 2020

# Financial Highlights

2019

2020

## Revenue

MVR  
1,940 Million

▼ 0.007%

MVR  
1,925 Million

## Total Assets

MVR  
4,817 Million

▲ 11%

MVR  
5,332 Million

## Total Liability

MVR  
3,791 Million

▲ 3.3%

MVR  
3,915 Million

## Total Capital Investment

MVR  
354 Million

▼ 68%

MVR  
114 Million

2019

2020

EBITDA

MVR  
360 Million

▲ 33%

MVR  
478 Million

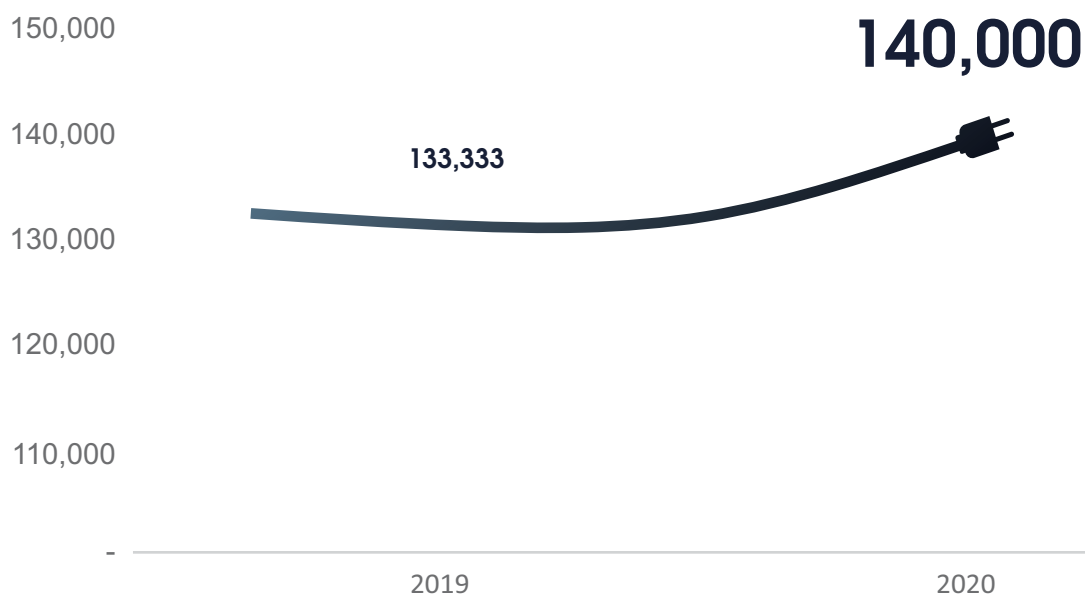
Profit After Tax

MVR  
107 Million

▲ 21%

MVR  
130 Million

EPS



# Key Facts

## Our Staff



863 Staff



168 Staff



New

9 Staff

Total

1,031 Staff

## Our Network

Powerhouses

35

Water Networks

4

# Recognitions

## Employer Branding Awards

One of the largest accomplishments of STELCO in 2020 was winning the regional awards at the 11th Asia's Best Employer Branding Awards 2020. STELCO received the **Dream Companies to Work for Award** and **Best Employer Brand Award** at this award organized by Employer Branding Institute, the Stars of the Industry Group and the World HRD Congress. Moreover, Our Managing Director won the **Emerging Leader of the Year** at this ceremony.

We believe the achievement is to be credited upon our excellence in the development of the company's employees and the positive outcome of the measures implemented under the instruction of President Ibrahim Mohamed Solih. Implementation of innovative technology in the company's management in accordance with government policies, improving the overall performance of the company, our Greenlife initiative and the measures introduced to ensure health and well-being helped us to be recognized at an international level.



## CG Efforts Award 2020

STELCO also won the 'CG Efforts' award for state-owned enterprise at the CMDA's CG Efforts Awards 2020. The award is given for excellence in our practice of corporate governance. With this accomplishment, we are the first company to have received this award under the category. Our commitment to facilitating effective, entrepreneurial and prudent management to deliver the long-term success of the company is a crucial component in attaining such achievement. We believe our effort to improve operations through proper guidance, risk management, conduct and ethics is also supporting factors to receive this award.

We aim to exercise the utmost level of disclosure and transparency in addition to implication raising priorities for ethical works regarding social, environmental and health and safety issues. Moreover as a state-owned company, we are fully committed to obeying the government policies and procedures in every step of our success.

In the future, we look forward to maintaining our success in holding our best corporate governance practices through continuous improvements to our control and directional procedures. Our goal is to look for the most efficient ways to work and adjustment in operations into modern enterprise advancements to become the best of the sector at a national and regional level.



# Highlights



**14th  
February**

STELCO Rah Fehi -2 Tree Planting Program completed



**1st  
March**

STELCO Launches Energy Saving Campaign



**4th  
March**

70 Years of Electrical Service Celebration Ceremony



**15th  
June**

Ceremony held for STELCO Staffs who worked in Lockdown



**19th  
June**

STELCO Anniversary



**19th  
July**

STELCO's Apprenticeship Program Inauguration



**30th  
September**

Annual General Meeting held



**8th  
October**

MOU signed with Maldives Correctional Service on 'Fahi Furusath' Program



**14th  
November**

STELCO GreenLife Bus Stop Opening



**30th  
December**

STELCO GreenLife Solar Pod Inauguration

## Global Pandemic: COVID-19

The year 2020 was a very challenging year due to the COVID19 global pandemic where we adapted to change in the way of providing service and quickly react to support the need of our customers and employees.

With the spread of Covid-19 globally STELCO took instant actions in Keeping our customers at priority, over 220 of our staff were stationed in different locations of STELCO to guarantee no disruptions in power while the Greater Male' Region was under lock-down. The majority of our staff worked from home through the means of digital interactions and adoptions. Moreover, to compensate for the situation, digital portals were introduced to provide customer and billing services. The work of meter reading was also completely put on halt and customers were requested to upload a photo of the meter to STELCO Website. Bill delivery was done through SMS.

Adaptation into these new methods helped us embrace technology and move towards a digital operation in the long run, both helping us financially and in terms of efficiency

To mitigate the negative implication of Covid-19, various cost-cutting measures were implemented and changes to operating procedures were adopted.

Planned capital Projects companywide were delayed to effectively manage cashflow and to reduce capital expenditure. Salary cut down along with cost-cutting measures across all powerhouses were implemented to reduce operational expenditure.

Although, with the challenges we faced during Covid-19 implications to our company, they certainly brought improvements to our operations. In order to continue payments to suppliers without interruption and to provide platforms for customers in settle their bills during lock-down situation, online bill pay and payment system was established. This implementation has led to paperless practices and gained efficiency in payment processing.

A rapid and well-coordinated response team helped us to proactively manage and adapt to an evolving emotional and stressful situation. By combining a response team, establishing clear priorities and communication with consistency, we successfully managed in providing a safe and reliable service to both customer and our employees.

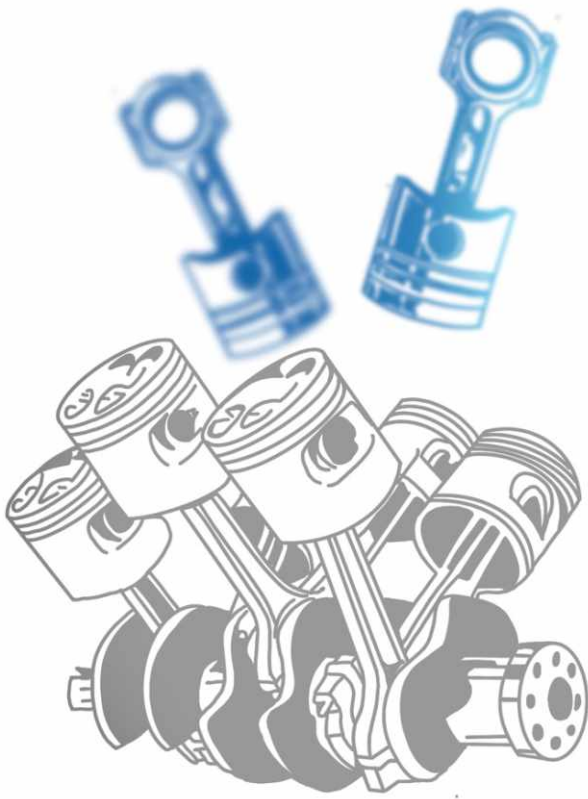






**04**

# PERFORMANCE REVIEW



## Power Generation

As an electricity provider, one of our major operational tasks is power generation. While our primary source of power is generated through diesel, the power production is based on the load profile of the 35 different locations we operate in. With the help of this and synchronization panels, we are able to deliver uninterrupted and consistent power to our customers.

Furthermore, we are also highly invested in exploring into production of power through renewable energy sources to achieve efficiency and sustainability. Currently, we work with different sources of solar power generations.

At the heart of the power generation process, we aim to ensure organizational excellence and cost effectiveness.

### Total Individual Powerhouses

**35**  
Islands

### Solar Generation Capacity

**3,104**  
kWp

### Total Capacity of Greater Male'

**160,024.2**  
kW

### Total Generation Capacity

**177,758.3**  
kW

## Solar Photovoltaic System

Our Solar Photovoltaic (PV) System has been expanded over 13 different location in 2020. These include 3 sites in the Greater Male' region and 10 islands in 3 different atolls (1 in Alif Dhaalu, 1 in Vaavu and 8 in Kaafu) generating over 3MW of power.

## Operational Capacity

Due to many factors leading to higher energy consumption, especially within the Male' region, we have totalled up to **177MW** in power generation capacity from all our powerhouses in 2020. Currently, our power generation is distributed across 35 powerhouses in 4 different atolls of Maldives, catering optimal electricity to our customers.

With Greater Male' region being a main hub of our operations, **160MW** power capacity was held at the area's powerhouses in 2020. We believe that the lockdown from April to June of 2020 played a huge factor to increase the generation capacity in the year.

## Installations

With the increase in demand and a raise in peak loads at our operational areas, one of our major focuses is to maintain consistency in the service provided. Therefore it is crucial for us to increase our generation capacity by installing additional generator sets in required locations. This resulted in over 18 different installations of generator sets in our powerhouses in 2020, while 8 of these generator sets were transferred from one location to other.

While 8 of these installations occurred in island powerhouses, 10 generator sets were installed in Greater Male' region. In Addition to this a declination plant and Liquid Nitrogen equipment was installed in the Male powerhouse.

### Details

Island	Qty	Detail
Male' Powerhouse	2	1600 kW Engine
	1	1600 KW Engine
	2	1000 kW Engine
	5	1600 kW Engine
K. Gulhifalhu Powerhouse	1	500 kW genset
K. Gulhifalhu Powerhouse	1	200 kW genset
K. Gulhifalhu Powerhouse	1	1 MWgenset
K. Guraidhoo Powerhouse	1	600 kW genset
K. Kaashidhoo Powerhouse	1	600 kW genset
K. Gaafaru Powerhouse	1	400 kW genset
AA. Himandhoo Powerhouse	1	250 kW genset
Adh. Mahibadhoo Powerhouse	1	1 MW genset

## Overhauling

In addition to increasing our capacity, we give high importance to the maintenance of our power production equipment. We have highly trained and qualified staffs who specializes in the generator sets we use in our powerhouse to ensure the optimum power production and efficiency. This being said, in 2020, 18 of our generator sets were overhauled in different powerhouses. This also includes the overhaul process of the largest genset in Male' powerhouse.

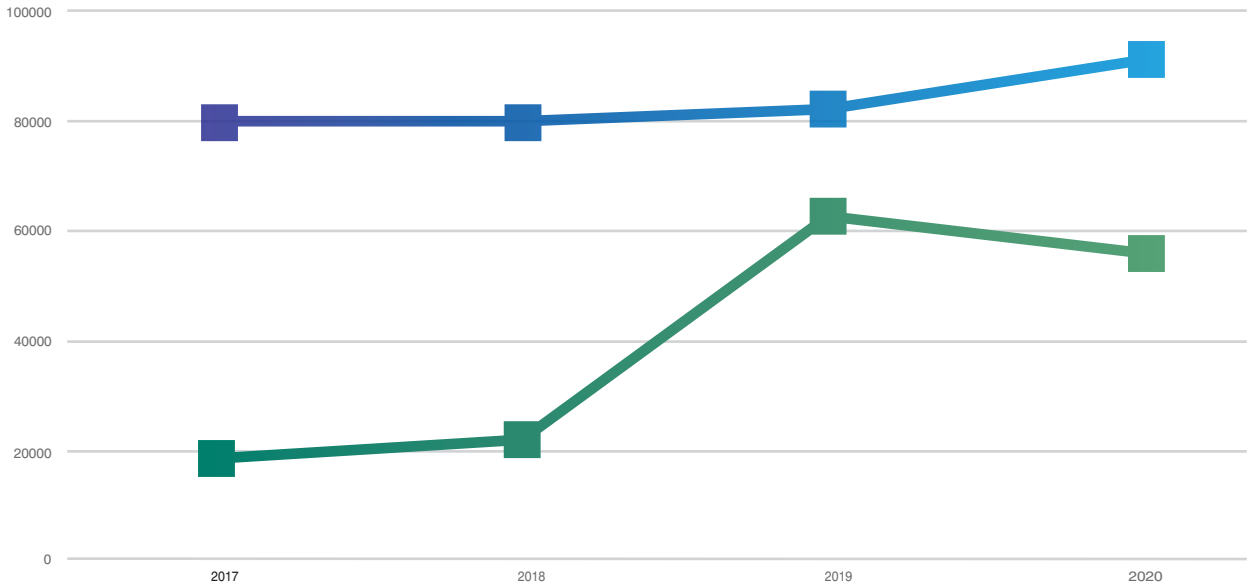
Island	Works
Male' Powerhouse	9000kW engine Major overhaul
Adh. Mahibadhoo Powerhouse	440 kW engine full overhaul
AA. Feridhoo Powerhouse	176 kW engine top overhaul
K. Guraidhoo Powerhouse	360 kW engine leakage
AA. Thoddoo Powerhouse	176 kW engine overheating
AA. Himandhoo Powerhouse	220 kW engine full overhaul
K. Kaashidhoo Powerhouse	200 kW engine full overhaul
V. Fulidhoo Powerhouse	160 kW engine full overhaul
Adh. Dhangethi Powerhouse	400 kW engine full overhaul
Adh. Dhangethi Powerhouse	160 kW engine full overhaul
Adh. Fenfushi Powerhouse	264 kW engine full overhaul
Adh. Mandhoo Powerhouse	48 kW engine full overhaul
Adh. Dhigurah Powerhouse	264 kW engine major overhaul
AA. Ukulhas	304 kW engine major overhaul
AA. Ukulhas Powerhouse	360kW engine emergency overhaul
K. Maafushi	1600 MW engine top overhaul
AA. Himandhoo	220 kW engine major overhaul
AA. Thoddoo Powerhouse	320 kW engine emergency overhaul

## Plans For Future:

- To optimize noise reduction and minimize customer complaints, sound-attenuating cylindrical silencer barrels for generating sets are required to complete powerhouse sound attenuation. Therefore it has been planned to carry this work across many of our powerhouse in different locations within the next year.
- To minimize fuel losses due to tank calibration errors during fuel supply, all STELCO fuel tanks require full calibration. Therefore all our current fuel tanks and any incoming fuel tanks will be calibrated in 2021.
- Major overhauls to Male' powerhouse generator sets will be brought in 2021

# Installed Capacity Increase (kW)

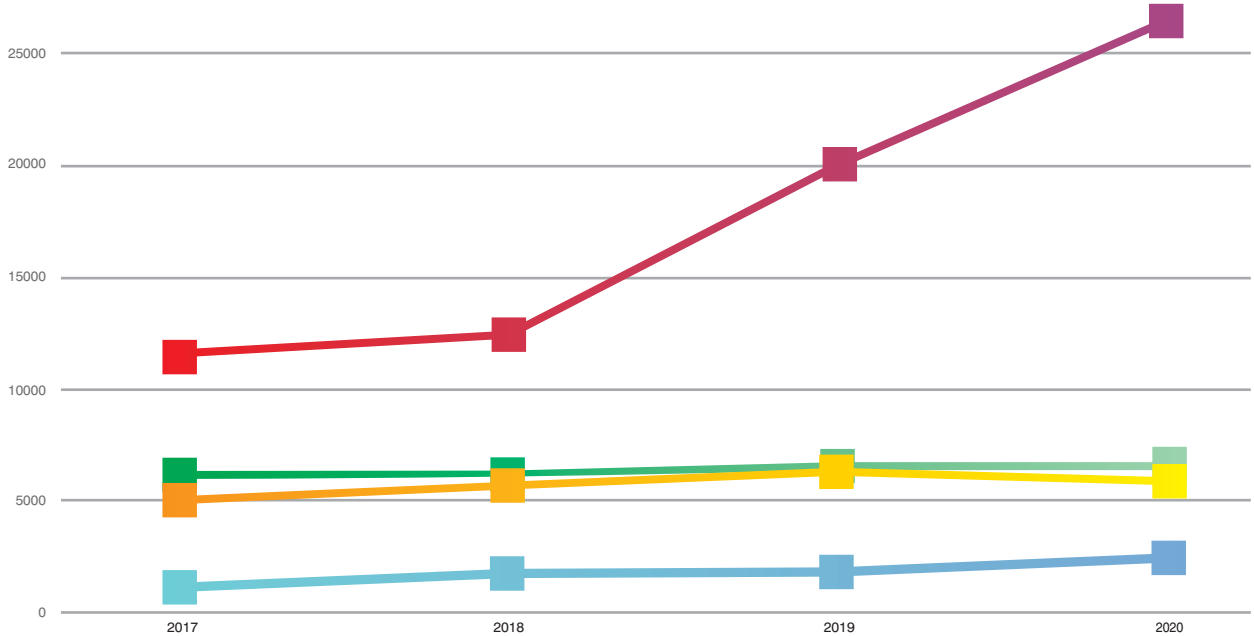
Male', Hulhumale'



**93,521.2 kW** Male' ■  
2020

**57,044 kW** Hulhumale' ■  
2020

## Regional



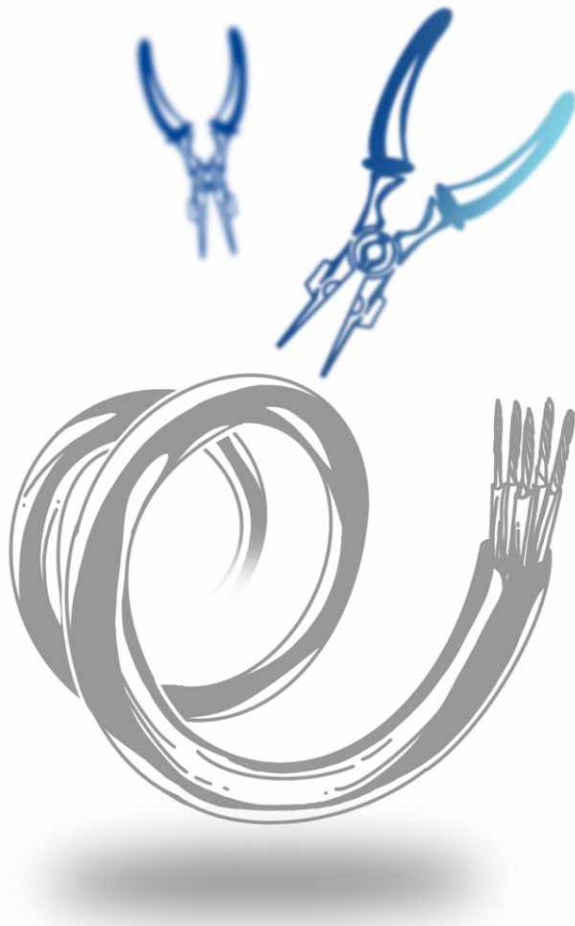
**5742.5 kW** Alif Alif Atoll ■  
2020

**12285 kW** Kaafu Atoll ■  
2020

**2,341 kW** Vaavu Atoll ■  
2020

**6,674.6 kW** Alif Dhaalu Atoll ■  
2020

Note: Data of Kaafu atoll shown on the above graph excludes Male' and Hulhumale'



## Distribution

Distribution is the function of our service whereby we cater the electricity we generate to our valuable customers and is an important, final operation of our value chain. We believe our work in distribution is an important part of our quality management.

Moreover, with the constant rise in customer base and the increase in usage of electricity over time, it is our utmost priority to maintain and upgrade our systems to confirm that STELCO's customers are fulfilled with the services provided.

## Upgrades in Substations

The sole function of distribution is highly influenced from the pattern by which people consume electricity. Based on such factors it is always necessary to keep maintaining and upgrading the distribution channels. With over 113 substations operation in 2020, 5 major upgrade and maintenance works were carried in different substations within the year. This includes an extension of ring switch at medium voltage side of substation transformer to facilitate room for more transformers. Moreover, replacement of gas empty switchgear were carried out in 4 of the substations in 2020.

## Distribution Networks

With the major upgrades carried in our substations we also highly prioritize upgradation of our distribution networks. In 2020, our staff worked on 15 different upgrades to distribution networks across the 4 different atolls of our operation.

Furthermore, within 2020, development work was carried out on the distribution network database management software (DB tracer) to ensure better optimized database.



## Solar Panel Installations

In 2020, 1.32kWp of solar panel was installed to become the first project to be commissioned under STELCO GreenLife Initiative. In addition to this project, 5 more solar panel installations were carried out in 2020.



## Cable Work

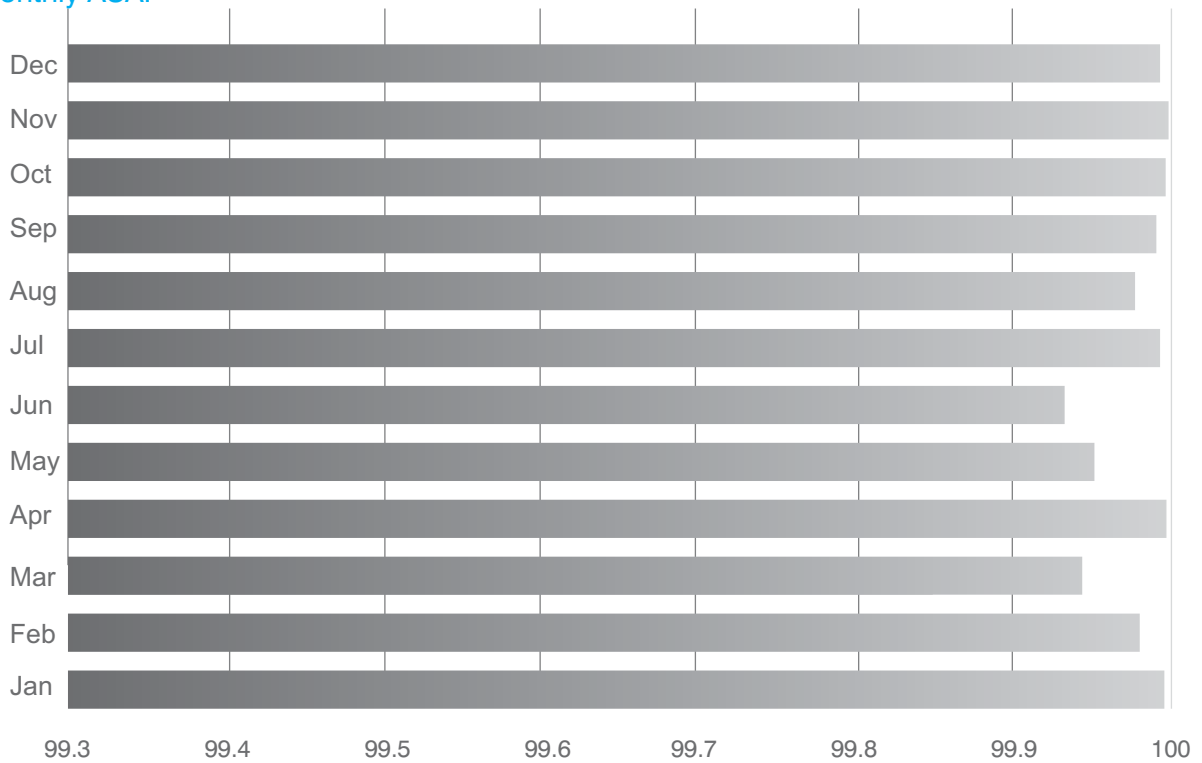
According to the records of 2020, STELCO has laid over 15,250 meters of cable in our operational locations. This includes over 14 different operations of medium voltage cable connections and 3 operations of low voltage cable connections. Moreover, a number of cable works were carried out at K.Vilivaru Covid-facility in 2020. In addition to the cable connections, 4 cable terminations were also carried while, our cable works contributed in the company's Interconnection Project and Peak Handling Project of 2020.

