

Annual Report
2021



**Tri-Star
Power Ltd.**

Company Information

| | | |
|---------------------|--------------------------|---------------------------|
| Board of Directors: | Ms. Shamima Begum | Non Executive Chairperson |
| | Mr. Asad Ahmad | Chief Executive |
| | Mr. Jawed Ahmed Siddiqui | Non Executive Director |
| | Mr. Mohammad Zameer | Non Executive Director |
| | Mr. M. Haroon Saeed | Non Executive Director |
| | Mr. Tanvir Hasan | Non Executive Director |
| | Mr. Syed Imran | Independent Director |

Auditors: M/s. Ghalib & Co.
Chartered Accountants

| | | |
|------------------|--------------------------|----------|
| Audit Committee: | Mr. Syed Imran | Chairman |
| | Mr. Jawed Ahmed Siddiqui | Member |
| | Mr. M. Haroon Saeed | Member |

Bankers: Bank Al-Habib Ltd.

Registered Office: A/33, Central Commercial Area,
Block 7/8, Main Shahrah-e-Faisal,
KCHSU, Karachi.-75350.

Shares Registrar / Transfer Agent: Hameed Majeed Associates (Pvt) Ltd.
4th Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.

Plant: F/538, S.I.T.E.,
Karachi-75700

Notice of