Island	Cable Size	Total Requirement	Status
K.Kaashidhoo	150mm <sup>2</sup>	837m	Ongoing
	120mm <sup>2</sup>	10m	
	50mm <sup>2</sup>	624m	
K.Dhiffushi	50mm <sup>2</sup>	282m	Completed
	150mm <sup>2</sup>	866m	
K.Gaafaru	120mm <sup>2</sup>	69m	Completed
	95mm <sup>2</sup>	3787m	
	70mm <sup>2</sup>	264m	
K.Thulusdhoo	150mm <sup>2</sup>	351m	Ongoing
Aa.Ukulhas	150mm <sup>2</sup>	600m	Completed
	50mm <sup>2</sup>	57m	
Aa.Thoddoo	95mm <sup>2</sup>	928m	Completed
	70mm <sup>2</sup>	989m	
Aa.Himandhoo	120mm <sup>2</sup>	628m	Completed
	70mm <sup>2</sup>	459m	
Adh.Mahibadhoo	150mm <sup>2</sup>	650m	Completed
Adh.Dhigurah	150mm <sup>2</sup>	555m	Completed
	120mm <sup>2</sup>	210m	
	95mm <sup>2</sup>	942m	
	70mm <sup>2</sup>	665m	

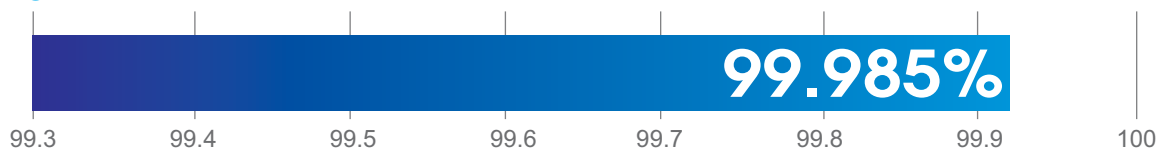
## Average System Availability Index

Within the operation of distributing generated electricity, one of our main focuses is on the reliability of the service we provide to our customers. In order to measure this, we use the average service availability Index, defining the total number of customer hours that service was available during a given time period, to the total customer hours demanded.

### Monthly ASAI



### Total ASAI

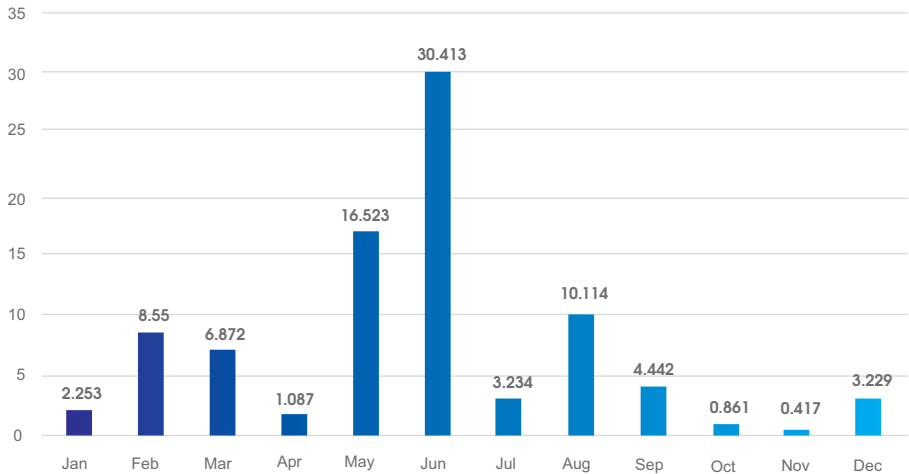


In 2020, our average system availability stands at a high 99.985% which has been maintained similar to the previous year. This shows that our service is consistent and well monitored to our standards.

# System Average Interruption Duration Index

In the distribution of a service like electricity, one of the main concern would be service interruption. Therefore, we measure our power interruption period by analyzing the System Average Interruption Duration Index (SAIDI). This shows the average duration of interruptions per consumers during the year.

## Monthly SAIDI

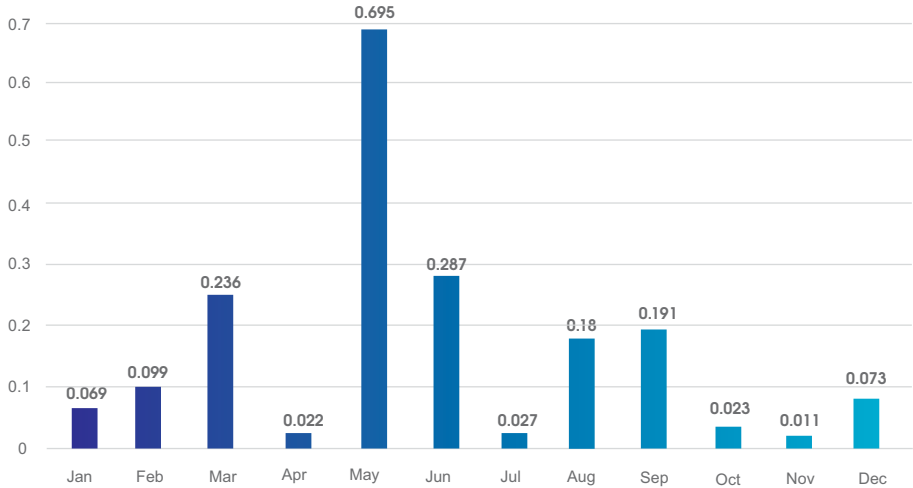


With the statistics above, we can see that in 2020 we have a total system average interruption of 80.794 minutes per customer. We believe the interruptions occurred due to unforeseen growth in power consumption within the year.

# System Average Interruption Frequency Index

Similar to the interruption duration of our service we also keep a record on the frequency of our service interruption measured in System Average Interruption Frequency Index(SAIFI). This shows the average number of interruptions that a customer would experience.

## Monthly SAIFI



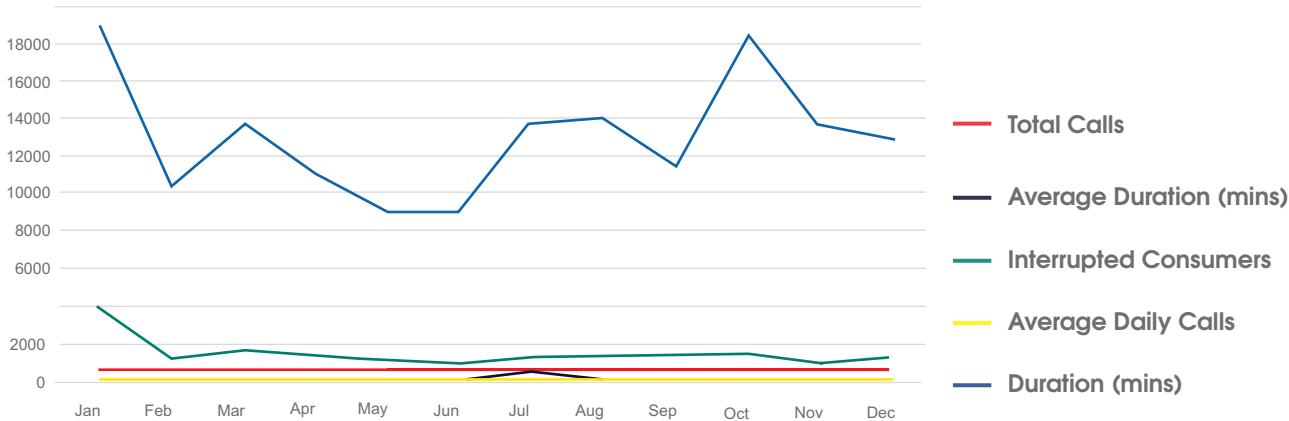
Based on the statistics analyzed, there are 1.997 interruption per customer for the year 2020.

# Transformer Loads

As a primary element of the distribution network, the transformers need to be kept well maintained and within peak loads in order to provide quality service with minimal interruptions. Load Management of the transformers are conducted by regular monitoring and transferring loads where available due to increase in consumption.

# Faults Reported

A Total of 7,690 Faults were reported while 18,145 Customers service was interrupted in the Year 2020.



**7690**

Total Calls

**18145**

Average Duration (mins)

**159364**

Interrupted Consumers

**59.5**

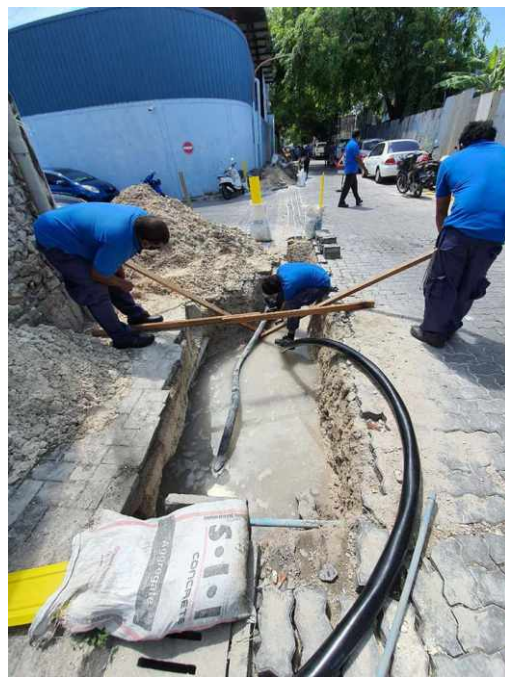
Average Daily Calls

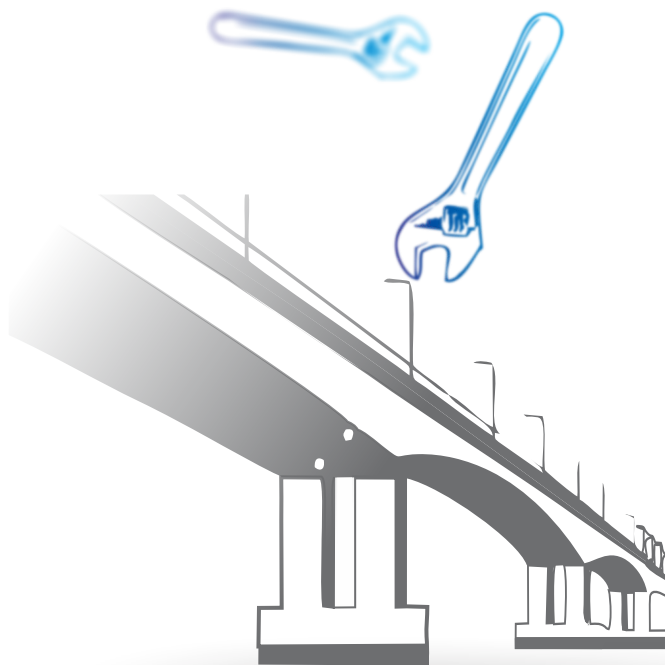
**20.88**

Duration (mins)

## Major Works of 2020

- K. Thulusdhoo Sewerage Pump power supply connection works.
- Medium voltage kWh metering panel installed at MWSC.
- Preparation to establish GPON network, fiber cable termination, splicing and ODF boxes fixing was carried out by our staff.
- Digital kWh meter testing for 7000 housing unit in Hulhumale phase-2.





## Development of Hulhumale'

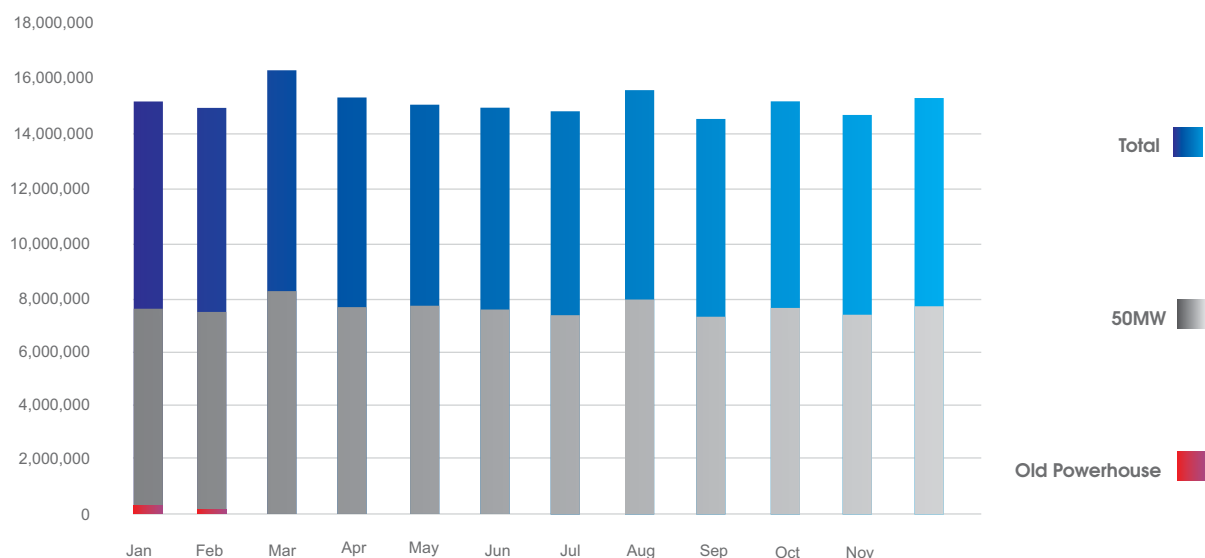
As an extension to the capital city of Male', an island facilitating over half of our nation's population was constructed on Hulhule' lagoon, today as we know it – Hulhumale'. While this is the first emerging smart city and the future of Maldives, it is of no doubt that STELCO would contribute in building a better infrastructure in the city.

With the development in recent years, STELCO has established major operations in the city, in addition to our innovative plans for the 'New Male'.

## Power Generation

Even though our operations in Hulhumale' began at a low capacity, with the growth of the population and development we have established our largest power generation facility in Hulhumale'. Our 50MW powerhouse began its operations in January of 2019 and we were able to make a transition from the old powerhouse to 50MW power plant in February of 2020. With the transition the old powerhouse of Hulhumale' was decommissioned in April of 2020, while the high-speed engines in the powerhouse were transferred to Male' and other Island powerhouses. This will help to cater a maximum population, along with the high numbers in people moving to the city.

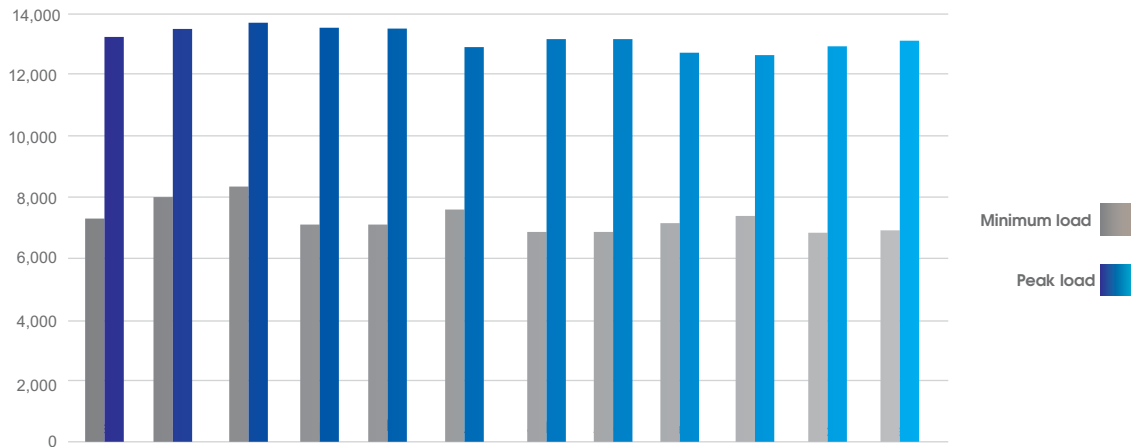
### Total Units Generated 2020



## Peak Load

With the Sinamale' bridge connecting Hulhumale' to the mainland – Male' in 2018, there has been a drastic increase in new properties bought from the location. This has also affected the power consumption and peak loads over time. In 2020, Hulhumale had an average peak load of 13184kW. It is analyzed that the load is higher at the beginning of the year compared to the last quarter. This is due to change in climate and hot monsoon.

### Monthly Minimum/Peak load 2020



## Major Works of 2020

There were 4 major maintenance works conducted in Hulhumale' operations within 2020. This includes the following:

4000hrs engine maintenance	July
2000hrs engine maintenance	October
5000hrs engine maintenance	November
5000hrs engine maintenance	December

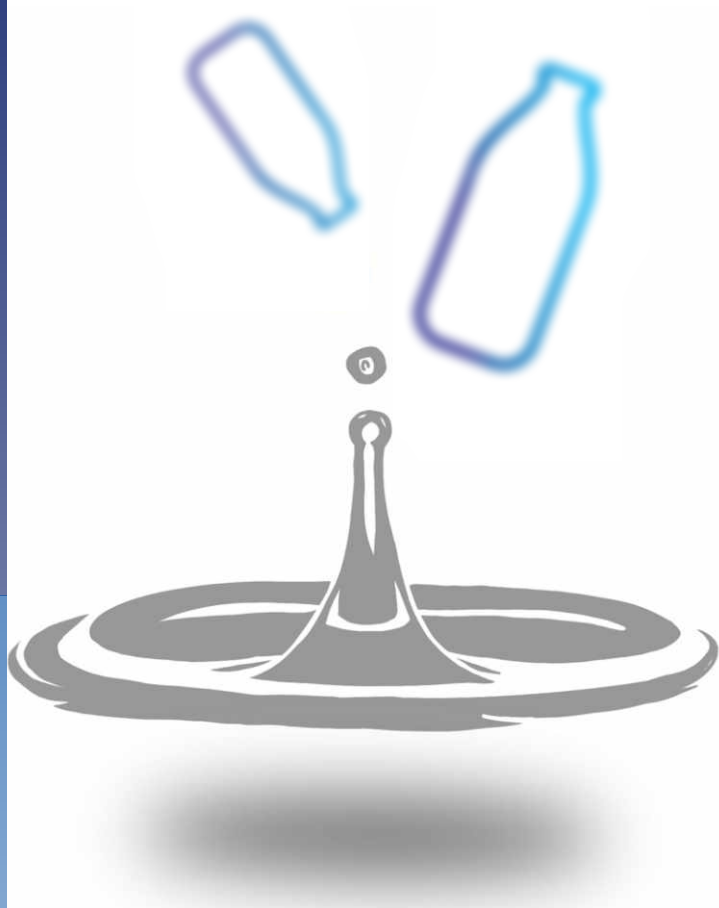
In addition to this, within 2020, Ss316 wire mesh filter frame was installed around the sea water intake filter and engine warranty issues were attended in defects and liability period. Moreover a major work of transferring engines to Male' was conducted in 2020.



## Power Outages

In 2020, there were 4 power outages lasting at a total of 74 minutes with in the month of February and May.

26th February	<b>21 Minutes</b>
03rd February	<b>23 Minutes</b>
29th February	<b>20 Minutes</b>
11th May	<b>10 Minutes</b>



## Water & Sewerage

STELCO water facilities have been operational in 4 islands in 2020. In addition to these islands, K. Gaafaru water facility was also handed over to STELCO, but operations were delayed to complete the pending works.

Since the majority of the infrastructure is built by the government, our main aim is to operate the systems in the most efficient and reliable manner.

In addition to our excellence in electrical service, we are striving towards betterment in providing the best quality water and sewerage service to the location we operate in.

## Desalination Networks

With the establishment of water services in recent years, we currently operate water desalination networks across 4 islands in Kaafu, Alif Alif and Alif Dhaalu atoll.

The total system availability is paramount in water services, and STELCO has maintained 100% availability in 3 islands. AA. Ukulhas had a 2 unscheduled interruptions and SAIDI dropped to 99.99% for the whole year.

In addition to RO facilities, rain water purification is a part of water making process, and STELCO does include treated rain water in all of our networks.

As part of our commitment to providing a reliable service, we have installed a third RO plant in AA. Ukulhas. In addition to this, several major upgrades were brought to make the facility more efficient. This included the installation of a second Borehole pump, installation of a recovery system as well as installation of a water distribution line from the harbor.

**Total**  
 RW Capacity **3,850**  
 Tons

**Total**  
 RO Tank Capacity **1,735**  
 Tons

## Sewerage Service

Making our first entry to sewerage service in 2019 by taking over 2 locations from Kaafu and Alif Alif atoll we have expanded over sewerage operations in the previous year. In 2020 we started providing the service to 2 additional islands of kaafu atoll. Today, we have a total of 4 running sewerage networks across Kaafu and Alif Alif atoll.

### K.Guraidhoo

Initiated on 07-11-2019

### AA.Ukulhas

Initiated on 05-08-2019

### K.Himmafushi

Initiated on 27-02-2020

### K.Thulusdhoo

Initiated on 27-02-2020

## Future Plans

STELCO plans to increase the overall efficiency of all water and sewer facilities in the coming years. This includes implementation of energy saving devices such as energy recovery modules in RO systems and Solar PV installation to offset the energy required for RO process.

In addition to this, new RO plants to expand the water production capacity in Mahibadhoo and Thoddoo as well as expanding the raw water capacity of Guraidhoo by completing a new bore-hole is planned for the coming years. Increasing water storage capacity in the islands is in the plans, the first being an additional storage tank in Ukulhas.

With the Water and Sewer Act of 2020, the energy required at all water and sewer facilities must come from renewable sources within three years. Therefore, STELCO is making preparations to integrate renewable energy at these facilities.

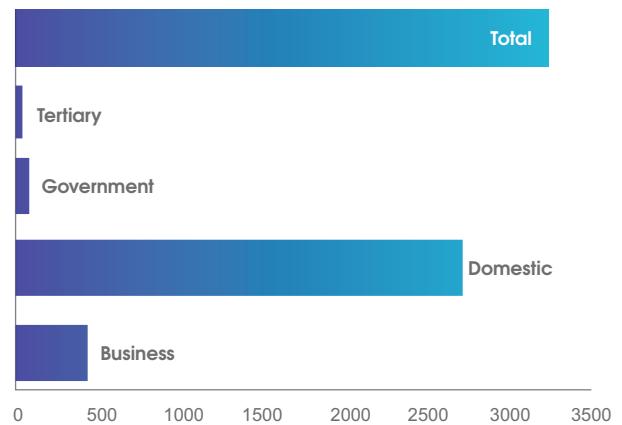




## Customer Service

As a utility service provider, we are admitted to deliver outstanding customer service while maximizing value and performance. In today's competitive environment we need advanced tools to optimize customer service delivery and manage critical infrastructure.

## Increase in Customers



## Work Towards Customers Satisfaction

STELCO has achieved outstanding goals in the year 2020, In terms of providing better quality service to customers and digitalizing different work processes. In 2020, the development of a cash counter was made, where a unified service will be provided to customers through each counter. Moreover, In order to improve the work of Quality checking, all Quality Checking works of Hulhumale' and Male' were centralized to under one function.

The establishment of STELCO Call Centre was the next step taken by STELCO for the convenience of customers. The Customer experience is also improved when call centre agents deliver appropriate and accurate information with a customized touch, thus promoting increased customer retention and brand loyalty.

In the year 2020, steps were also taken to upgrade all services internally as well as externally. Such as updating all billing contacts of the customers data base. This was done with the aim of speeding up the Bill generation and delivery process as well as for the convenience of customers. With the same aim the Physical delivery of Electricity bills to customers was stopped and delivering bills along with Notice for Disconnection via SMS was started.

Due to the Covid-19 Pandemic, changes were also brought to Meter reading for the convenience and safety of both customers and employees. An Online portal was then launched for customers to submit meter reading. When the meter photo is uploaded the Electricity bill will be created and the bill duration will not exceed more than 30 to 31 days.

An Online portal was also made available for customers to request for payment Extension, along with the option of Online Application Submission through mail. This allows customers to apply for the different services provided by the company within the convenience of their home or workplace.

## Upgrade To Billing Service

Upgrading the billing system are done year by year in order to bring updates as well as convenience while working.

In 2020, as an upgrade the original format of the bill has been converted to PDF forms as well and the reading recheck list is viewed and can be unlocked at the same time, in comparison to the past, where it can only be selected individually and can be unlocked at the same time. Moreover, the notes written in the reading device has been automatically updated to the 'invoice commenter'. This saves time for staff.

All these changes along with some upgrades to the reporting tool in the system was brought to help staff work more effectively while saving time and effort also one main purpose was to help the initiative of Going paperless.

## Awareness Campaigns

TV and radio programs were attended to provide information to the general public regarding how different services will be provided and can be accessed by customers during the lockdown days due to the Covid pandemic within 2020.

## Applications

In 2020, All Applications has been made available to submit and download through different online mediums which enables customers' easy access to the forms as well as convenience while saving time due to the Covid pandemic.





## Technological Advancement

In STELCO we believe that technological Advancement in our customer services and internal operations is key to excellence as a service provider. It is our utmost priority to stay up to date with modern technology and systems for efficient and productive operations.

### Enhancing Our Services

Customers are our number one priority and therefore we are continuously finding ways to make our services more accessible and friendly to them. We have made sure our services are at the reach of customer's fingertips through the STELCO Mobile application.

STELCO Mobile App brings great ease to customers in managing service received from anywhere they are. This being said major improvements have been made to the application in 2020. Firstly the application has been upgraded to be compatible with the latest versions of both iOS and Android. Moreover, the new BML mPOS payment gateway system and overdue payment extension feature has been added to improve customer experience and efficiently manage back office works.

In relation to the Covid-19 situation in 2020, the STELCO Mobile application was made capable to submit meter reading submissions from customers, both helping the customers themselves and our company. In addition to addressing the concerns on meter reading in the pandemic, we were also able to implement paperless billing feature making bill delivery contactless.

### Easing Internal Operations

With the challenges faced in 2020, technological implementation in work procedures were crucial. With many staffs having to work from home or in distance, made the requirement for upgrades in the different work software used in our operations.

As a part of the upgrades, a new entry manager web app was launched to effectively manage incoming documents to the head office. This system lets record incoming documents to the company and create a secure and accessible storage.

Moreover, the feature of electronic signature was implemented in our main resource managing software – INCOS for authorization purposes. This helps senior level employees of the STELCO to authorize requests and orders instantly and effectively. Moreover, this creates a more secure way of authorization and access to taking action. In order to facilitate ease for staff in working from home at the Covid-19 situation, Remote Desktop Service (RDS) was implemented to securely expose various IT Services. This helped to build security around STELCO's data and provide access to staff in STELCO servers while working from home.

In 2020, STELCO's Inventory Manager System that was been used in the Head office was successfully implemented in all operational island powerhouses. While doing so one of the main focuses were adding automation features to the existing version and upgrading the system in order to manage it centrally.

In Addition, two major IT based projects were carried out in the year 2020. Firstly, an upgrade projects was commenced to improve IT services. This includes areas from communication and collaboration within staff using Microsoft Exchange and Microsoft SharePoint Server. Furthermore, we also commenced an IT Infrastructure upgrading project. This assisted us in improving IT performance, reliability and increase IT resource capacity.

One of the most important works in our technological implementation made in 2020 was the Enterprise Resource Planning (ERP ) project being commenced. This project aims to integrate and automate the core functions of the company by mid-2020.

### Upgrade to IT Core Systems and Compliance

- Service virtual environment (VMWare) was upgrade to the latest version
- 90% of all Core systems were licensed

## Strengthening Security

As a company holding large land areas and resources that require attention, we have taken extensive measures to improve our security. One of the major works completed in 2020 in regard to this was moving CCTV security monitoring service of Head Office to the newly established security office. With this change, CCTV monitoring can be performed centrally.

Moreover, Engine Monitoring, Troubleshooting and Security project for all island powerhouses was commenced with the aim to allow Head Office engineers to monitor and troubleshoot various power engineering issues as well as to improve powerhouse security. Furthermore, in terms of server security we have acquired and implemented effective and reliable tools to properly manage company data backups.

In 2020, the CCTV systems of the following STELCO powerhouses were upgraded:

K.Thilafushi

AA.Mahibadhoo

AA.Hagnaameedhoo



## Staff Wellbeing & Empowerment

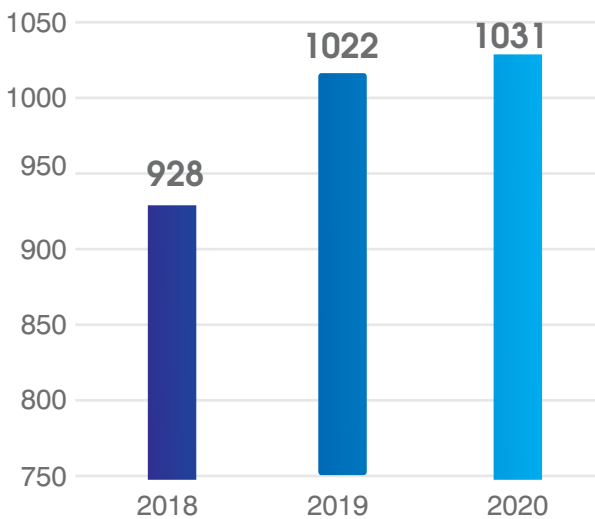
In STELCO we strongly hold on to the belief of our employees being the key to success. Our Innovative schemes and products are the doings of our employees. Therefore it is very important for us to providing the staff with great recognition, opportunities and motivation.

In addition to our effort in building a friendly work environment, we also encourage our staff to explore and show their skills for personal growth by providing proper platform and opportunities.

We provide strategic direction and advice related to government-wide human resource policies and initiatives such as diversity and leadership development; develops and implements innovative corporate human resource policies and practices; and fulfils legislative and delegated responsibilities for recruitment, compensation, pensions and benefits, employee development, organizational health and labour relations.

Highly motivated and competent staff are a crucial part of our operations. Therefore we address the career development and progress of staff in our Staff Development Programs. Within the several programs we conduct each year as a part of team motivation, we encourage initiations of leadership and technical capability of staffs.

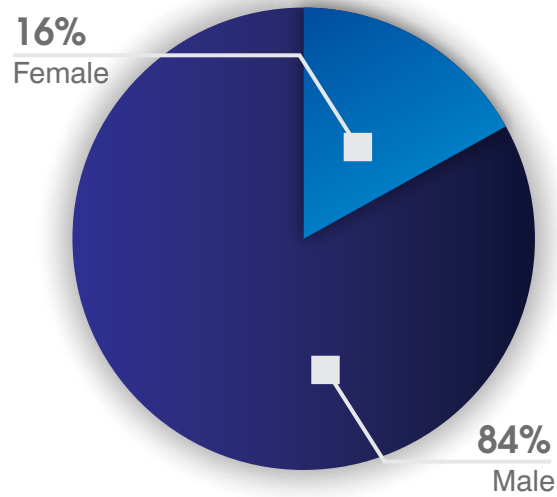
### Number of Staffs



STELCO currently employs 1031 staff. We are proud to maintain a 100% local workforce with 703 staff at Male' and 328 across island powerhouses. Our staffs come in a diversity of gender, age, experience and skill set to perform the work in the most productive, efficient and effective way possible.

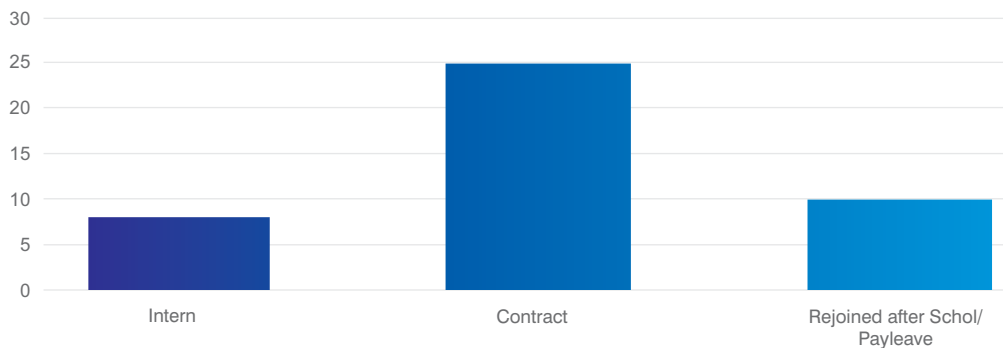
Within this, 613 of our staff works in the technical field, while 418 staff were working in the administrative area in 2020.

In 2020 we have hired 9 staff, which is a 0.87% increase in comparison with 2019. This totals up to 168 female and 863 male employees working in STELCO as of 2020. We continually increase the number of female staff over the past few years both in the administrative and technical fields.



In addition to the small increase in staffs, 8 new interns and 25 contract staffs were recruited in 2020.

### Recruitment in 2020



Furthermore, an additional 10 staff re-joined work after paid leaves or finishing scholarships provided to them by the company. Extension of our workforce in manners such as interns and contract staffs strengthens our productivity and efficiency.

In 2020, the turnover rate of STELCO was at 2.21% with 22 terminations in total, excluding the number of staffs who went on Pay leave and Scholarships.

## Staff Development

During the year 2020, a total of 199 staff participated in online training programs in the field of project management, Risk-Based Internal Auditing, Online Certification Program for Utility Professionals on Designing Resource Plans for Future Utilities, Electrical Substation Design, Testing and Commissioning Procedure, HR Leadership & Transformation Development etc. Due to its impact from the global pandemic, many of our original training plans were disrupted in 2020. Hence online trainings were conducted as we value staff development as a priority and are open to changes to do so.

Moreover, 10 staff were given opportunities in company-sponsored short term overseas training programs including Budgeting Practice & Cash Flow Forecasting Techniques, Technical Meeting and Inspection visit to Beijing Hezong Science & Technology Company (Factory Testing), SAGE 300 ERP Training etc.

In house training programs conducted in 2020 include Forklift License Training, National Level III in Electrician, Basic First Aid, Customer Care for frontline staff, Corel Draw X9 Training Intermediate level and Effective Corporate Governance, whereby a total of 98 staff has participated in it.

In 2020 STELCO made a wide-ranging effort on staff training and development career and capacity development remained a top priority in the organization's HR strategy. HR department acted to ensure that staff training needs were met to develop capacity and staff ability to make informed decisions and deliver the best possible service to customers and suppliers.



## Women Empowerment

In 2018, a "Basic Electrician Course" was conducted especially to increase the participation of women in this field. 146 women successfully completed the course. Due to the huge success and requests from the public, in 2020 was announced that advanced training held for women. Thus, STELCO has initiated "National Certificate Level 3 in Electrician" for female staff of STELCO. The main aim of this program is to increase the involvement of women in various technical fields and to empower women in society to pursue fields that were previously recognized as male-dominant career paths. The course also paved way for advanced learning in the field for interested individuals. Moreover, STELCO, Support assistants for our island powerhouses are a designated post for only females staff recruitment.



# Staff Wellbeing

STELCO believes in investing towards the health and welfare of our employees. The introduction of In-house health insurance “STELCO Health Insurance” in June 2018 for an increase in the well-being of the staff played a huge role for the company in decreasing the amount of Absenteeism and Medical leaves.

Statistics from 2020 show a decrease in the premium amount due to the deduction of dependent additional fee from MVR3600 to MVR3000. From June 2019 till June 2020, there are 516 claims on STELCO in-house health insurance.

This scheme benefits our staff in multiple cases of health-related matters. Moreover, our Insurance scheme covers up a wide range of areas from psychological consultations and treatments, fertility treatments to full body check-ups every 2 years. In 2020, some cases of occupational Injury were fully covered under STELCO welfare.

# Staff Recognition

Employee recognition is the affirmation of our outstanding performance. STELCO believes that through staff recognition, employees and their work are valued, their work efficiency increases and they are inspired to keep up or improve their work performance.

In order to recognize the un-exceptional work and commitment, 12 staff were given a promotion in 2020. This gives the staff the opportunity to take initiations and leadership for the company’s bright future and their personal development.

In addition, each year STELCO provides the opportunity for 2 females and 2 males to perform prestigious Hajj and Umrah. This is the foundation for solid staff engagement, continuous employee development, and retention strategy for the future, which started in the year 2012.





## Corporate Social Responsibility

STELCO being a good corporate citizen recognizes the importance of contributing to the activities and events that promote and uphold the social and economic development of the Society. In this regard, STELCO has continued Corporate Social Responsibility (CSR) activities and assistance to various areas of the community including renewable energy, education, sports and entertainment, community development, religious activities, national events and environmental protection activities.

STELCO strives to be an exemplary company in supporting and promoting the events and activities that confer a benefit to the disadvantaged and the underprivileged of society. STELCO has continued its contribution to different organizations with our CSR policies in this manner.

### Protecting Our Religion, Heritage & Culture

During last year, greater importance has been given to supporting and promoting the activities and events that strengthen the Islamic faith, culture and tradition of our nation. STELCO has contributed CSR assistance to the Schools of different Islands in supporting activities and events promoting the aforementioned causes such as Quran competitions and quiz competitions. Furthermore, STELCO has signed an MOU with Ministry of Arts, Culture and Heritage to provide maintenance work and technical support for the renovation and maintenance of Minaret and the water wells of Male' Friday Mosque for a four year period.

STELCO recognizes the need to build credibility and trust in the communities STELCO operate in through the implementation of effective CSR assistance programs targeted to such communities. In this regard, assistance has been provided to improve Education, Environment, Social and Economic Development of the community.



## Sponsorship & Social Contribution

Sponsorship was provided to different organizations with CSR assistance in organizing sporting and social activities involving the public. STELCO was a Sponsor for 5th Inter Office Handball Tournament in 2020.

Moreover, STELCO has continued to support Care society by providing a teacher's salary in the year 2020. As a contribution towards the society, STELCO has built a bus stand from our land area under our Greenlife initiative in November of 2020.



## Recognition of Global Achievement

With the intention of recognizing and encouraging the individual/team effort in bringing good name to our country by representing Maldives at national level, STELCO has sponsored the Sports attire of athletes who won Gold medal in Indian Oceans Island Games (I.O.I.G) 2019 for a duration of one year.



## Responsibility Towards Our Environment

In the year 2020, STELCO has provided CSR assistance to various events promoting environmental concerns, organized by different NGO's, organizations and government institutions.

We continued to participate in 'Rah Fehi program' (tree planting program) initiated by President Ibrahim Mohamed Solih and planted around 3000 trees including all the islands in which STELCO operates. As a result of our 2nd tree planting program, we were able to plant over 6000 plants in the year 2020. With this success, our aim is to continue this program every year.



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## Educating Our Future Generations

The program to include and educate children in the energy sector is of utmost importance. STELCO arranged CSR assistance in different ways to assist schools to reach their goals. This includes technological devices such as Televisions provided to an island school to help them with the digitalization of education and electricity fault assistance provided to different school under CSR.

In addition, to help given to schools in person, STELCO also assisted Ministry of Education by providing computer systems.

## Assistance in Covid-19

STELCO helped in fighting the pandemic alongside the government through various CSR assistances like man power and vehicles. Major assistance was to provide electricity to the isolation facilities and to provide water produced by STELCO through CSR. In total STELCO spent over MVR5.1million for CSR on Covid-19.

In addition to the financial assistance provided, we also utilized our resources and human capital in the pandemic situation. A number of administrative equipment such as computer systems, bottled water and technical assistance was provided to the Health Emergency Operation Center by STELCO in 2020. Moreover, to assist HEOC with their work, over 39 staff from STELCO attended Dharubaaruge under their operations within the lock-down. It is also important to highlight that , with the cables and generators provided to covid facilities, STELCO also staff gave a great contribution in building and structuring the electrical plan of the facilities.



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## Promoting Social Awareness

Throughout the year STELCO continued on creating awareness among the public to develop a responsible and respectful society. The 'STELCO Maa TV' has played a great role in delivering awareness information to the public. In collaboration with Maldives Police Service, STELCO has been displaying video clips regarding Road safety and crime prevention on 'STELCO Maa TV'. Furthermore, video clips and informative clips have been displayed on Maa TV regarding Health awareness and Human Rights. STELCO Maa TV also used to spread awareness to the public in the Covid-19 Pandemic.



## Business

### Diversification

STELCO has diversified its product portfolio with the introduction of several new products and services. The aim is to establish an alternative revenue making mechanism in the company and thereby enhance the company's financial independence.

### STELCO Solar Centre

STELCO Sales Centre's main objective is to ensure the public has access to affordable and quality electrical goods and services. The showroom's product range includes all types of electrical items for residential and commercial use including spare parts and components for power generation. Our best selling products are kWh house meters, electrical cables, wires, tools, electrical fixtures and Solar PV Equipment.

### Service Projects

In 2020, STELCO executed over 20.73 million rufiyaa worth of electrical service projects to government institutes, public limited companies, and private businesses. Supply and installation of transformers and metering panel board, servicing of back-up generators, individual electricity upgrading and rectifying electrical faults are some of the vital services that STELCO provides to customers.

Furthermore, since proper timely service and maintenance of generator sets and panel boards are imperative to keep them in its best condition, STELCO introduced Service Maintenance Retainer. Under this retainer, preventive and routine maintenance to the customers' Electrical related items such as generator transformer and panels are being provided with utmost care and professionalism. Our team is dedicated to ensure the satisfaction of our customers by keeping their machines are well maintained and fully operational.



## STELCO Fen

Bottled water was also sold under the STELCO Sales Centre umbrella to residential and commercial customers. Since the year 2000, STELCO has been producing water using waste heat energy, a byproduct produced from the engines. STELCO's strategy to foray this water into a business model resulted in the establishment of a water bottling plant. In 2020, STELCO Fen was distributed both wholesale and retail with the aim to produce quality, tasty and safe drinking water which is affordable compared to alternative in the market. We produced our bottled water in five different sizes.

## MaaTV

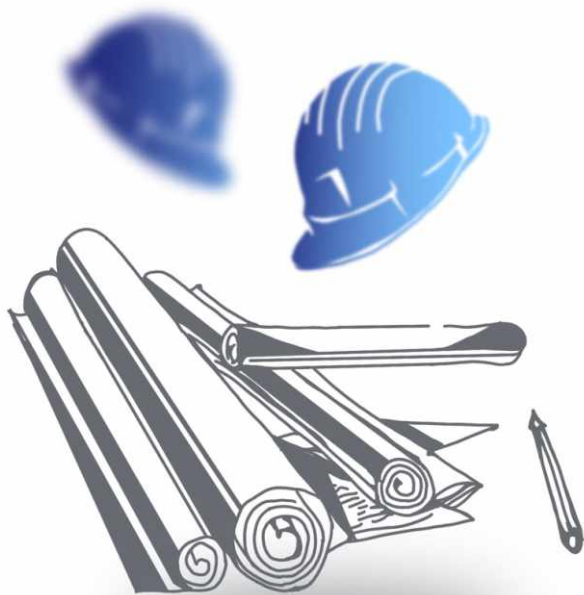
STELCO has various substations in Male, Villimale, and Hulhumale, located in hectic and important lanes. STELCO will utilize these locations and install LED screens promising extensive exposure for both STELCO and STELCO's advertising clients.

## Greenlife Initiative

### STELCO Solar Center

With the introduction of STELCO Solar Center, enquiries and interested customers increase to install solar panels and their residence. In 2020, 22.44kWp was installed under STELCO Greenlife Initiative. The project of Renewable energy (Solar Energy system Installations) is designed to be financially profitable, technically feasible, and good for customers, staff, the community at large, and the environment. Harnessing solar power will be necessary for our energy future, providing energy diversity and reducing our dependence on fossil fuels, which pollute the environment. Opting for solar energy is not only financially rewarding but also enabling us to make a significant contribution to avoiding fossil fuel and making our world a better place for today and generations to come.





## Major Projects 2020

In STELCO we always thrive to find modern and effective ways of operations. Hence our continuous investment in new infrastructure. Regardless of the challenges we faced in 2020, our projects continued effectively. Moreover, number of new projects were even initiated in 2020

These include 6 major projects being initiated, and works of 4 progressing projects. Moreover, 4 projects were also commissioned in the year 2020

### Ongoing Projects

- Greater Male' Grid Connection Phase I
- Development of Floating Solar
- Hulhumale' Phase II Network
- Technical Assistance Provision
- Generator requirement in the island

### Commissioned in 2020

- Adh. Omadhoo Powerhouse Construction, Customer Service Building
- Gulhifalhu Network Upgrading
- Designing and development of STELCO Green Life Bus Stand
- Male' Peak Handling

### Initiated in 2020

- Hulhumale Phase I & II 11kV Interconnection work
- Fuel storage tank in 10 islands
- Powerhouse Construction & Relocation
- EIA of 5 island Powerhouses
- Floating Solar
- PV Installation project

## Ongoing Projects

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### Greater Male' Grid Connection Phase 1

Greater Male' Grid Connection Phase 1 project is a revolutionary project that aims to change the way power is distributed in the Male' region. The Phase-1 of the project comprises the interconnection of three island grids of; Male', Hulhumale' and Hulhule' giving STELCO the resilience to establish power facilities in Hulhumale' and import power to Male' as well as contribute support to Hulhule' in case of a power shortage. This further allows the power generation provision of Male' to be miniaturized whereby shifting essential power distribution services distant from residential framework. With the implementation of the Phase-2 of the project, the islands of Villingili, Gulhifalhu and Thilafushi will also be united to the single grid paving way for large scale power generation in the region to achieve better economies of scale while converging to the reliability of the overall power grid.

Furthermore, this project introduces new technological advancements in grid power management as well as a higher operating voltage of 132kV to compensate for distribution loss and load optimization. Concurrently Transmission SCADA and Distribution SCADA, as well as power quality management systems, will be introduced to elevate the level of service quality.

The project commenced on 22<sup>nd</sup> October 2018 and 87.80% of its work is being completed as of December 2020. The project is valued at USD 44 million is expected to be completed by June 2020



## Development of Floating Solar

The development of floating PV system is an initiative of STELCO to increase the generation of electricity from renewable energy sources to reduce carbon footprint in the electricity sector. Furthermore, it is also focused as a greater contribution towards the renewable energy goals of the government. Further, the land being scarce in the Maldives, floating solar is the most effective and cost-efficient solution to reach these targets. After intensive research from STELCO Research and Development Unit, a Floating PV system called 'Floating Solar Pod' was developed during the fourth quarter of 2020. The product was launched on 30<sup>th</sup> December 2020. The first pilot project using the floating system will be implemented in Adh. Kumuburudhoo during the first quarter of 2021.

## Hulhumale' Phase II Network Technical Assistance Provision

The initial agreement for the Design and Construction of Electricity System and Open Access Network of Hulhumale' Phase II was made between HDC and Browns-CMEC. Technical Assistance for the Electricity and Engineering component of the project HDC has appointed STELCO as a consultant for the technical implementation of the contract.

Agreement date: 11<sup>th</sup> November 2019



## Generator requirement in the island

Based on the demand forecast for all the islands, additional capacity is being allocated in the budget for Island powerhouses with no firm capacity. This is to cater for the increasing demand to avoid any future power interruption or power failure.

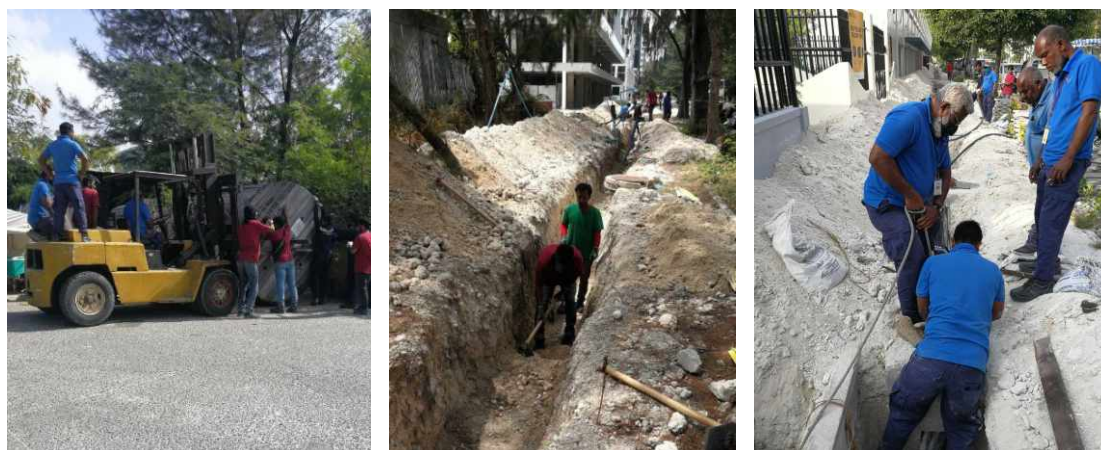
Island	No. of gensets	Capacity	Status
K.Thulusdhoo	1	600kW	Installed
Adh.Fenfushi	1	250kW	Installed
V.Felidhoo	1	250kW	Installed
K.Gulhi	1	300kW	Installed

Aa.Ukulhas	1	300kW	Installed
K.Himmafushi	1	500kW	Installed
K.Gulhifalhu	1	200kW	Installed
K.Guraidhoo	1	600kW	Installed
K.Gulhifalhu	1	500kW	Installed
Male'	5	8000kW	Installed
K.Gaafaru	1	400kW	Procured & to be installed
K.Kaashidhoo	1	600kW	Procured & to be installed
Aa.Bodufolhudhoo	1	250kW	Procured & to be installed
V.Keyodhoo	1	400kW	Procured & to be installed
Aa.Ukulhas	1	600kW	Procured & to be installed
K.Dhiffushi	1	600kW	Procured & to be installed
Aa.Thoddoo	1	800kW	Procured & to be installed

## Initiated in 2020

### Hulhumale Phase I & II 11kV Interconnection Work

This project was the outcome of several discussions with HDC and other key stakeholders with regard to the provision of electricity to 7000 Social housing Units. As the government's commitment to delivering the housing units within few months, there is an urgent need to provide temporary electricity interconnection between Hulhumale Phase I and Phase II. Therefore HDC entered into an agreement with STELCO for this component on 10<sup>th</sup> January 2021. The work was initiated on 1<sup>st</sup> February 2021. The completion date for the project is 15<sup>th</sup> June 2021.



## Fuel Storage Tank In 10 Islands

The purpose of this project is to increase the fuel storage capacity in the island powerhouse as generation capacity increases every year due to the increasing demand. The project was commenced on 24<sup>th</sup> September 2020 and is expected to complete by August 2021.

## Powerhouse Construction & Relocation

Prior to powerhouse takeover by STELCO, some of the powerhouses were initially developed by the island communities without proper planning and in a makeshift manner. Also, these island powerhouses are closer to residential areas; sometimes due to reclamation which causes negative impacts to the surrounding environment such as reduced air quality and high noise levels. Therefore, some powerhouses were relocated to sites far away from the residential area and upgraded with adequate buildings and added generation capacity to provide better service to the island communities. The following are the Powerhouse construction and relocation projects initiated in 2020.

### V. Thinadhoo Powerhouse Relocation

The project was commenced on 10<sup>th</sup> October 2020.

The expected date of completion is 17<sup>th</sup> May 2021.

### V. Felidhoo New Powerhouse

Designing and Tender stage

### Adh. Mahibadhoo New Powerhouse

Designing and Tender stage

### AA. Thoddoo New Powerhouse

Designing and Tender stage

### AA. Rasdhoo New Powerhouse

Designing and Tender stage



## EIA of 5 Island Powerhouses

The Environmental Impact Assessment was conducted for the Construction of Powerhouses in 5 islands; V. Thinadhoo, V. Felidhoo, ADh. Mahibadhoo, AA. Thoddoo and AA. Rasdhoo. This study was conducted to examine the impacts of these proposed projects on the surrounding environment and to identify mitigation measures to minimize the impact. The project was awarded to CDE consulting on 19<sup>th</sup> January 2020 and it was completed on 14<sup>th</sup> March 2021.

## Floating Solar

As mentioned earlier STELCO floating solar is aimed towards the increase in power generated through sources of renewable energy in order to reduce our carbon footprint in the electricity sector. This includes the installation of our own invention the “Solar Pod” designed and manufactured by STELCO to cater floating PV systems to a diverse range of customers.



## PV Installation Project

Increasing the PV power generation capacity of STELCO has been planned to move towards more environmentally friendly and sustainable power generation sources. . This has been initiated in 2020 and is planned to proceed depending on the budget and space constraints.

Some of the specific projects in this regard, planned in 2020, are as follows;

- Omadhoo Renewable Energy Project: The project was initiated in the first quarter of 2020. This project is expected to commission during 2021.
- Keyodhoo (w/ battery 281kW/70kWh) – 309 kWp
- STELCO Rooftop Solar PV – 650 kWp: This project was initiated in the last quarter of 2020.
- POISED project for 30 Island PHs to install PV equivalent to 30% of the peak load.



## Commissioned in 2020

### Adh. Omadhoo Powerhouse Construction, Customer Service Building

The existing powerhouse of Omadhoo prior to STELCO operation was located in the middle of the island close to residential areas. Due to the lack of noise attenuation measures as well as emission reduction measures, a lot of inconveniences was caused to the public when the powerhouse was operated. Hence STELCO took the decision to relocate the powerhouse away from residential areas and improve the powerhouse to a modern standardized facility.

The project to relocate the powerhouse commenced on 1st October 2019 and was completed on 1st March 2020. The total value of powerhouse construction was MVR 4.5 million. Further works of genset relocation, as well as construction of new fuel tanks, are still ongoing.

## Gulhifalhu Network Upgrading

In order to cope with the increased demand, existing low voltage distribution network was upgraded to a medium voltage network during the second quarter of 2020. Despite the challenges faced due to Covid-19 lockdown, the project was implemented without any further delays. This project was initiated on 31<sup>st</sup> March 2020 and completed on Mid-July 2020.

## Designing and Development of STELCO Green Life Bus Stand

STELCO Green Life Bus stand is an initiative under STELCO Green life campaign. The designing and development of Bus stand was initiated in December 2019 and it was completed on 14<sup>th</sup> November 2020.

This bus stand was constructed from STELCO's head office and Male' powerhouses' land area for public access and is structured to the latest technology. The bus stand is fully powered by solar PV systems installed on the roof and can show the location and root of the buses in real-time. Moreover, the stand has features such as USB charging stations and Drinking water available to people who use the bus stand.

The stand was opened by the vice president of Maldives, his excellency Mr Faisal Naseem.



## Male' Peak Handling

STELCO focuses on constant investment in additional generation capacity in order to fulfill the growing demand for electricity in Male'. The installation of temporary generators within the STELCO site was mandatory as the best alternative to accommodate the peak demand in 2020. In 2020, a total of eight generator sets capable of generating 8.4MW of electricity were installed and commissioned to meet demand. This project initiated in mid-2019 was commissioned and completed in December 2020.

## Challenges

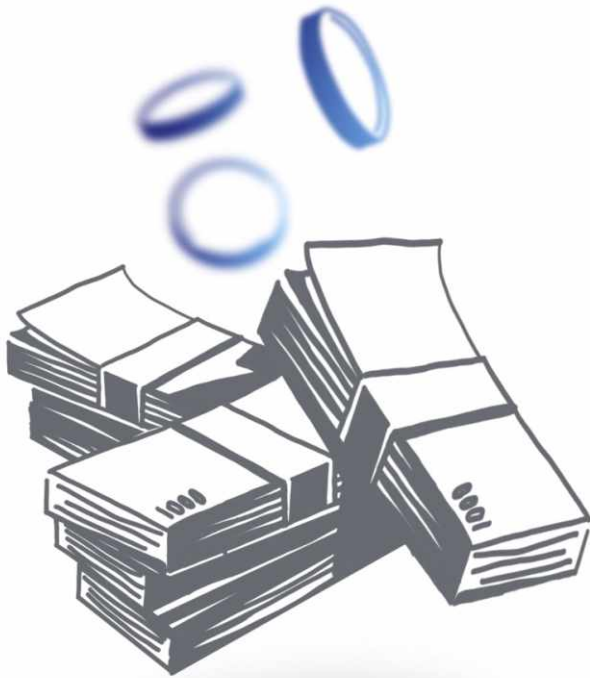
### **Project Delays in Greater Male' Grid Connection Project Phase 1**

There were many project decelerators after the management change and at the beginning of this year, such as the Coronavirus impact on the project, the contractor declared Force majeure event and suspended work from 15<sup>th</sup> April 2020. Moreover, there were technical barriers and resistance to the change within the company while stakeholders were reluctant to provide assistance.

However, this was solved through assistance from authorities assistance in expediting the project despite the lockdown, formation of an interconnection committee within the company to provide technical support for the project which resulted in project acceleration.

### **Project Delays in Electricity To 7000 Housing Units in Hulhumale Phase 2**

STELCO provided quotations for temporary interconnection & 7000SHU network in June 2020. However, there was a delay in the process due to complications. this was resolved through high level meetings and negotiations with stakeholders.

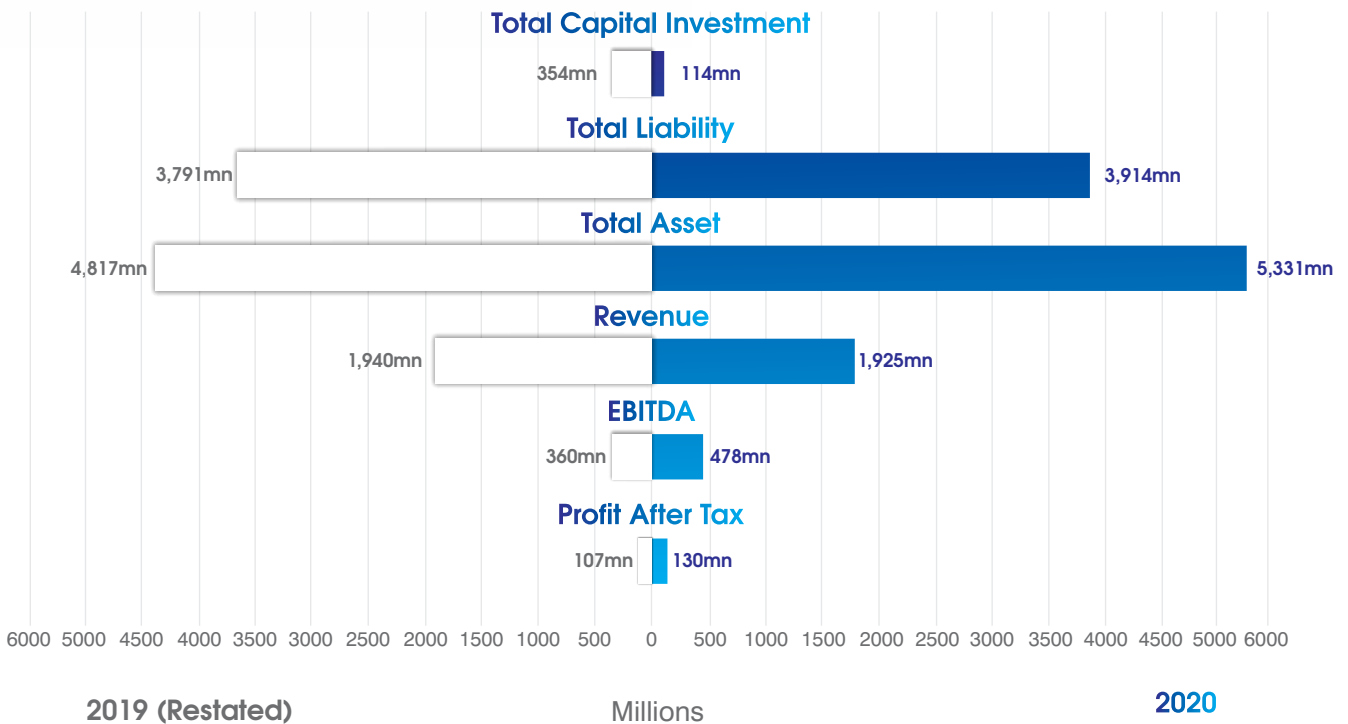


# Financial Review 2020

With the collaborative decisions made by management team, STELCO were able to sustain the profitability, despite 2020 being an economically challenging year.

Although forecasted revenue were not met due to covid-19 pandemic, with the proper utilization of management resources and efficient management of expenditure, profit after tax has increased.

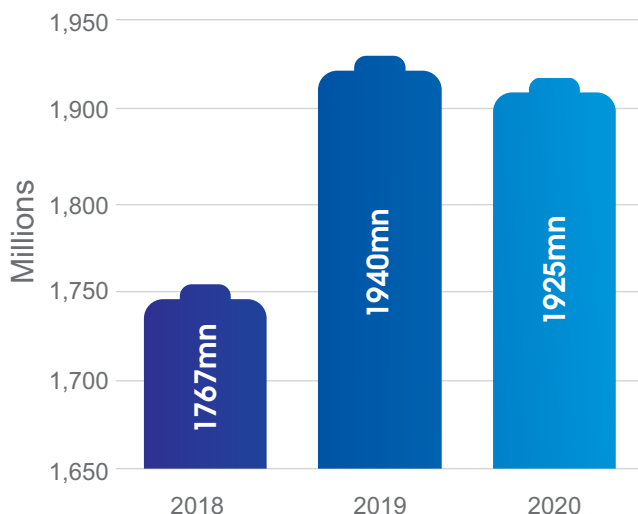
Though, 2020 was a financially challenging year, STELCO managed to end the year without major debt commitment. Critical projects were given priority when managing funds, to ensure reliable and uninterrupted integrated utility service.



## Revenue

▼ 0.007%

MVR  
**1,925** millions

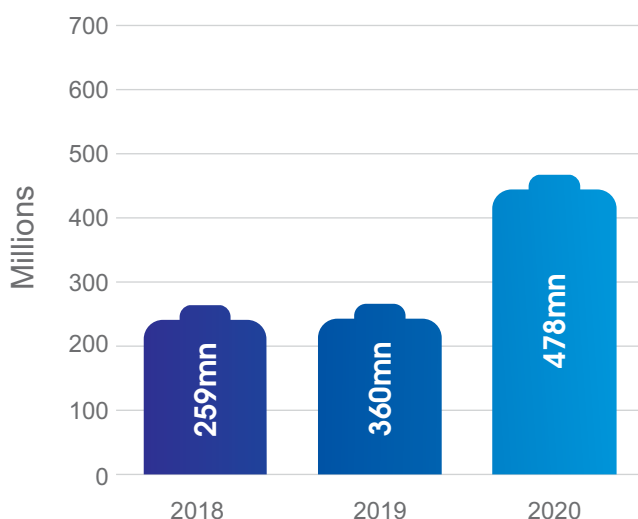


Revenue has fallen marginally compared to 2019 due to a drop in business category sales. In 2020, STELCO earned revenue of MVR 1.9 billion, a decline of MVR 15m from year 2019.

## EBITDA

▲ 33%

MVR  
**478** millions

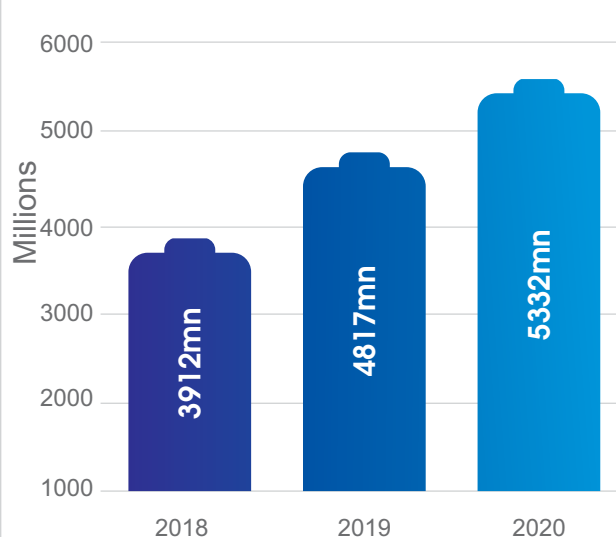


With cost cutting measures taken to mitigate financial burden caused by COVID-19, production cost and operational expenditure have reduced considerably. As a result, EBITDA has improved.

## Total Assets

▲ 11%

MVR  
**5,332** millions

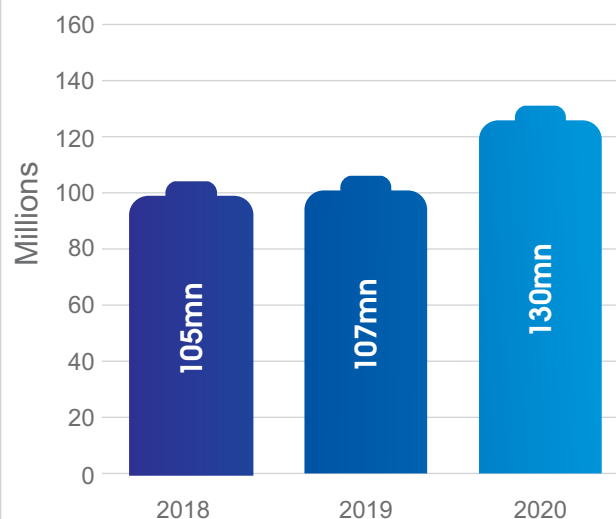


Total asset for the year were recorded at MVR 5.3billion, an increase of MVR 514m from 2019. Asset base increased mainly from additional property, plant and equipment.

## Profit After Tax

▲ 21%

MVR  
**130** millions



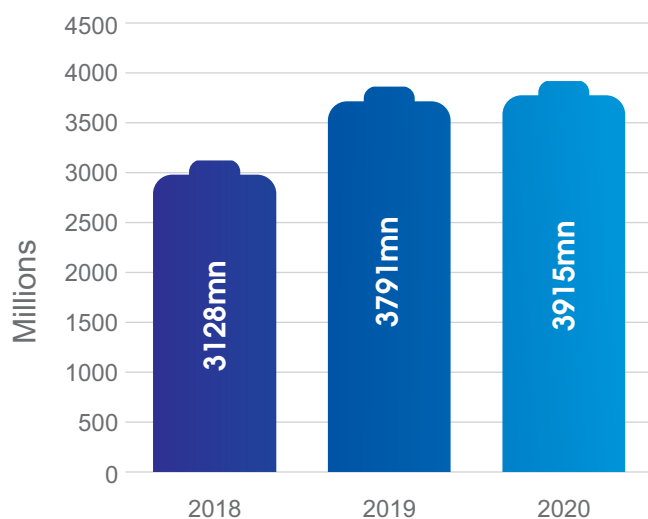
Profit after tax totaled to MVR 130m, an increase of MVR 23m from prior year.

Reduction in expenditure and efficient management was the main reason for rise in profit after tax.

## Total Liabilities

▲ 3.3%

MVR  
**3,915** millions



Total Liabilities sums up to MVR 3.9billion in 2020, an increase of 3.3% compared to 2019. Main contributor for increased in liability is due to more borrowings to cater for the growing demand.

## Dividends

MVR  
**20** millions

On 11<sup>th</sup> August 2020, the Board of Directors has approved a Dividend of MVR 20,000,000 for the financial year ended 2019. This marks the declaration of dividend for the first time in 15 years. Through excellence leadership and efficient management, STELCO is currently in position to declare dividend and help government financially.

## Dividend Yield

2020 **13.3%**

## P/E Ratio

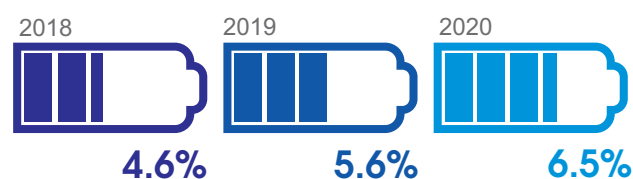
2020 **7.5** Times

## ROCE

▲ 14.6%

**6.5%**

Return On Capital Employed (ROCE) increased from 5.6%(2019) to 6.5% in 2020. Main reason for rise in ROCE is due to increase in earnings before interest and tax.

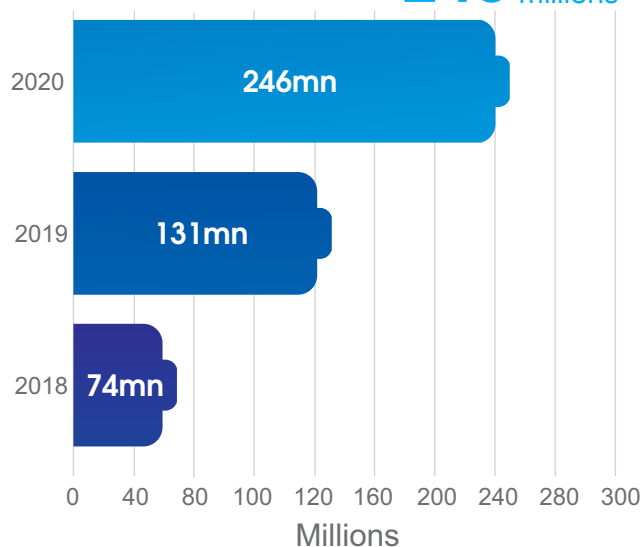


## Related Party Transactions

### Related Party Receivables

▲ 88%

2020 MVR  
**246** millions



As seen from the above chart, related party receivables has increased year on year and has caused significant challenges. STELCO's vision of gaining financial independancy as per company Strategic Action Plan (SAP) has been-

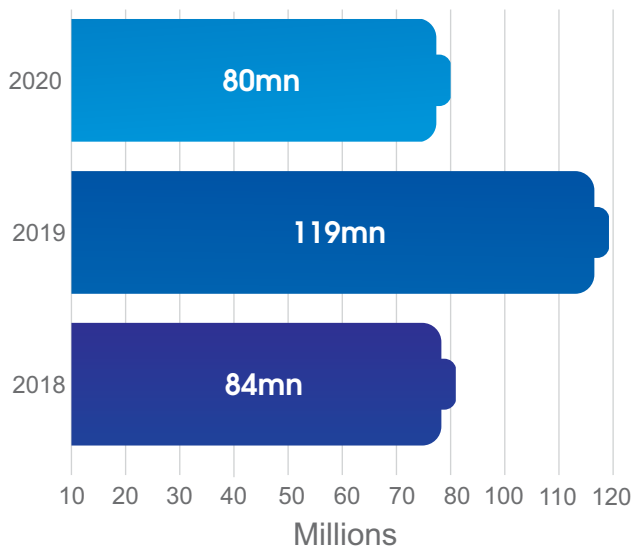
- adversely affected as increasing related party receivables has hindered STELCO's ability to invest for expansion projects. Related party receivables of MVR 74m in 2018 has grown to MVR 246m in the year 2020. From total receivables of MVR 572m in 2020, 43% accounts for outstanding to be received from related parties.

### Related Party Payables

▼ 33%

2020

MVR  
**80** millions

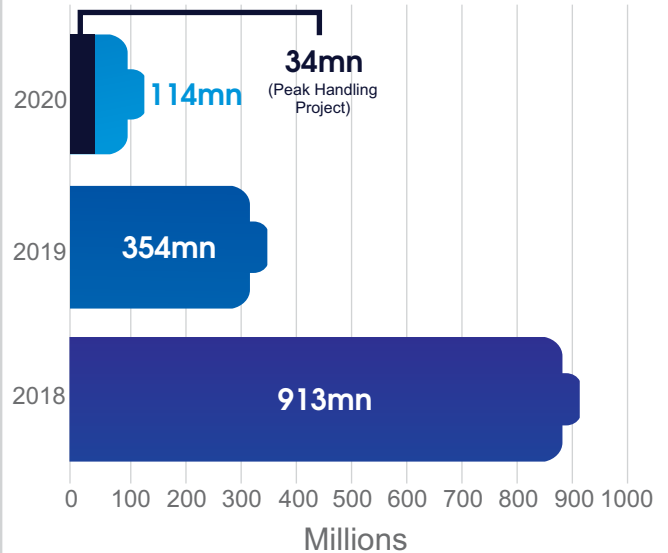


Similar to past years, STELCO pays its suppliers on time as maintaining healthy relation with suppliers is a top priority of the company. Eventhough, related party receivables have been growing over the years, STELCO has been paying suppliers on timely. In the year 2020, total payables was at MVR 289m, of which 28% are payable to related parties. State Trading Organization (STO) remains as the main supplier, with MVR 68m from total related payable of MVR 80m.

## Capital Investment

▼ 68%

MVR  
**114** millions

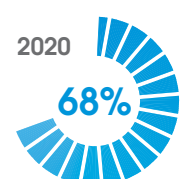
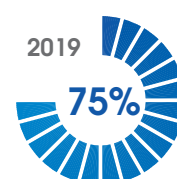
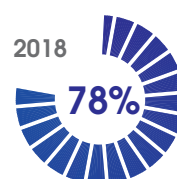


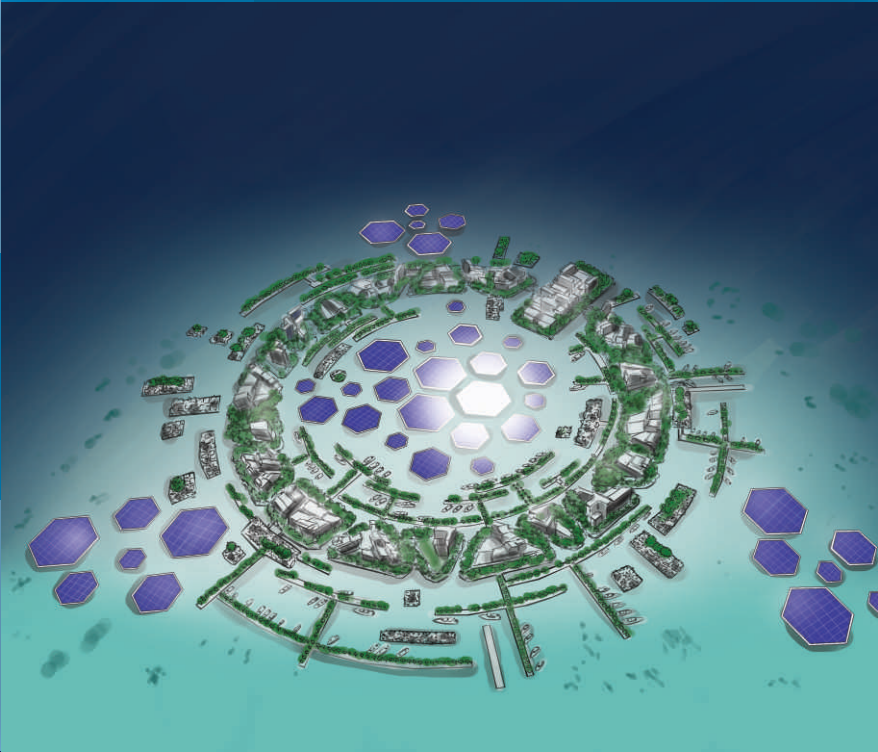
Due to expansion of GREATER male' region, STELCO has been heavily spending on infrastructure projects to cater for increased electricity demand. Even though, 2020 was a year in which major projects were delayed due to financial crisis imposed by COVID-19; a sum of MVR 114million was spent on major projects, of which 34millions were incurred in relation to Male' peak handling project.

## Gearing Level

**68%**

Even though gearing has reduced to 68% (2020) from 75% of 2019, STELCO average gearing for past 3 years remain significantly high. Drop in gearing level during the year was due to repayment of Sovereign Guaranteed loans and increase in capital contributions.







**05**

**OUR  
FUTURE**

# Future Outlook

As proud as we are to have accomplished success, STELCO also believes in continuous improvements and room for more innovative and effective ideas.

With our vision to find excellence, our team works constantly with the aim to become the most sustainable, technologically advanced, systematic and capable company in the sector.

## Technological Adaptations

### Digital Customer Interactions

With the changing technology in providing services, the best way to move forward is through digitalizing the billing services. This provides a lot of conveniences for customers to view billing details and make online payments at their convenience. This also saves cost and helps to save through efficiency as the cost of printing and paper will be cut completely.

Moreover, STELCO aims to introduce an e-commerce platform as a sales centre to provide its products and services online. The platform will provide additional software to manage back end functions such as accounting, order management, inventory management and customer service.

### Research and Development

An in-house laboratory and RO Plant assembling facility would reduce the cost and time spent on laboratory services and RO plant assembly service from vendors. STELCO intends to do assembly and modifications to the water production plants in the company in-house from 2021 onwards to a large extent. This will enable the company to have a more common design and move towards service expansion in the islands.

## Sustainability

### Green Powerhouses

The plan for the next 3 years is to reduce cost in operations and decrease carbon footprint by integration of energy-efficient systems, right-sizing by incorporating renewable energy (RE) as well as alternate environment friendly technologies.



## Electric Vehicles

The introduction of solar-powered vehicles is designed to be financially profitable, technically feasible, and good for customers, staff, the community, and the environment. Harnessing solar power will be necessary for our energy future, providing energy diversity and reducing our dependence on fossil fuels, which pollute the environment. Opting for solar energy is financially rewarding and enables us to make a significant contribution to avoiding fossil fuels and making our world a better place for today and generations to come.

## Energy-Efficient Products

Energy-efficient products are any type of consumer product that performs the same function as its non-energy efficient alternative while saving money through smart energy technology and decisions. Energy-efficient products are designed to reduce the overall energy use, enabling to reduce the amount of money spent on electricity bills. These products have environmental benefits; because these products reduce energy use, they also reduce the amount of energy that needs to be generated. Less energy generation to lower greenhouse gas emissions contributes to global climate change and has proven valuable to our natural environment.

## Systematic Operations

### Enterprise Resource Planning

In order to systemize the work of the company, STELCO is invested in studying and improving operational methods. Implementing an Enterprise Resource Planning (ERP) system will increase work efficiency by automating time-consuming processes. It will also help to reduce human errors and allow for a more seamless exchange of documents between departments. Most importantly, the ERP will generate reports and provide the insight required to make informed management decisions promptly.

### Document Management

STELCO aims to introduce a modern and technological document management system that will provide a solution for recording, managing and archiving the company's documents and correspondence. The system will come with features focused on the current document handling process which comprise document entry, routing of the document to the relevant department, dispatch of outgoing documents and archiving.

## Staff Development

### Improving Skills and Performance

STELCO believes skills audit & training needs assessment is required to identify gaps and mismatch of knowledge, skills and abilities possessed by staff in comparison to the roles and tasks allocated to staff. therefore we plan to address these assessments for us to make effective recruitment decisions by matching applicants skills set to the requirements of the company, utilize the full potential of staff capabilities and deliver training to staff that are targeted to develop lacking areas. Moreover, we plan to introduce a new staff performance appraisal to evaluate staff performance based on the level and function of the staff.

## Major Projects Planned For Future

### Renewable Energy Plan

During the year 2020, STELCO initiated to formulate Renewable Energy Plan. The objective of this plan is to scale up renewable energy sources and increase renewable energy-based electricity generation. The plan will include an investment plan, long-term renewable energy goals and strategies to achieve it in order to achieve the government's carbon neutral goal.

### Increasing The R&D Capability

Increasing the R&D capability has been planned for the year 2021. For this reason, and bearing in mind the operational aspects of some of the planned pilot project items have been listed for budgeting for the year 2021. The scope of R&D is to explore new technologies which can elevate the level of service as well as improve operational efficiency within the company. Moreover, it has been planned to utilize Hulhumale' new workshop for assistance in related R&D works. This workshop is also expected to be available by the end of 2021.

R&D projects for floating solar installation in the Greater Male' region has been planned for the year 2021. Additional R&D exploratory projects have also been planned for 2021-2022 with the installation of power generation systems via water turbines and wind turbines.

### Increasing The Operational Efficiency of Engines

Projects have been planned with the intention of improving the operational efficiency of the engines using well designed R&D investigative projects.

To this end, to solve one of the major problems some of the STELCO Powerhouses face, i.e. the high temperatures within the engine room, budgeting has been planned for thermal insulation and other items which may be required.

### STELCO Central Control Centre

The main objective of the control center is to consolidate the various SCADA systems of the company to effectively manage all operations under one roof. Hence the newly built Transmission SCADA and the soon to be implemented Distribution SCADA as well as the GPON infrastructure and emergency 104 operations will be consolidated in one central control room.

Further, the operational data from the island powerhouses will be diverted to a control room where high-level monitoring, as well as supervision of all power and water plants in the islands, will be done. CCTV footage and security data will also be centrally monitored.

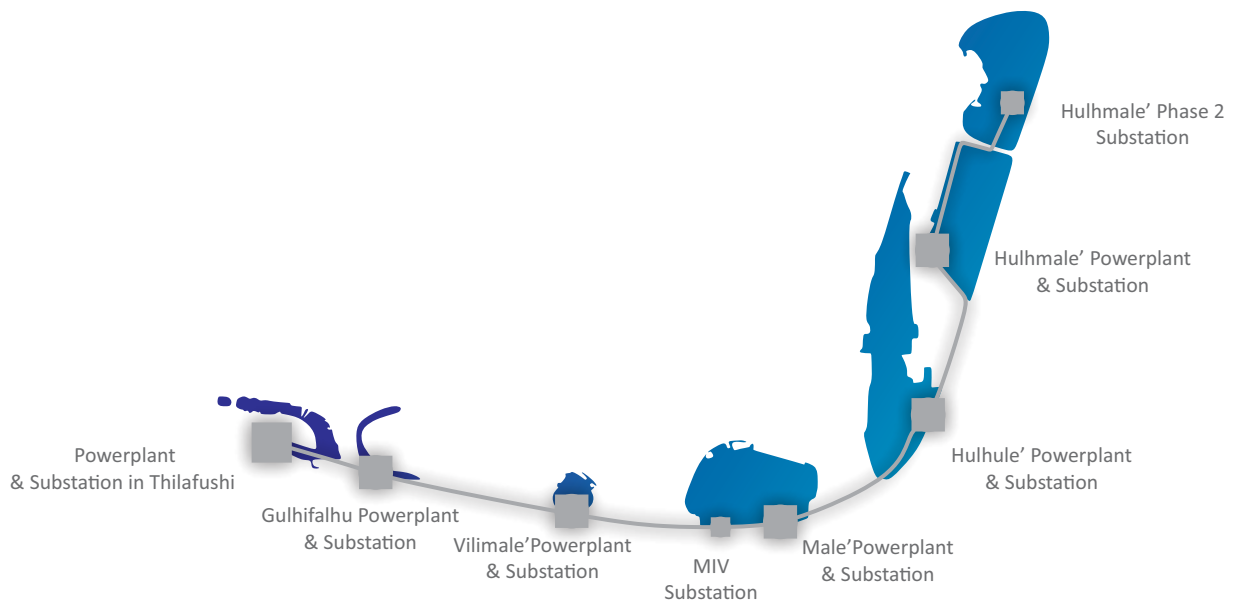
## STELCO Battery Energy Storage System

In order to increase the reliability of the Male' and Hulhumale' power grid, a battery system of 10MWh is to be implemented. With the completion of the project, the power quality, reliability and efficiency of the power system will be improved.

## Unified Grid

Greater Male' Grid Connection Phase 2 is designed to utilize the connectivity of Greater Male' Region to Thilafushi with the establishment of a 200MW Power Plant in Thilafushi for long term power security of the region. The company regards the Fifth Power Project as an important milestone in the development of the country's power sector. The Fifth Power Project is the largest power project conducted in the Maldives. The USD 79 million project initiated by STELCO in Hulhumale' is contracted to Dongfang Electric International Corporation. STELCO aims to assure electricity coverage for the next 10 to 20 years, upon completion of the project. The project is funded by a loan arranged from the Exim Bank of China.

## Greater Male' Central Power Station & Transmission Grid







**06**

**AUDITED  
FINANCIAL  
REPORT**



Report No: FIN-2021-66(E)

29 August 2021

# STATE ELECTRIC COMPANY LIMITED FINANCIAL YEAR 2020



آڈیٹر جنرل آف پاکستان

AUDITOR GENERAL'S OFFICE

# Contents

Auditor General's Report	
Consolidated Statement of Comprehensive Income.....	4
Consolidated Statement of Financial Position.....	5
Statement of Changes in Equity - Group.....	6
Statement of Changes in Equity - Company.....	7
Consolidated Statement of Cash Flow.....	8
Notes to the Consolidated Financial Statements .....	9



## **AUDITOR GENERAL'S REPORT**

### **TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF STATE ELECTRIC COMPANY LIMITED**

#### **Qualified Opinion**

We have audited the accompanying financial statements of State Electric Company Limited (the "Company"), which comprise the statement of financial position as at 31st December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 4 to 41.

In our opinion, except the possible effects of the matters described in the Basis of Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants' (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Maldives 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 qualified opinion.

#### **Basis for Qualified Opinion**

1. As per IAS 16, if an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs should be revalued. Further, revaluations should be kept sufficiently up to date so that the carrying amount in the general ledger does not differ materially from the fair value. Without considering the above applicable accounting guidance, a part of property, plant and equipment with a net book value of MVR 434,455,893/- has been revalued by an external valuer for MVR 847,932,997/- and a revaluation surplus of MVR 413,477,104/- has been recognized in the financial statements as at 31st December 2011. The revaluation has excluded assets carrying a net book value of MVR 26,661,392/- as at 31<sup>st</sup> December 2011 and the Company continued to account these assets at their respective netbook values based on historical costs. Further, a subsequent revaluation has not been performed since 2011. These accounting practices are not inline with IAS 16. Furthermore, we were unable to determine whether any adjustment might be required with respect of depreciation expense, property plant and equipment, revaluation reserve and retained earnings recognized in the financial statements as at and for the year ended 31<sup>st</sup> December 2020.
2. As disclosed in Note 8,13 and 23 to the Financial statements, the Company has recognized interest on leases, Lease liabilities and ROU assets as at and for the year ended 31<sup>st</sup> December 2020. However, the leasing arrangements with respect to "Male' powerhouse" and "Villingili powerhouse" have not



been considered for application of IFRS 16 due to the dispute in rent payable to the Government of Maldives. As a result, we were unable to determine any adjustments might be required with respect of finance cost, amortization of right of use asset, lease liability and retained earnings to the financial statements as at and for the year ended 31<sup>st</sup> December 2020.

3. As disclosed in Note 22.2 to the Financial Statements, the Company has recorded a loan taken by the Ministry of Finance of Maldives from Ministry of Foreign Affairs of Denmark (“DANIDA”) on behalf of the Company with respect of 4<sup>th</sup> generation power project as loans and borrowings. The Company has recorded a total capital outstanding and interest payable balance of MVR. 1,175,001,598/- as at 31<sup>st</sup> December 2020. An interest expense of MVR. 56,411,645/- has been recognized for the year ended 31<sup>st</sup> December 2020 and an accumulated interest expense of MVR.436,440,564/- as at 31<sup>st</sup> December 2020. However, due to lack of legal contract between the parties, we were unable to verify the completeness, existence and accuracy of loans and borrowings, retained earnings and interest expenses as at and for the year ended 31<sup>st</sup> December 2020.
4. As disclosed in note 17 and 28 to the financial statements, the Company has recorded MVR 245,964,053/-as amount due from related parties and MVR 80,137,389/- as amounts due to related parties as at 31<sup>st</sup> December 2020. However, we were unable to verify the accuracy, completeness and existence of these balances and related disclosures as at and for the year ended 31<sup>st</sup> December 2020 due to the absence of direct confirmation or alternative audit evidences.

### **Emphasis of Matters**

1. We draw our attention to Note 36 to the financial statements, which indicates that the comparative information presented as at and for the year ended 31<sup>st</sup> December 2019 has been restated.
2. We draw our attention to Note 31 to the financial statements, which presents information regarding an ongoing litigation against the Company for the year ended 31<sup>st</sup> December 2020.

Our opinion is not modified in respect of above matters.

### **Responsibilities of management for the financial statements**

The Board of Directors (“the Board”) is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Company’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 Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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. As part of an audit in accordance with ISAs, we exercise professional judgment 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Boards' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company 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.

We communicate to the Board 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.

29<sup>th</sup> August 2021



Hussain Niyazy  
Auditor General



STATE ELECTRIC COMPANY LIMITED  
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

	Note	2020 MVR	2019 MVR (Restated)*
Revenue	6	1,909,620,830	1,922,912,331
Cost of Sales		<u>(1,353,963,125)</u>	<u>(1,460,088,260)</u>
<b>Gross Profit</b>		555,657,705	462,824,071
Other Income	7	15,267,738	17,583,547
Administrative Costs		(194,640,354)	(196,378,583)
Impairment Loss on Trade Receivables and Amounts due from Related Parties	16.1 & 17.1	<u>(63,410,708)</u>	<u>(41,158,719)</u>
<b>Results from Operations</b>		312,874,381	242,870,316
Finance Income		589,468	347,927
Finance Costs		(142,405,634)	(107,422,567)
Net Finance Costs	8	<u>(141,816,166)</u>	<u>(107,074,640)</u>
<b>Profit Before Tax</b>	9	171,058,215	135,795,676
Tax Expenses	10	(40,874,899)	(28,163,012)
<b>Profit After Tax</b>		<u>130,183,316</u>	<u>107,632,664</u>
<b>Other Comprehensive Income</b>			
<b>Items that will not be Reclassified to Profit or Loss</b>			
Remeasurement of Defined Benefit Liability	25	33,211,971	(2,140,744)
(Reversal) / Recognition of Related tax	10.4	<u>(4,981,796)</u>	<u>321,111</u>
<b>Total Other Comprehensive Income, Net of Tax</b>		<u>28,230,175</u>	<u>(1,819,633)</u>
<b>Profit and Other Comprehensive Income for the Year</b>		<u>158,413,491</u>	<u>105,813,031</u>
<b>Basic and Diluted Earnings Per Share</b>	11	867,889	717,551

\*Refer Note No. 36

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 8 to 41.



STATE ELECTRIC COMPANY LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	31/12/2020 MVR	31/12/2019 MVR (Restated)*	1/1/2019 MVR (Restated)*
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	12	3,740,936,763	3,589,567,392	3,110,917,698
Right of Use Asset	13	101,538,409	104,177,557	-
Investment in Hiya Project	14	551,519,443	421,497,924	148,482,673
<b>Total Non-Current Assets</b>		<u>4,393,994,615</u>	<u>4,115,242,873</u>	<u>3,259,400,371</u>
<b>Current Assets</b>				
Inventories	15	103,950,249	112,619,735	128,608,540
Trade and Other Receivables	16	325,668,652	279,894,537	372,067,094
Amounts due from Related Parties	17	245,964,053	131,455,599	74,053,401
Current Tax Receivable		3,804,285	9,076,282	9,076,282
Cash and Cash Equivalents	18	258,504,880	168,744,217	69,123,904
<b>Total Current Assets</b>		<u>937,892,119</u>	<u>701,790,370</u>	<u>652,929,221</u>
<b>Total Assets</b>		<u>5,331,886,734</u>	<u>4,817,033,243</u>	<u>3,912,329,592</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	19	150,000,000	150,000,000	150,000,000
Revaluation Reserve	20	187,144,612	201,437,881	215,731,150
Retained Earnings		497,450,607	342,221,506	219,592,865
Capital Contribution	21	582,414,534	332,001,171	199,106,114
<b>Total Equity</b>		<u>1,417,009,753</u>	<u>1,025,660,558</u>	<u>784,430,129</u>
<b>Non-Current Liabilities</b>				
Loans and Borrowings	22	2,865,471,612	2,893,392,528	2,444,441,213
Lease Liability	23	105,175,599	105,294,628	-
Differed Income	24	34,717,636	2,373,578	4,065,405
Deferred Tax Liabilities	10.3	87,423,291	49,360,934	24,041,213
Defined Benefit Obligation	25	39,535,454	68,305,743	58,913,979
Contractor Payable	26	297,424,914	168,114,771	-
<b>Total Non-Current Liabilities</b>		<u>3,429,748,506</u>	<u>3,286,842,182</u>	<u>2,531,461,810</u>
<b>Current Liabilities</b>				
Loans and Borrowings	22	104,693,637	108,962,399	280,690,081
Contractor Payable	26	89,422,620	92,902,178	65,562,853
Lease Liability	23	1,343,851	1,301,899	-
Trade and Other Payables	27	209,530,978	182,619,796	165,978,887
Amounts due to Related Parties	28	80,137,389	118,744,231	84,205,832
<b>Total Current Liabilities</b>		<u>485,128,475</u>	<u>504,530,503</u>	<u>596,437,653</u>
<b>Total Liabilities</b>		<u>3,914,876,981</u>	<u>3,791,372,685</u>	<u>3,127,899,463</u>
<b>Total Equity and Liabilities</b>		<u>5,331,886,734</u>	<u>4,817,033,243</u>	<u>3,912,329,592</u>

\*Refer Note No. 36

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 8 to 41.

These financial statements were approved by the Board of Directors and signed on its behalf by;

Name of the Director

Mr. Mohamed Rasheed  
Board Chairman

Ms. Enas Ahmed  
General Manager, Head of Finance & Accounts

Mr. Hassan Mughnee  
Managing Director





STATE ELECTRIC COMPANY LIMITED  
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

As at 1<sup>st</sup> January 2019, As Previously Reported  
Impact on Restatement (Note 36)  
Restated Balance as at 1<sup>st</sup> January 2019

**Total Comprehensive Income for the Year (Restated)**

Profit for the Year  
Other Comprehensive Income, net of tax

**Total Comprehensive Income for the Year (Restated)**

**Items Directly Recognized in Equity**

Revaluation Reserve Transferred to Retained Earnings (Note 20)  
Deferred Tax impact on Revaluation Reserve Transferred to Retained Earnings (Note 10.6)  
**Total Items Directly Recognized in Equity**

**Transaction with Owners of the Company**

Contribution received during the Year (Note 21)  
**Total Transaction with Owners of the Company**

Restated balance as at 31<sup>st</sup> December 2019

As at 1<sup>st</sup> January 2020

**Total Comprehensive Income for the Year**

Profit for the Year  
Other Comprehensive Income, net of tax

**Total Comprehensive Income for the Year**

**Items Directly Recognized in Equity**

Revaluation Reserve Transferred to Retained Earnings (Note 20)  
Deferred Tax Impact on Revaluation Reserve Transferred to Retained Earnings (Note 10.6)  
**Total Items Directly Recognized in Equity**

**Transaction with Owners of the Company**

Dividend Declared (Note 19.4)  
Contribution Received during the Year (Note 21)

**Total Transaction with Owners of the Company**

As at 31<sup>st</sup> December 2020

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 8 to 41.

Share Capital MVR	Revaluation Reserve MVR	Capital Contribution MVR	Retained Earnings MVR	Total Equity MVR
150,000,000	215,731,150	-	219,592,865	585,324,015
-	-	199,106,114	-	199,106,114
150,000,000	215,731,150	199,106,114	219,592,865	784,430,129
-	-	-	107,632,664	107,632,664
-	-	-	(1,819,633)	(1,819,633)
-	-	-	105,813,031	105,813,031
-	(16,815,610)	-	16,815,610	-
-	2,522,341	-	-	2,522,341
-	(14,293,269)	-	16,815,610	2,522,341
-	-	132,895,057	-	132,895,057
-	-	132,895,057	-	132,895,057
150,000,000	201,437,881	332,001,171	342,221,506	1,025,660,558
150,000,000	201,437,881	332,001,171	342,221,506	1,025,660,558
-	-	-	130,183,316	130,183,316
-	-	-	28,230,175	28,230,175
-	-	-	158,413,491	158,413,491
-	(16,815,610)	-	16,815,610	-
-	2,522,341	-	-	2,522,341
-	(14,293,269)	-	16,815,610	2,522,341
-	-	-	(20,000,000)	(20,000,000)
-	-	250,413,363	-	250,413,363
-	-	250,413,363	(20,000,000)	230,413,363
150,000,000	187,144,612	582,414,534	497,450,607	1,417,009,753



STATE ELECTRIC COMPANY LIMITED  
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

	Note	2020 MVR	2019 MVR (Restated)*
<b>Cash Flows From Operating Activities</b>			
Profit Before Tax		171,058,215	135,795,676
<i>Adjustments for:</i>			
Depreciation on Property, Plant and Equipment	12	165,476,135	116,797,988
Amortization of Right of Use Assets	13	3,753,384	3,632,933
Gain on disposal of Property, Plant and Equipment	7	(678,813)	(2,019,030)
Interest Income	8	(589,468)	(87,579)
Write-off of Property Plant and Equipment	12	19,170,320	-
Provision for Impairment Loss on Trade Receivables Provision	16.1	12,902,216	7,430,027
for Impairment Loss Related Parties	17.1	50,508,492	33,728,692
Provision for Slow Moving Inventories	15.1	783,550	12,706,584
Amortization of Deferred Income	24	(2,146,796)	(1,691,827)
Defined Benefit Obligation for the Year	25	4,941,682	7,389,060
Interest Expense	8	141,991,374	107,422,567
<b>Operating Profit Before Working Capital Changes</b>		<u>567,170,291</u>	<u>421,105,091</u>
<b>Change In:</b>			
Inventories		7,885,936	3,282,221
Trade and Other Receivables		(58,676,327)	84,742,530
Trade and Other Payables		6,911,182	16,604,647
Amounts due from Related Parties		(165,016,946)	(23,673,506)
Amounts due to Related Parties		(38,606,842)	34,538,399
<b>Cash Generated From Operating Activities</b>		<u>319,667,294</u>	<u>536,599,382</u>
Interest Received		589,468	87,579
Interest Paid	22	(58,160,253)	(55,453,204)
Payment of Retirement Benefit Obligation	25	(500,000)	(138,040)
<b>Net Cash Generated From Operating Activities</b>		<u>261,596,509</u>	<u>481,095,717</u>
<b>Cash Flows From Investing Activities</b>			
Acquisition and Construction of Property, Plant and Equipment	12	(113,779,434)	(354,091,038)
Proceeds from Disposal of Property, Plant and Equipment	7	678,813	-
Investment in Hiyaa Project	14	(130,021,519)	(273,015,251)
<b>Net Cash Used in Investing Activities</b>		<u>(243,122,140)</u>	<u>(627,106,289)</u>
<b>Cash Flows From Financing Activities</b>			
Loans Obtained	22	2,012,705	198,255,742
Repayments of Loans	22	(107,853,104)	(10,133,160)
Repayments of Contractor Payable	26	(96,405,809)	(63,982,749)
Capital Contribution from Ministry of Finance	21	250,413,363	132,895,057
Government Grant Received	24	34,490,853	-
Payment for Lease Liabilities	23	(11,371,714)	(11,404,005)
<b>Net Cash Generated From Financing Activities</b>		<u>71,286,294</u>	<u>245,630,885</u>
<b>Net Increase in Cash and Cash Equivalents</b>		89,760,663	99,620,313
<b>Cash and Cash Equivalents at Beginning of the Year</b>		<u>168,744,217</u>	<u>69,123,904</u>
<b>Cash and Cash Equivalents at the End of the Year</b>	18	<u>258,504,880</u>	<u>168,744,217</u>

\*Refer Note No. 36

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 8 to 41.



**STATE ELECTRIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. REPORTING ENTITY**

These financial statements relate to the operations of State Electric Company Limited (the "Company"), a limited liability Company incorporated in the Republic of Maldives under the section 95 of the Company act of 1996 under presidential degree no 1997/83 of 19<sup>th</sup> June 1997.

The principal activities of the Company are to generate and supply electricity and to provide customer service for the safe and efficient use of electrical energy. The Company generates and supplies electricity to various islands in the Republic of Maldives. The registered office is situated at Ameene Magu, Male', 20349, Republic of Maldives.

**2 BASIS OF PREPARATION**

**(a) Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

**(b) Basis of Measurement**

The financial statements have been prepared on the historical cost basis.

**(c) Functional and Presentation Currency**

These financial statements are presented in Maldivian Rufiyaa, which is the Company's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa

**(d) Use of Estimates and Judgements**

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

**A. Judgements**

Information about critical judgement in applying accounting policies that has the most significant effect on the amounts recognised in the financial statements is included in the respective notes.

**B. Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties as at 31<sup>st</sup> December 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the respective notes.



**STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**2 BASIS OF PREPARATION (CONTINUED)**

**(d) Use of Estimates and Judgements (Continued)**

**i. Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

The Company has early adopted COVID-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28<sup>th</sup> May 2020 which is effective from 1<sup>st</sup> June 2020 and early adoption also permitted from 1<sup>st</sup> January 2020.

The amendment introduces an optional practical expedient for leases in which the Company is a lessee – i.e. for leases to which the Company applies the practical expedient, the Company is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Company has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1<sup>st</sup> January 2020



**STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below except as disclosed in the Note 3 have been applied in these financial statements, consistently by the Company.

**4.1 Foreign Currency Transactions**

Transactions in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the profit or loss.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.

**4.2 Revenue**

Revenue will be recognised upon satisfaction of performance obligation. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and service.

**4.3 Finance Income and Finance Costs**

Finance cost comprises interest expenses on borrowings and foreign exchange loss. Borrowings costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

**4.4 Income Tax**

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

**(i) Current Tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.



**STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.4 Income Tax (Continued)**

**(ii) Deferred Tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax assets are recognized for unused tax losses. Unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

**4.5 Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.



**STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.6 Property, Plant and Equipment**

**(i) Recognition and Measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

**(ii) Subsequent Costs**

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Generation equipment	15 to 30 years
Distribution equipment	15 to 30 years
Buildings and oil storage	30 years
Vehicles and launches	10 years
Machinery and equipment	5 years
Furniture and fitting	7 years
Computers and equipment	3 years



**STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.6 Property, Plant and Equipment (Continued)**

**(iii) Depreciation (Continued)**

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

A full month's depreciation is provided in the month of ready to use while, no depreciation is provided in the month of disposal.

**(iv) Capital work- in -progress**

Capital work- in- progress is stated at cost and includes all development expenditure and other direct costs attributable to such projects including borrowing costs capitalized. Capital work in progress is not depreciated until its completion of construction, and the asset is put into use upon which the cost of completed construction works is transferred to the appropriate category of property, plant and equipment

**4.7 Financial Instruments**

**(i) Recognition and Initial Measurement**

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at Fair Value through Profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**(ii) Classification and subsequent measurement**

**Financial assets**

On initial recognition, a financial asset is classified as measured at: amortized cost, Fair Value through Other Comprehensive Income ("FVOCI") – Debt investment, FVOCI – equity investment or FVTPL. Financial assets are not classified subsequent to their initial recognition unless the Company changes its business model for managing financial assets. In which case all affected financial assets are classified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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



**STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.7 Financial Instruments (Continued)**

**(ii) Classification and subsequent measurement (Continued)**

**Financial assets - Business Model Assessment**

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

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets - Assessment Whether the Cash Flows are Solely Payment of Principal and Interest**

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

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

**Financial Assets at Amortized Cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest Income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss

**Financial liabilities – classification, subsequent measurement and gains and losses**

Financial Liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

The Company's non-derivative financial liabilities consist of amount due to related parties, loans and borrowings and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.



## STATE ELECTRIC COMPANY LIMITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 4.7 Financial Instruments (Continued)

##### (iii) De-recognition

###### Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of the ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not de-recognized.

###### Financial Liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

##### (vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### 4.8 Impairment

##### (i) Non-derivative financial assets

###### Financial instruments

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12 month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.



**STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.8 Impairment (Continued)**

**(i) Non-derivative financial assets (Continued)**

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit -impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- it is probable that the debtor will enter bankruptcy or other financial reorganization;

**Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

**(ii) Non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.



**STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.8 Impairment (Continued)**

**(ii) Non-financial assets (Continued)**

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**4.9 Share Capital**

**Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

**4.10 Employee Benefits**

**(a) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

**(b) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that amount to determine its present value. The calculation is performed by the Company internally using the projected unit credit method.

**(c) Short-term benefits**

Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



**STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.11 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**4.12 Leases**

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**i. As a lessee**

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease.

The lease payments included in the measurement of the lease liability comprise the following,

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;



**STATE ELECTRIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.12 Leases (Continued)**

**i. As a lessee (Continued)**

- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property as separately and lease liabilities separately in the statement of financial position.

**Short-term Leases and Leases of Low-value Assets**

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**COVID-19-related rent concessions**

The Company has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Company applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company assesses whether there is a lease modification.

**ii. As a lessor**

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.



**STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.12 Leases (Continued)**

**ii. As a lessor (Continued)**

As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract. The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

**4.13 Events Occurring After the Reporting Date**

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

**4.14 Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.



**STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.14 Fair Value Measurement (Continued)**

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

**4.15 Defined contribution plan**

Employees are eligible for Maldives retirement pension scheme in line with the respective statutes and regulations. The Company contributes 7% for Maldivian employees to Maldives Retirement Pension Scheme.

**4.16 Other Liabilities and Provision**

All known liabilities have been accounted for in preparing the financial statements. The materiality of the events after the reporting period have been considered and appropriate adjustments and provisions have been made in the financial statement where necessary.

Liabilities classified as current liabilities in the statement of financial position are those, which fall due for payment on demand or within one year from the end of the reporting period. Non-current liabilities are those balances, which fall due after one year from the end of the reporting period.

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

**5. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

A number of new standards are effective for annual periods beginning after 1<sup>st</sup> January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant Impact on the Company's financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts



STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

6 REVENUE	2020 MVR	2019 MVR
Electricity Revenue	1,830,822,091	1,856,677,804
Non-electricity Revenue (Note 6.1)	78,798,739	66,234,527
	<u>1,909,620,830</u>	<u>1,922,912,331</u>
6.1 Non-electricity revenue include revenue from sale of electronic equipments and other electrical services provided for customers.		
7 OTHER INCOME	2020 MVR	2019 MVR
Operational Income	11,433,516	6,346,303
Amortization of Deferred Income (Note 24)	2,146,796	1,691,827
Rental Income	578,476	1,075,584
Gain on Disposal of Property Plant and Equipment	678,813	2,019,030
Miscellaneous Income	430,137	6,450,803
	<u>15,267,738</u>	<u>17,583,547</u>
8 NET FINANCE COSTS	2020 MVR	2019 MVR
<b>Finance Income</b>		
Interest Income	589,468	87,579
Foreign Exchange Gain	-	260,348
	<u>589,468</u>	<u>347,927</u>
<b>Finance Costs</b>		
Interest on Borrowings - Foreign	(130,701,679)	(95,286,146)
Interest on Borrowings - Local	(1,109,295)	(1,946,379)
Foreign Exchange Loss	(414,260)	-
Interest on Leases	(10,180,400)	(10,190,042)
	<u>(142,405,634)</u>	<u>(107,422,567)</u>
<b>Net Finance Costs</b>	<u>(141,816,166)</u>	<u>(107,074,640)</u>
9 PROFIT BEFORE TAX	2020 MVR	2019 MVR
<i>Profit before tax is stated after charging all the expenses including the following:</i>		
Repair and Maintenance	50,554,432	49,491,386
Cost of Lubricant oil	19,207,316	23,439,880
Cost of Diesel	935,159,684	1,082,136,119
Bank Charges	19,217,386	13,150,251
Directors' Remuneration	784,100	768,808
Rent Expenses	155,899	4,785
Write-off of Property Plant and Equipment (Note 12)	19,170,320	-
Amortization of Right of Use Asset (Note 13)	3,753,384	3,632,933
Depreciation of Property, Plant and Equipment (Note 12)	165,476,135	116,797,988
Provision for Slow and Non-Moving Inventories (Note 15.1)	783,550	12,706,584
Personnel Costs (Note 9.1)	240,063,257	247,945,916



STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

9 PROFIT BEFORE TAX (CONTINUED)

9.1 Personnel Costs	2020 MVR	2019 MVR
Staff Salaries and Wages	105,270,159	99,485,112
Staff Allowances	81,364,663	81,446,150
Overtime Expenses	38,784,533	48,345,408
Employer's Contribution to Government Pension Fund	7,393,992	7,047,038
Staff Medical Expenses	1,192,952	1,374,962
Employee Retirement Benefits	4,941,682	7,389,060
Other Staff Expenses	1,115,276	2,858,186
	<u>240,063,257</u>	<u>247,945,916</u>

10 TAX EXPENSES

	2020 MVR	2019 MVR
<b>Current Tax</b>		
Current Tax Expense (Note 10.1)	5,271,997	-
	<u>5,271,997</u>	<u>-</u>
<b>Deferred Tax</b>		
Deferred Tax Asset Reversed / (Recognized) (Note 10.4)	24,502,629	(2,561,984)
Deferred Tax Liability Recognized (Note 10.6)	11,100,273	30,724,996
	<u>35,602,902</u>	<u>28,163,012</u>
<b>Total Tax Expenses</b>	<u>40,874,899</u>	<u>28,163,012</u>

10.1 Reconciliation Between Accounting Profit and Taxable Income :

Profit Before Tax	171,058,215	135,795,676
Aggregate Disallowable Items	400,417,123	304,608,907
Aggregate Allowable Items	(474,632,681)	(327,268,554)
Tax Loss Utilized during the Year	(61,196,011)	(113,136,029)
Tax Free Allowance	(500,000)	-
Taxable Income for the Year	<u>35,146,647</u>	<u>-</u>
Business Profit Tax @ 15%	<u>5,271,997</u>	<u>-</u>

In accordance with the provisions of Income Tax act No. 25 of 2019, relevant regulations and subsequent amendments thereto, the Company is liable for Business Profit Tax on its taxable profit at the rate of 15%. For 2019, the Company was liable for income tax as per Business Profit Tax Act No. 5 of 2011 and relevant regulations thereto at the rate of 15% on its taxable profit. However, no provision for tax has been made in these financial statements as the Company has incurred a tax loss for the year.

10.2 Accumulated Tax Losses

	31/12/2020 MVR	31/12/2019 MVR
As at 1 <sup>st</sup> January	61,196,011	175,268,638
Adjustment due to finalization of Previous Years Tax Losses	-	(936,598)
Tax Loss Utilized during the Year	<u>(61,196,011)</u>	<u>(113,136,029)</u>
As at 31 <sup>st</sup> December	<u>-</u>	<u>61,196,011</u>



STATE ELECTRIC COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

10 TAX EXPENSE (CONTINUED)

	31/12/2020 MVR	31/12/2019 MVR
10.3 Net Deferred tax Liability		
Deferred Tax Asset (Note 10.4)	5,930,319	35,414,744
Deferred Tax Liability (Note 10.7)	(93,353,610)	(84,775,678)
	<u>(87,423,291)</u>	<u>(49,360,934)</u>
10.4 Deferred Tax Asset :	31/12/2020 MVR	31/12/2019 MVR
As at 1 <sup>st</sup> January	35,414,744	32,531,649
<i>Recognized in other comprehensive income</i> (Reversal) / Recognized during the Year	(4,981,796)	321,111
<i>Recognized in profit or loss</i> (Reversal) / Recognized during the Year	(24,502,629)	2,561,984
As at 31 <sup>st</sup> December	<u>5,930,319</u>	<u>35,414,744</u>

10.5 The Recognized Deferred Tax Assets is attributable to the following;

	31/12/2020		31/12/2019	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Defined Benefit Obligation	39,535,454	5,930,319	68,305,743	10,245,862
Accumulated Tax Losses	-	-	61,196,011	9,179,402
Lease Liability (Note 10.8)	-	-	106,596,527	15,989,480
	<u>39,535,454</u>	<u>5,930,319</u>	<u>236,098,281</u>	<u>35,414,744</u>

10.6 Deferred Tax Liability:

	31/12/2020 MVR	31/12/2019 MVR
As at 1 <sup>st</sup> January	84,775,678	56,573,023
<i>Recognized Directly in Equity</i> Reversed during the Year	(2,522,341)	(2,522,341)
<i>Recognized in profit or loss</i> Recognized during the Year	11,100,273	30,724,996
As at 31 <sup>st</sup> December	<u>93,353,610</u>	<u>84,775,678</u>

10.7 The Recognized Deferred Tax Liability is attributable to the following;

	31/12/2020		31/12/2019	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Property Plant and Equipment	622,357,397	93,353,610	460,993,629	69,149,044
Right of Use Asset (Note 10.8)	-	-	104,177,557	15,626,634
	<u>622,357,397</u>	<u>93,353,610</u>	<u>565,171,186</u>	<u>84,775,678</u>

10.8 As per the new tax regulation that came to effect on 1<sup>st</sup> January 2020 allows IFRS 16 adjustments in the tax computation. As a result there will not be a temporary difference between accounting base and tax base in future an accordingly, no deferred tax has been recognized on leases as at 31<sup>st</sup> December 2020.

11 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the Profit for the year attributable to ordinary shareholders and weighted average number of shares outstanding during the year and calculated as follows;

	2020	2019 (Restated)
Profit for the Year Attributable to the Ordinary Shareholders - MVR	130,183,316	107,632,664
Weighted Average Number of Ordinary Shares	150	150
Basic and Diluted Earnings Per Share - MVR	<u>867,889</u>	<u>717,551</u>





**STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

**12 PROPERTY, PLANT AND EQUIPMENT**

Cost/ Revaluation	Generators and equipment distribution	Buildings, Water bottling plant and Oil storage	Vehicles and launches	Machinery and Equipment	Furniture and Fittings	Computer Systems	Capital Work-in-Progress	Total
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
As at 1 <sup>st</sup> January	2,618,669,309	1,177,550,287	37,092,060	135,445,134	7,498,220	22,083,783	518,890,592	4,517,229,385
Additions during the Year	27,000	776,796	281,212	3,940,930	828,351	1,594,949	328,566,589	336,015,828
Write-off during the Year (Note 12.4)	69,028,983	7,058,766	264,103	1,711,406	-	-	(19,170,320)	(19,170,320)
Transferred from Capital Work-in-Progress	(524,094)	-	(255,932)	(30,375)	(38,976)	-	(78,063,256)	-
Disposal during the year	2,687,201,198	1,185,385,848	37,381,443	141,067,095	8,287,595	23,678,732	750,223,605	4,833,225,516
As at 31 <sup>st</sup> December								
<b>Accumulated Depreciation</b>								
As at 1 <sup>st</sup> January	670,083,864	139,545,495	17,618,828	75,230,104	5,322,167	19,861,535	-	927,661,993
Charge for the Year	105,186,975	42,169,817	2,783,446	13,441,191	602,158	1,292,548	-	165,476,135
Disposal during the year	(524,094)	-	(255,932)	(30,375)	(38,976)	-	-	(849,377)
As at 31 <sup>st</sup> December	774,746,746	181,715,312	20,146,342	88,640,921	5,885,349	21,154,083	-	1,092,288,753
<b>Net Carrying Amount</b>								
As at 31 <sup>st</sup> December 2020	1,912,454,452	1,003,670,536	17,235,101	52,426,174	2,402,246	2,524,649	750,223,605	3,740,936,763

**12.1** The Capital Work-in-Progress at end of the reporting period comprises of following projects;

	31/12/2020 MVR
Transmission & Distribution	62,838,188
Combustion Power Plant	19,028,018
Greater Male' Grid Connection	596,321,785
POISED Project	16,882,878
SCADA System	31,491,567
Other Projects	23,661,169
	<u>750,223,605</u>

**12.2** During the year, the Company has capitalized borrowing cost amounted to MVR.14,252,323/- on Greater Male' Grid Connection Project.

**12.3** The value of fully depreciated property, plant and equipment as at 31<sup>st</sup> December 2020 amounted to MVR.137,746,142/-

**12.4** The Company has write off MVR.19,170,320/- of capital work-in progress during the year end 31<sup>st</sup> December 2020 (2019 : Nil)





**STATE ELECTRIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

**12 PROPERTY, PLANT AND EQUIPMENT (RESTATED)**

	Generation and distribution equipment		Buildings, Water bottling plant and Oil storage		Vehicles and launches		Machinery and Equipment		Furniture and Fittings		Computer Systems		Capital Work-in-Progress		Total	
	MVR		MVR		MVR		MVR		MVR		MVR		MVR		MVR	
<b>Cost/ Revaluation</b>																
As at 1 <sup>st</sup> January	1,721,158,415		598,157,490		31,773,807		90,073,792		6,865,130		20,406,894		1,455,112,116		3,923,547,644	3,857,984,791
Impact on Restatement (Note 36)																65,562,853
Additions during the Year	6,816,313		3,393,480		492,093		7,486,437		717,937		1,676,889		587,415,645		607,998,794	-
Transferred from Capital Work-in-Progress	904,763,062		576,014,087		4,833,334		38,026,685		-		-		(1,523,637,169)		-	-
Disposal during the year	(14,068,481)		(14,770)		(7,174)		(141,780)		(84,847)		-		-		(14,317,053)	-
As at 31 <sup>st</sup> December	2,618,669,309		1,177,550,287		37,092,060		135,445,134		7,498,220		22,083,783		518,890,592		4,517,229,385	3,923,547,644
<b>Accumulated Depreciation</b>																
As at 1 <sup>st</sup> January	592,901,026		115,914,226		15,163,665		65,134,455		4,862,323		18,654,251		-		812,629,946	812,629,946
Charge for the Year	78,715,331		23,636,768		2,459,663		10,234,882		544,060		1,207,284		-		116,797,988	-
Disposal during the year	(1,532,493)		(5,499)		(4,500)		(139,233)		(84,216)		-		-		(1,765,941)	-
As at 31 <sup>st</sup> December	670,083,864		139,545,495		17,618,828		75,230,104		5,322,167		19,861,535		-		927,661,993	812,629,946
<b>Net Carrying Amount</b>																
As at 31 <sup>st</sup> December 2019	1,948,585,445		1,038,004,792		19,473,232		60,215,030		2,176,053		2,222,248		518,890,592		3,589,567,392	
As at 1 <sup>st</sup> January 2019	1,128,257,389		482,243,264		16,610,142		24,939,337		2,002,807		1,752,643		1,455,112,116			3,110,917,698

**12.1** The Capital Work-in-Progress at end of the reporting period comprises of following projects;

	31/12/2019 MVR (Restated)
Transmission & Distribution	63,412,864
Combustion Power Plant	16,782,198
Greater Male' Grid Connection	360,021,630
POISED Project	16,882,878
SCADA System	27,243,763
Other Projects	34,547,259
	<u>518,890,592</u>

**12.2** The Company has capitalized borrowing cost amounting to MVR.55,263,558/- on qualifying assets during the year ended 31<sup>st</sup> December 2019.

**12.3** The value of fully depreciated property, plant and equipment as at 31<sup>st</sup> December 2019 amounted to MVR.124,932,430/-



STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

13	RIGHT OF USE ASSETS	31/12/2020 MVR	31/12/2019 MVR	
	<b>Cost</b>			
	As at 1 <sup>st</sup> January	107,810,490	-	
	Adjustment due to Initial Application of IFRS 16	-	107,810,490	
	Adjustment due to Lease Contract Modification (Note 23.3)	1,114,236	-	
	As at 31 <sup>st</sup> December	<u>108,924,726</u>	<u>107,810,490</u>	
	<b>Accumulated Amortization</b>			
	As at 1 <sup>st</sup> January	3,632,933	-	
	Charge for the Period	3,753,384	3,632,933	
	As at 31 <sup>st</sup> December	<u>7,386,317</u>	<u>3,632,933</u>	
	<b>Net Carrying Value</b>	<u>101,538,409</u>	<u>104,177,557</u>	
14	INVESTMENT IN HIYAA PROJECT	31/12/2020 MVR	31/12/2019 MVR (Restated)	1/1/2019 MVR (Restated)
	As at 1 <sup>st</sup> January	421,497,924	148,482,673	-
	Impact on Restatement (Note 36)	-	-	148,482,673
	Additions during the Year	130,021,519	273,015,251	-
	As at 31 <sup>st</sup> December	<u>551,519,443</u>	<u>421,497,924</u>	<u>148,482,673</u>
14.1	As per the agreement dated 15 <sup>th</sup> November 2017 between STELCO (Developer) and Housing Development Corporation Limited ("HDC"), the Company has been assigned to develop a two residential apartments at Hulumale phase II plots no. N3-35(B), N3-35(C) by HDC.			
	According to the agreement, HDC Granted to developer the exclusive rights to construct, develop and sell residential units under the project in the designated land area. The Developer agrees to finance the construction and development of the project and to sell the residential units developed under the project to eligible STELCO staff. It shall be the sole responsibility of the Developer to raise and manage the finance required for the development of the Project and HDC shall not be liable towards any party under any circumstances.			
15	INVENTORIES	31/12/2020 MVR	31/12/2019 MVR	
	Fuel	39,548,927	49,941,634	
	Spares, cables and consumables	200,802,650	199,226,821	
	Stationary	84,565	144,090	
	Lubricating oil	3,400,325	2,409,858	
		<u>243,836,467</u>	<u>251,722,403</u>	
	Less: Provision for Slow Moving Inventories (Note 15.1)	<u>(139,886,218)</u>	<u>(139,102,668)</u>	
		<u>103,950,249</u>	<u>112,619,735</u>	
15.1	Provision for Slow Moving Inventories			
	As at 1 <sup>st</sup> January	139,102,668	126,396,084	
	Add: Provision for the Year	783,550	12,706,584	
	As at 31 <sup>st</sup> December	<u>139,886,218</u>	<u>139,102,668</u>	
16	TRADE AND OTHER RECEIVABLES	31/12/2020 MVR	31/12/2019 MVR (Restated)	1/1/2019 MVR (Restated)
	Trade Receivables	323,441,606	238,981,161	276,629,873
	Less : Provision for Impairment Loss (Note 16.1)	<u>(45,307,420)</u>	<u>(32,405,204)</u>	<u>(24,975,177)</u>
		<u>278,134,186</u>	<u>206,575,957</u>	<u>251,654,696</u>
	Prepayments	449,038	473,637	511,424
	Other Receivables	47,085,428	72,844,943	119,900,974
		<u>325,668,652</u>	<u>279,894,537</u>	<u>372,067,094</u>
16.1	Provision for Impairment of Trade Receivables			
	As at 1 <sup>st</sup> January	32,405,204	24,975,177	27,383,871
	Provision / (Reversal) for the Year	12,902,216	7,430,027	(2,408,694)
	As at 31 <sup>st</sup> December	<u>45,307,420</u>	<u>32,405,204</u>	<u>24,975,177</u>



**STATE ELECTRIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

17	<b>AMOUNTS DUE FROM RELATED PARTIES</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
		<b>MVR</b>	<b>MVR</b>
	Indira Gandhi Memorial Hospital	14,766,449	7,463,365
	Dhivehi Raajjege Gulhun PLC	4,282,045	3,808,011
	Male' Water & Sewerage Company (Private) Limited	1,623,836	1,803,810
	State Trading Organisation PLC	5,204,258	1,533,371
	Maldives Transport and Contracting Company PLC	1,723,937	827,259
	Maldives Customs Services	268,815	362,097
	Maldives Industrial Fisheries Company Limited	166,608	127,660
	Bank of Maldives PLC	640,997	105,745
	Public Service Media	49,682,460	31,607,773
	Maldives Road Development Corporation Limited	2,512,186	2,512,186
	National Center For the Arts	1,441,291	1,163,462
	Housing Development Corporation Limited	6,621,906	2,197,711
	National Social Protection Agency	9,967,088	10,007,904
	Maldives Port Limited	2,230,434	1,777,386
	Ministry of Finance and Treasury	130,624,059	38,284,657
	Other Government Owned Organizations	139,654,901	102,811,926
		<u>371,411,269</u>	<u>206,394,323</u>
	Less : Provision for Impairment Loss (Note 17.1)	<u>(125,447,216)</u>	<u>(74,938,724)</u>
		<u>245,964,053</u>	<u>131,455,599</u>
17.1	<b>Provision for Impairment Loss</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
		<b>MVR</b>	<b>MVR</b>
	As at 1 <sup>st</sup> January	74,938,724	41,210,032
	Provision for the Year	50,508,492	33,728,692
	As at 31 <sup>st</sup> December	<u>125,447,216</u>	<u>74,938,724</u>
18	<b>CASH AND CASH EQUIVALENTS</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
		<b>MVR</b>	<b>MVR</b>
	<b>Favorable Balances</b>		
	Cash in Hand	4,225,116	10,555,107
	Balances with Banks	254,279,764	158,189,110
		<u>258,504,880</u>	<u>168,744,217</u>
19	<b>SHARE CAPITAL</b>		
19.1	<b>Authorized Share Capital</b>		
	The authorized share capital comprises of 150 (2019 : 150) ordinary shares with a par value of MVR 1,000,000/- per share.		
19.2	<b>Issued and Fully Paid Share Capital</b>		
	The issued and fully paid share capital comprises of 150 (2019 : 150) ordinary shares of MVR.1,000,000/- each.		
19.3	<b>Dividends and voting rights</b>		
	The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote per share at the shareholders' meetings of the Company.		
19.4	The Board of Directors has declared dividends of MVR 133,333/- per share amounted to MVR 20,000,000/- during the year ended 31 <sup>st</sup> December 2020 (2019 : Nil).		



STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

20 REVALUATION RESERVE	31/12/2020 MVR	31/12/2019 MVR
As at 1 <sup>st</sup> January	201,437,881	215,731,150
Transfer to Retained Earnings (Note 20.2)	(16,815,610)	(16,815,610)
Deferred Tax Transferred to Retained Earnings (Note 10.6)	2,522,341	2,522,341
As at 31 <sup>st</sup> December	<u>187,144,612</u>	<u>201,437,881</u>

20.1 The Company's property, plant and equipment was revalued on 31<sup>st</sup> December 2011 by the professional values, Kanti Karamsey & Co. of No.412, Marker Chambers, Nariman point, Mumbai, India based on the open Market Value of the properties. The firm is a Government registered firm, Fellow of Institution of Engineers (F.I.E- India), Member of the Practicing Valuers Association (P.V.A- India) and Fellow of Institution of Valuers, New Delhi (F.I.V).

20.2 Transfer of Revaluation Surplus to Retained Earnings

Revaluation surplus is realized to retained earnings on the basis of utilization of the asset. An amount equal to the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost is transferred from revaluation surplus (net of deferred tax) to retained earnings on an annual basis.

21 CAPITAL CONTRIBUTION	31/12/2020 MVR	31/12/2019 MVR (Restated)	1/1/2019 MVR (Restated)
As at 1 <sup>st</sup> January	332,001,171	199,106,114	-
Impact on Restatement (Note 36)	-	-	199,106,114
Received during the Year	250,413,363	132,895,057	-
Ministry of Finance and Treasury	<u>582,414,534</u>	<u>332,001,171</u>	<u>199,106,114</u>

The Company has received a capital contribution amounted to MVR. 95,369,248/-, MVR. 96,627,670/- and MVR.54,693,921/-from the Ministry of Finance and Treasury of the Republic of Maldives in 2017 to 2019 for the construction and installation of Hulhumale Power Plant (5th Power Project). Further, MVR.7,109,196/- and MVR.78,201,136/- were received in 2018 and 2019 for the installation of greater Male' Grid connection. During the year 2020, the Company has received an additional MVR. 96,405,811/- for greater Male' Grid Connection Project and MVR.154,007,552/- for repayment of the loan obtained from China Exim bank for construction of the Hulhumale Power Plant (5th Power Project). These amounts have been considered as capital contribution from Ministry of Finance since Ministry of Finance provides these contributions at its capacity of Shareholder of the Company and the Company is expecting to issue shares on these capital contribution.

22 LOANS AND BORROWINGS	31/12/2020 MVR	31/12/2019 MVR
As at 1 <sup>st</sup> January	3,002,354,927	2,725,131,294
Loans Obtained during the Year	2,012,705	198,255,742
Interest for the Year	131,810,974	144,554,255
Capital repayments during the Year	(107,853,104)	(10,133,160)
Interest paid during the Year	(58,160,253)	(55,453,204)
As at 31 <sup>st</sup> December	<u>2,970,165,249</u>	<u>3,002,354,927</u>



STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

22 LOANS AND BORROWINGS (CONTINUED)

22.1 Maturity Analysis		31/12/2020 MVR	31/12/2019 MVR
<b>Non - Current Liabilities</b>			
Loans and Borrowings		2,865,471,612	2,893,392,528
<b>Current Liabilities</b>			
Loans and Borrowings		104,693,637	108,962,399

22.2 Terms and Repayment Schedule

Source of finance	Purpose to Finance	Nominal interest rate	Maturity Date	Caring Amount	
				31/12/2020 MVR	31/12/2019 MVR
Ministry of Finance	Third Power System	8%	1-Aug-2021	121,601,582	117,380,884
Ministry of Finance	Third Power System	8%	1-May-2024	116,368,520	112,181,004
Ministry of Finance	Third Power System	8%	1-Sep-2024	123,316,044	118,935,295
Ministry of Finance	5.4 V Generator Set	8%	15-Feb-2016	56,296,490	54,328,888
Ministry of Finance	Second Power System	8%	31-Jul-2025	79,051,978	76,359,624
Ministry of Finance	Power System	8%	1-Sep-2018	19,932,377	19,101,422
Danida (Note 22.4)	Fourth Power System	8.5% & 4.25%	30-Sep-2035	1,175,001,598	1,118,589,953
Maldives Islamic Bank	MGAF Project	8%	9-Dec-2021	7,810,774	18,781,014
Ministry of Finance	POISED Project	6%	15-May-2033	189,087,272	177,842,263
Exim Bank of China	Fifth Power Project	3% + 6 Months LIBOR	31-Jul-2031	1,081,698,614	1,188,854,580
				2,970,165,249	3,002,354,927

22.3 All of the above Loans have been secured by a letter of guarantee from Government of Maldives

22.4 The Ministry of Finance and Treasury ("MOFT") through its letter dated 4<sup>th</sup> February 2019, has taken over the settlement of these loans and instructed the Company to transfer the loan balances (including accrued interest) as a capital contribution. However, the transaction has not been finalized by the parties for the year ended 31<sup>st</sup> December 2020.

23 LEASE LIABILITY		31/12/2020 MVR	31/12/2019 MVR
As at 1 <sup>st</sup> January		106,596,527	-
Adjustment due to Initial Application of IFRS 16		-	107,810,490
Adjustment due to Lease Contract Modification (Note 23.3)		1,114,236	-
Add : Interest Expense for the Year		10,180,400	10,190,042
Less : Repayment during the Year		(11,371,714)	(11,404,005)
As at 31 <sup>st</sup> December		106,519,450	106,596,527

The lease liability is recognised on the lands which has an unexpired lease period from 46 years as at 31<sup>st</sup> December 2020.

23.1 Maturity Analysis		31/12/2020 MVR	31/12/2019 MVR
Non - Current Liabilities		105,175,599	105,294,628
Current Liabilities		1,343,851	1,301,899
		106,519,450	106,596,527

23.2 Maturity Analysis of Undiscounted Future Lease Payments are as follows;		31/12/2020 MVR	31/12/2019 MVR
Less than one Year		11,405,684	11,404,005
Between two and five Years		45,974,599	45,688,391
More than five Years		364,836,874	376,496,475
		422,217,157	433,588,871

23.3 The annual rent of Thilafushi Power House is increased by 15% in every two years effective from 31<sup>st</sup> December 2020. This rent change has been accounted as a modification to the lease liability as at 31<sup>st</sup> December 2020. The Corresponding adjustment has recognised under Right of Use Assets according to IFRS 16.



STATE ELECTRIC COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24 DEFERRED INCOME	31/12/2020	31/12/2019	1/1/2019
	MVR	MVR (Restated)	MVR (Restated)
As at 1 <sup>st</sup> January	2,373,578	4,065,405	203,171,519
Impact on Restatement (Note 36)	-	-	(199,106,114)
Grant Received during the Year	34,490,853	-	-
Amortization for the Year	(2,146,796)	(1,691,827)	-
As at 31 <sup>st</sup> December	<u>34,717,636</u>	<u>2,373,578</u>	<u>4,065,405</u>

24.1 Deferred income comprises of grants received from the Ministry of Finance and Treasury of the Republic of Maldives. An amount of MVR.25,287,089/- was received in 2006 for the installation of 6 sets of 1250k Diesel Generators. During the year 2020, the Company has received MVR 34,490,853/- for construction of Peak Handling Project and these grants are amortized over the useful life of the assets.

25 DEFINED BENEFIT OBLIGATION	31/12/2020	31/12/2019
	MVR	MVR
As at 1 <sup>st</sup> January	68,305,743	58,913,979
<u>Amount Recognized in Profit or Loss</u>		
Current Service Cost for the year	1,799,618	4,679,017
Interest Cost for the year	3,142,064	2,710,043
<u>Amount Recognized in Other Comprehensive Income</u>		
Actuarial (gain) / deficit for the Year (Note 25.1)	(33,211,971)	2,140,744
	<u>40,035,454</u>	<u>68,443,783</u>
Less: Payments during the Year	(500,000)	(138,040)
As at 31 <sup>st</sup> December	<u>39,535,454</u>	<u>68,305,743</u>

25.1 During the year 2020, the Company has changed maximum benefit to be paid to an employee as of MVR.500,000/-. That was resulted to reduce the defined benefit liability as at 31<sup>st</sup> December 2020.

25.2 The Company have engaged a qualified actuary to estimate the retirement benefit obligation. The projected unit credit method is used to determine the present value of the defined benefit obligation. Key assumptions used in the calculation are as follows,

	31/12/2020	31/12/2019
Expected Salary Increment	1%	1%
Discount Rate	4.60%	4.60%
Staff Turnover Factor	<u>2.20%</u>	<u>2.50%</u>

26 CONTRACTOR PAYABLE	31/12/2020	31/12/2019	1/1/2019
	MVR	MVR (Restated)	MVR (Restated)
As at 1 <sup>st</sup> January	261,016,949	65,562,853	-
Impact on Restatement (Note 36)	-	-	65,562,853
Payable on account of Percentage of Completion	207,984,071	252,047,853	-
Add : Interest charge during the year	14,252,323	7,388,992	-
Less : Repayment during the Year	(96,405,809)	(63,982,749)	-
As at 31 <sup>st</sup> December	<u>386,847,534</u>	<u>261,016,949</u>	<u>65,562,853</u>

26.1 Maturity Analysis	31/12/2020	31/12/2019	1/1/2019
Non - Current Liabilities	297,424,914	168,114,771	-
Current Liabilities	89,422,620	92,902,178	65,562,853
	<u>386,847,534</u>	<u>261,016,949</u>	<u>65,562,853</u>

The Company has entered into an agreement with Dongfang Electricity International Corporation ("DEC") to construct a power interconnect network project between two Islands via a bridge on 12<sup>th</sup> February 2018 for a contract price of US\$ 45,619,736/-. Contract is repayable over the period of 8 Years and the contractor payable is determined based on the percentage of completion of the project and the contractual cashflows have been discounted at a rate of 4.8%.



STATE ELECTRIC COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

27 TRADE AND OTHER PAYABLES	31/12/2020	31/12/2019	1/1/2019
	MVR	MVR (Restated)	MVR (Restated)
Trade Payables	26,064,412	39,011,365	78,388,959
Accrued Expenses	19,354,929	18,316,287	18,840,500
Dividend Payable to Ministry of Finance	20,000,000	-	-
Payable to Housing Development Corporation Ltd (Note 27.1)	55,223,123	55,223,123	-
Advanced Received from employees on Hiyaa Project (Note 27.2)	56,046,503	43,853,175	25,293,197
Other Payables	32,842,011	26,215,846	43,456,231
	<u>209,530,978</u>	<u>182,619,796</u>	<u>165,978,887</u>

- 27.1 The amount is payable to Housing Development Corporation ("HDC") in relation to the "Hiyaa Project".
- 27.2 The Hiyaa housing project is an end- user financing project, where 20% of the sales price to be paid by the staff as down payment on or before December 2022. Remaining 80% should be financed by the employee.

28 AMOUNTS DUE TO RELATED PARTIES	31/12/2020	31/12/2019
	MVR	MVR
State Trading Organisation PLC	68,071,946	111,423,549
Maldives Transport and Contracting Company PLC	4,964,585	1,796,515
Maldives Road Development Corporation Limited	663,612	663,612
Male' Water & Sewerage Company Limited	45,128	85,939
Dhivchi Raajjege Gulhun PLC	156,551	101,127
Other Government owned Organizations	6,235,567	4,673,489
	<u>80,137,389</u>	<u>118,744,231</u>

The amount due to related parties are unsecured, interest free, and have no fixed repayment period. Accordingly, these amounts have been determined to be payable on demand and are classified as current liabilities.

29 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. Net debt is calculated as total borrowings (including borrowings and trade and other payables as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	31/12/2020	31/12/2019
	MVR	MVR (Restated)
Total Liabilities	3,914,876,981	3,791,372,685
Less: Cash and Cash Equivalents	(258,504,880)	(168,744,217)
Net Debt	<u>3,656,372,101</u>	<u>3,622,628,468</u>
Total Equity	1,417,009,753	1,025,660,558
Net Debt to Equity Ratio (Times)	<u>2.58</u>	<u>3.53</u>

30 COMMITMENTS

30.1 Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows;

	31/12/2020	31/12/2019
	MVR	MVR (Restated)
On Property Plant and equipment	<u>702,140,568</u>	<u>242,914,213</u>

There were no other material capital commitments outstanding at the reporting date which require disclosure in the financial statements.



**STATE ELECTRIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

**31 CONTINGENT LIABILITIES**

The Centre Enterprice Private Limited has filed a case at the Civil Court against the Company claiming MVR. 400,000,000/- for breaching the contract regarding a forklift. The Company has requested from the court to disclose a case report to seek further information regarding this case. However, there were no on going proceedings have taken place during the year 2020. Based on the expert advice, the Board Directors is confident that the ultimate resolution of the case will not have an adverse impact on financial statements of the company since the likelihood of an unfavorable outcome for the Company is very unlikely.

There were no material contingent liabilities which require disclosure than above mentioned in the financial statements as at the reporting date.

**32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**(i) Overview**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, the Company's management of capital. Further, quantitative disclosures are included throughout the Company's financial statements.

**(ii) Risk Management Framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

**(iii) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and arises principally from the the Company's receivables from customers, investment in debt securities and deposits with banks.

The carrying amount of financial assets represents the maximum credit exposure. The maximum gross exposure to credit risk at the reporting date was:

	<b>Gross Carrying amount</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>MVR</b>	<b>MVR</b>
		<b>(Restated)</b>
Trade Receivables	323,441,606	238,981,161
Other Receivables	47,085,428	72,844,943
Amounts due from Related Parties	371,411,269	206,394,323
Balances with Banks	254,279,764	158,189,110
	<u>996,218,067</u>	<u>676,409,537</u>

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk geographically.



STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(iii) Credit Risk (Continued)

*Expected credit loss assessment*

The Company uses an allowance matrix to measure the ECLs of trade receivables. Loss rates are based on actual credit loss experience over past years. These rates are multiplied by scalar factors to reflect difference between economic condition during the period over which historical data has been collected, current condition and company's view of economic condition of expected lives of the receivables.

Scalar factors are based on actual and forecast GDP growth rates and normalized average GDP use for ECL assessment.

**Measurement of ECL**

The key inputs into the measurement of ECL are the term structure of the following variables:

Probability of default (PD)

Loss given default (LGD)

Exposure at default (EAD)

The following table provides information about exposure to credit risk and ECLs for trade receivables and receivable from related parties.

31 <sup>st</sup> December 2020	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance
		MVR	MVR
1-30 days past due	0.5%	220,700,023	1,081,307
31-60 days past due	2.4%	67,445,365	1,646,099
61-90 days past due	4.0%	65,629,992	2,629,159
91-180 days past due	15.1%	76,746,160	11,610,605
181-360 days past due	32.1%	95,341,674	30,619,901
More than 360 days past due	72.9%	168,989,661	123,167,564
		<u>694,852,875</u>	<u>170,754,636</u>

31 <sup>st</sup> December 2019	Weighted	Gross Carrying	Loss
		MVR	MVR
1-30 days past due	0.3%	223,026,194	716,999
31-60 days past due	0.8%	41,871,877	330,722
61-90 days past due	1.3%	18,421,961	237,965
91-180 days past due	2.3%	33,005,858	770,120
181-360 days past due	40.4%	39,841,123	16,079,652
More than 360 days past due	100.0%	89,208,470	89,208,470
		<u>445,375,484</u>	<u>107,343,928</u>



STATE ELECTRIC COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Credit risk (Continued)

Measurement of ECL (Continued)

Gross carrying amount and loss allowance comprise the trade receivables.

The Company believes that the unimpaired amounts are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that, apart from the above, no provision for impairment is necessary in respect of trade and other receivables.

The provision for impairment of the amounts due from related parties are estimated considering the individual repayment capabilities of these entities.

**Movements in allowance for impairment in respect of trade receivables and amounts due from related parties.**

The movements of allowance for impairment in respect of trade receivables and Related party receivables during the year is presented in Note 16.1 and 17.1 respectively.

**Balances with Banks**

The Company held an amounts of MVR 254,279,764/- as at 31<sup>st</sup> December 2020 in banks. (2019-MVR.158,189,110/-).

(iv) Liquidity Risk (Continued)

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

The followings are the contractual maturities of financial liabilities as at the reporting date.

31 <sup>st</sup> December 2020	Carrying Amount	Contractual Cashflows	0-12 Months	1-5 Years	More than 5 Years
Financial Liabilities (Non- derivative)	MVR	MVR	MVR	MVR	MVR
Trade and Other Payables	209,530,978	209,530,978	209,530,978	-	-
Loans and Borrowings*	2,970,165,249	2,970,165,249	104,693,637	387,531,454	2,477,940,158
Contractor Payable	386,847,534	435,918,527	92,856,017	343,062,510	-
Amounts due to Related Parties	80,137,389	80,137,389	80,137,389	-	-
Lease Liabilities	106,519,450	422,217,157	11,405,684	45,974,599	364,836,874
<b>Total</b>	<b>3,753,200,600</b>	<b>4,117,969,300</b>	<b>498,623,705</b>	<b>776,568,563</b>	<b>2,842,777,032</b>

\*Loans and borrowings are excluding the future interest.



STATE ELECTRIC COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Liquidity Risk (Continued)

31 <sup>st</sup> December 2019	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-5 Years MVR	More than 5 Years MVR
Financial Liabilities (Non- derivative)					
Trade and Other Payables (Restated)	182,619,796	182,619,796	182,619,796	-	-
Loans and Borrowings*	3,002,354,927	3,002,354,927	108,962,399	496,493,853	2,396,898,675
Contractor Payable	261,016,949	331,327,936	96,405,813	234,922,123	-
Amounts due to Related Parties	118,744,231	118,744,231	118,744,231	-	-
Lease Liabilities	106,596,527	433,588,871	11,404,005	45,688,391	376,496,475
<b>Total</b>	<b>3,671,332,430</b>	<b>4,068,635,762</b>	<b>518,136,245</b>	<b>777,104,368</b>	<b>2,773,395,150</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

\*Loans and borrowings are excluding the future interest.

(v) Market risk

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

(a) Interest rate risk

Profile

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments were:

	Carrying amount	
	31/12/2020 MVR	31/12/2019 MVR (Restated)
<b>Fixed Rate Instruments</b>		
Financial Liabilities	1,888,466,635	1,813,500,347
<b>Variable Rate Instruments</b>		
Financial liabilities	1,081,698,614	1,188,854,580

Cash Flow Sensitivity analysis for variable - rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

31 <sup>st</sup> December 2020	Sensitivity Analysis	
	100 bp increase MVR	100 bp decrease MVR
Variable rate instruments	(10,816,986)	10,816,986
31 <sup>st</sup> December 2019		
Variable rate instruments	(11,888,546)	11,888,546

(b) Currency Risk

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	31/12/2020 US\$	31/12/2019 US\$
Loans and borrowings	146,348,911	149,639,723
Contractor Payable	25,087,389	16,927,169
Net currency exposure	171,436,300	166,566,892

The following significant exchange rate

	Average Rate 2020	Reporting date spot rate	
		31/12/2020	31/12/2019
1 US\$ : MVR	15.42	15.42	15.42

In respect of the monetary assets and liabilities denominated in US\$, the Company does have a limited currency risk exposure on such balances since the Maldivian Rufiyaa is pegged to the US Dollar within a band to fluctuate within  $\pm 20\%$  of the mid-point of exchange rate.



STATE ELECTRIC COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

33 DIRECTOR'S RESPONSIBILITY

The Board of Directors of the Company is responsible for the preparation and presentation of these financial statements.

34 RELATED PARTY TRANSACTIONS

Name of the related party	Relationship	Nature of the transaction	Amount		Balance outstanding due from / (to)	
			2020 MVR	2019 MVR	31/12/2020 MVR	31/12/2019 MVR
State Trading Organisation PLC	Affiliate	Sales of Services	17,760,924	16,776,244	(62,867,688)	(109,890,178)
		Payments made	(14,090,037)	(16,752,457)		
		Purchases	(927,081,688)	(1,107,831,988)		
		Payments Made	970,433,291	1,074,267,859		
Maldives Transport and Contracting Company PLC	Affiliate	Sales of Services	9,963,805	8,432,050	(3,240,648)	(969,257)
		Payments made	(9,085,241)	(8,409,290)		
		Purchases	(21,866,409)	(25,322,348)		
		Payments Made	18,716,454	26,020,563		
Maldives Road Development Corporation Limited	Affiliate	Sales of Services	-	-	1,848,575	1,848,575
		Payment made	-	-		
Male' Water & Sewerage Company Limited	Affiliate	Sales of Services	14,952,566	20,274,003	1,578,709	1,717,871
		Payments	(15,132,539)	(21,687,458)		
		Purchases	(3,025,832)	(1,813,949)		
		Payments Made	3,066,643	1,784,867		
Dhivehi Raajjige Gulhun PLC	Affiliate	Sales of Services	40,453,066	57,704,020	4,125,494	3,706,885
		Payments	(39,979,031)	(59,129,788)		
		Purchases	(3,228,179)	(2,093,203)		
		Payments Made	3,172,753	2,068,102		
Maldives Port Limited	Affiliate	Sales of Services	18,748,628	19,616,974	2,230,434	1,777,386
		Payment made	(18,295,579)	(17,839,588)		
		Purchases	(142,420)	(656,304)		
		Payments Made	142,420	740,243		
Other Government owned Organizations	Affiliate	Sales of Services	371,859,624	380,928,193	133,419,334	136,423,094
		Payment made	(374,803,593)	(307,711,314)		
		Purchases	(716,818)	(8,977,589)		
		Payments Made	657,027	7,446,543		
Indira Gandhi Memorial Hospital	Affiliate	Sales of Services	49,587,666	39,714,952	14,766,449	7,463,365
		Payment made	(42,284,582)	(36,336,241)		
Maldives Customs Services	Affiliate	Sales of Services	3,229,579	3,737,075	268,815	362,097
		Payment Received	(3,322,861)	-		
		Purchases	(6,099,829)	-		
		Payment made	6,099,829	(3,678,813)		
Maldives Industrial Fisheries Company Limited	Affiliate	Sales of Services	1,592,550	1,720,977	166,608	127,660
		Payment Received	(1,553,603)	-		
		Purchases	(570,400)	-		
		Payment made	570,400	(1,862,238)		
Bank of Maldives PLC	Affiliate	Sales of Services	8,372,123	3,772,001	640,997	105,745
		Payment made	(7,836,871)	(3,721,366)		
Public Service Media	Affiliate	Sales of Services	18,628,894	16,509,296	49,682,460	31,607,773
		Payment Received	(554,207)	-		
		Purchases	(897)	-		
		Payment made	897	(2,188,419)		
National Center For the Arts	Affiliate	Sales of Services	499,624	174,423	1,441,291	1,163,462
		Payment made	(221,796)	(373,311)		
Housing Development Corporation Limited	Affiliate	Sales of Services	6,969,244	9,198,309	6,621,906	2,197,711
		Payment made	(2,545,050)	(7,731,057)		
National Social Protection Agency	Affiliate	Sales of Services	446,204	452,357	9,967,088	10,007,904
		Payment made	(487,020)	(408,460)		



STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

34 RELATED PARTY TRANSACTIONS (CONTINUED)

34 Transactions with Key Management Personnel

The Board of Directors and Managing Director of the Company are the members of the key management personnel. Key management personnel compensation comprised the following.

	2020 MVR	2019 MVR
Directors' Remuneration	784,100	768,808

35 FAIR VALUE MEASUREMENT

Accounting Classifications and Fair Values

31<sup>ST</sup> December 2020

Financial assets not measured at fair value	Financial Assets at Amortised Cost MVR	Fair Value			
		Level 1	Level 2	Level 3	Total
		MVR	MVR	MVR	MVR
Cash and Cash Equivalents	258,504,880	-	-	-	258,504,880
Trade and Other Receivables	325,668,652	-	-	-	325,668,652
Amounts due from Related Parties	245,964,053	-	-	-	245,964,053
	<u>830,137,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>830,137,585</u>

Financial liabilities not measured at fair value	Other Financial Liabilities MVR	Fair Value			
		Level 1	Level 2	Level 3	Total
		MVR	MVR	MVR	MVR
Lease Liability	106,519,450	-	-	106,519,450	106,519,450
Loans and Borrowings	2,970,165,249	-	-	2,970,165,249	2,970,165,249
Amount due to Related Parties	80,137,389	-	-	-	80,137,389
Contractor Payable	386,847,534	-	-	386,847,534	386,847,534
Trade and Other Payables	209,530,978	-	-	-	209,530,978
	<u>3,753,200,600</u>	<u>-</u>	<u>-</u>	<u>3,463,532,233</u>	<u>3,753,200,600</u>

31<sup>ST</sup> December 2019

Financial assets not measured at fair value	Financial Assets at Amortised Cost MVR	Fair Value			
		Level 1	Level 2	Level 3	Total
		MVR	MVR	MVR	MVR
Cash and Cash Equivalents	168,744,217	-	-	-	168,744,217
Trade and Other Receivables	279,894,537	-	-	-	279,894,537
Amounts due from Related Parties	131,455,599	-	-	-	131,455,599
	<u>580,094,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,094,353</u>

Financial liabilities not measured at fair value	Other Financial Liabilities MVR	Fair Value			
		Level 1	Level 2	Level 3	Total
		MVR	MVR	MVR	MVR
Loans and Borrowings	3,002,354,927	-	-	3,002,354,927	3,002,354,927
Contractor Payable	261,016,949	-	-	261,016,949	261,016,949
Lease Liability	106,596,527	-	-	106,596,527	106,596,527
Amount due to Related Parties	118,744,231	-	-	-	118,744,231
Trade and Other Payables	182,619,796	-	-	-	182,619,796
	<u>3,671,332,430</u>	<u>-</u>	<u>-</u>	<u>3,369,968,403</u>	<u>3,671,332,430</u>



STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

36 CORRECTION OF ERRORS

36.1 During 2020, the Company discovered the following errors

- (A) The acquisition cost of the land plots located in Hulumale phase II plot no N3-35 (B)/(C) relating to the development of fourteen story building ("Hiyaa Project") had been erroneously omitted in the financial statement as at 31<sup>st</sup> December 2019. Further, investment in Hiyaa Project had been included in other receivables and advanced received from employees for Hiyaa Project had been set off with other receivables as at 31<sup>st</sup> December 2019.
- (B) The Company erroneously omitted the accounting of deferred payment arrangement to construction of Grid Connection Project and percentage of completion method with respect to the Grid Connection Project as at 31<sup>st</sup> December 2019.
- (C) Capital injection received from Ministry of Finance had been erroneously accounted as government grants for the year ended 31<sup>st</sup> December 2019.

These errors have been corrected by restating each of the affected financial statement line items for prior period. The following tables summarize the impact on the Company's financial statements.

As at 1<sup>st</sup> January 2019

a. Statement of Financial Position

	As Previously Reported MVR	Adjustments MVR	As Restated MVR
Property, Plant and Equipment (Note C)	3,045,354,845	65,562,853	3,110,917,698
Investment in Hiyaa Project (Note A)	-	148,482,673	148,482,673
Trade and other Receivables (Note A)	495,256,570	(123,189,476)	372,067,094
Others	371,718,177	-	371,718,177
<b>Total Assets</b>	<b>3,912,329,592</b>	<b>90,856,050</b>	<b>3,912,329,592</b>
Capital Contribution (Note B)	-	(199,106,114)	(199,106,114)
Others	(585,324,015)	-	(585,324,015)
<b>Total Equity</b>	<b>(585,324,015)</b>	<b>(199,106,114)</b>	<b>(784,430,129)</b>
Trade and Other Payable (Note A)	(140,685,690)	(25,293,197)	(165,978,887)
Contractor Payable (Note C)	-	(65,562,853)	(65,562,853)
Differed Income (Note B)	(203,171,519)	199,106,114	(4,065,405)
Others	(2,892,292,318)	-	(2,892,292,318)
<b>Total Liabilities</b>	<b>(3,236,149,527)</b>	<b>108,250,064</b>	<b>(3,127,899,463)</b>
<b>Note A</b>			<b>1/1/2019 MVR</b>
Investment in Hiyaa Project			148,482,673
Trade and other Receivables			(123,189,476)
Trade and Other Payable			(25,293,197)
			-
<b>Note B</b>			<b>1/1/2019 MVR</b>
Capital Contribution			(199,106,114)
Differed Income			199,106,114
			-
<b>Note C</b>			<b>1/1/2019 MVR</b>
Property, Plant and Equipment			65,562,853
Contractor Payable			(65,562,853)
			-



STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

36 CORRECTION OF ERRORS (CONTINUED)

As at 31<sup>st</sup> December 2019

a. Statement of Financial Position	As Previously Reported MVR	Adjustments MVR	As Restated MVR
Property, Plant and Equipement (Note C)	3,328,550,443	261,016,949	3,589,567,392
Investment in Hiyaa Project (Note A)	-	421,497,924	421,497,924
Trade and other Receivables (Note A)	602,316,163	(322,421,627)	279,894,537
Others	526,073,390	-	526,073,390
<b>Total Assets</b>	<b>4,456,939,997</b>	<b>360,093,246</b>	<b>4,817,033,243</b>
Capital Contribution (Note B)	-	(332,001,171)	(332,001,171)
Retain Earnings (Note B)	(343,592,012)	1,370,506	(342,221,506)
Others	(351,437,881)	-	(351,437,881)
<b>Total Equity</b>	<b>(695,029,893)</b>	<b>(330,630,665)</b>	<b>(1,025,660,558)</b>
Contactor Payable (Note C)	-	(261,016,949)	(261,016,949)
Trade and Other Payable (Note A)	(83,543,497)	(99,076,299)	(182,619,796)
Deffered Income (Note B)	(333,004,245)	330,630,667	(2,373,578)
Others	(3,345,362,362)	-	(3,345,362,362)
<b>Total Liabilities</b>	<b>(3,761,910,104)</b>	<b>(29,462,581)</b>	<b>(3,791,372,685)</b>

**Note A**

31/12/2019

MVR

Investment in Hiyaa Project	421,497,924
Trade and other Receivables	(322,421,627)
Trade and Other Payables	(99,076,299)
	-

**Note B**

31/12/2019

MVR

Capital Contribution	(332,001,171)
Retain Earnings	1,370,506
Deffered Income	330,630,667
	-

**Note C**

31/12/2019

MVR

Property Plant and Equipments	261,016,949
Contactor Payable	(261,016,949)
	-



STATE ELECTRIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

36 CORRECTION OF ERRORS (CONTINUED)

b. Statement of Comprehensive Income	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR
<i>Profit or Loss for the Year</i>			
Impact on Profit for the Year	109,003,009	(1,370,345)	107,632,664
<i>Other Comprehensive Income</i>			
Impact on Other Comprehensive Income	(1,819,633)	-	(1,819,633)
Impact on Total Comprehensive Income	107,183,376	(1,370,345)	105,813,031

37 EVENTS AFTER THE REPORTING DATE

37.1 The Board of Directors of the Company has declared MVR.21,000,000/- as dividend in respect of the year 2020 on 15<sup>th</sup> June 2021.

37.2 The Board of Directors of the Company has decided to increase the authorized share capital of the Company to MVR. 5,000,000,000/- and authorized shares amounting to 5,000 on 15<sup>th</sup> June 2021.

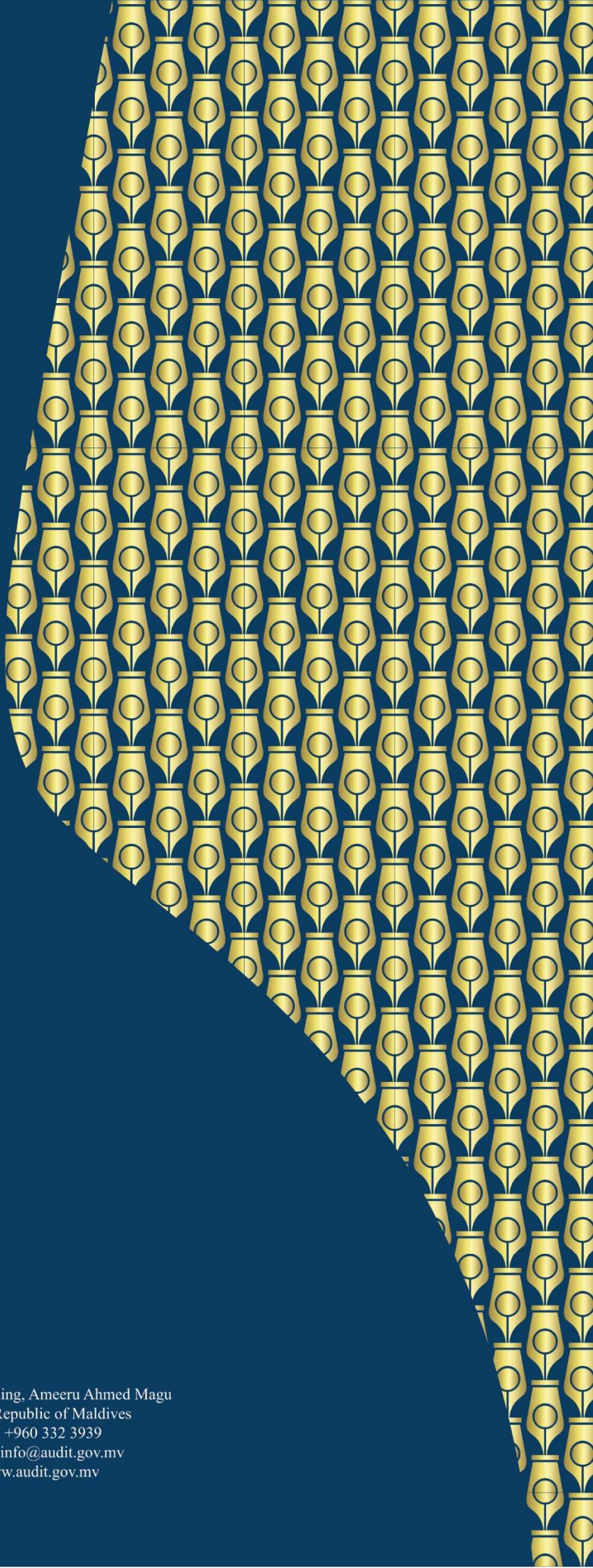
No circumstances have arisen since reporting date which require adjustments to/or disclosure in the financial statements other than above.

38 SIGNIFICANT EVENT- COVID 19

The Management continues to have a reasonable expectation that the Company has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. The outbreak of the COVID-19 pandemic and the measures adopted by the health authorities in Maldives to mitigate its spread have impacted Maldives' economy and the Company's operations, such as travel restrictions, lockdown and quarantine measures. This has negatively impacted the Company's financial performance during the year and also its liquidity position.

The management of the Company has been closely monitoring the potential impact of the COVID 19 developments on the Company's operations and financial position including possible loss of revenue and impairment of property and equipment, intangible asset etc. The Company has also put in place contingency measures, which include, but are not limited to enhancing and testing of business continuity plans including its liquidity requirements. Based on their assessment, the management is of the view that the Company will continue as a going concern entity for the next 12 months from the date of these financial statements.





Ghaazee Building, Ameeru Ahmed Magu  
Male', Republic of Maldives  
Tel: +960 332 3939  
Email: [info@audit.gov.mv](mailto:info@audit.gov.mv)  
[www.audit.gov.mv](http://www.audit.gov.mv)

# Corporate Information

## General Inquiries

Phone: 332 0982

Fax: 332 0736

Email Address: admin@stelco.com.mv

Website: www.stelco.com.mv

## Billing Inquires

Phone: 331 4949

Email Address: billing@stelco.com.mv

## Electricity Faults

Phone: 104

## Sales Centre

Phone: 3337515

Email Address: sales@stelco.com.mv

## K. Villingili Powerhouse

Contact: 3390688

E-mail Address: k.villingili@stelco.com.mv

## K. Gulhifalhu Powerhouse

Contact: 7993042

E-mail Address: k.gulhifalhu@stelco.com.mv

## K. Thilafushi Powerhouse

Contact: 790 0178

E-mail Address: k.thilafushi@stelco.com.mv

## K. Dhiffushi Powerhouse

Contact: 790 6641

E-mail Address: k.dhiffushi@stelco.com.mv

## K. Gaafaru Powerhouse

Contact: 7799150

E-mail Address: k.gaafaru@stelco.com.mv

## K. Gulhi Powerhouse

Contact: 779-9154

E-mail Address: k.gulhi@stelco.com.mv

## K. Guraidhoo Powerhouse

Contact: 664-4235

E-mail Address: k.guraidhoo@stelco.com.mv

## K. Himmafushi Powerhouse

Contact: 6640311

E-mail Address: k.hinmafushi@stelco.com.mv

## K. Kaashidhoo Powerhouse

Contact: 6640141

E-mail Address: k.kaashidhoo@stelco.com.mv

## K. Maafushi Powerhouse

Contact: 6640002 / 6640002

E-mail Address: k.maafushi@stelco.com.mv

## K. Thulusdhoo Powerhouse

Contact: 664-0029

E-mail Address: k.thulusdhoo@stelco.com.mv

## AA. Ukulhas Powerhouse

Contact: 7993048

E-mail Address: aa.ukulhas@stelco.com.mv

## AA. Bodufolhudhoo Powerhouse

Contact: 7986749

E-mail Address:

aa.bodufolhadhoo@stelco.com.mv

## AA. Mathiveri Powerhouse Contact: 7950236

E-mail Address: aa.mathiveri@stelco.com.mv

## AA. Himandhoo Powerhouse

Contact: 7952348

E-mail Address: aa.himandhoo@stelco.com.mv

## AA. Thoddoo Powerhouse

Contact: 911-8490

E-mail Address: aa.thoddoo@stelco.com.mv

## AA. Feridhoo Powerhouse

Contact: 7978046

E-mail Address: aa.feridhoo@stelco.com.mv

## AA. Maalhos Powerhouse

Contact: 7799145

E-mail Address: aa.maalhos@stelco.com.mv

## AA. Rasdhoo Powerhouse

Contact: 9790405

E-mail Address: aa.rasdhoo@stelco.com.mv

## ADH. Omadhoo Powerhouse

Contact: 7960280

E-mail Address: ad.omadhoo@stelco.com.mv

**ADH. Kumburudhoo Powerhouse**

Contact: 790-6643

E-mail Address: ad.kumburudhoo@stelco.com.mv

**ADH. Dhigurah Powerhouse**

Contact: 7906640

E-mail Address: ad.dhigurah@stelco.com.mv

**ADH. Dhidhdhoo Powerhouse**

Contact: 7960433 E-mail Address:

ad.dhidhdhoo@stelco.com.mv

**ADH. Fenfushi Powerhouse**

Contact: 7930127

E-mail Address: adh.fenfushi@stelco.com.mv

**ADH. Hangnameedhoo Powerhouse**

Contact: 966-8660

E-mail Address:

ad.hangnameedhoo@stelco.com.mv

**ADH. Mahibadhoo Powerhouse**

Contact: 9667796 E-mail Address:

ad.mahibadhoo@stelco.com.mv

**ADH, Dhangethi Powerhouse**

Contact: 797 1141 797 1142

E-mail Address: ad.dhangethi@stelco.com.mv

**ADH. Mandhoo Powerhouse** Contact: 7920407

E-mail Address: ad.mandhoo@stelco.com.mv

 /stelcomaldives

 /stelcomaldives



Ameenee Magu  
Male'  
20349  
Republic of Maldives

+9603320982  
+9603327036  
admin@stelco.com.mv



/stelcomaldives



/stelcomaldives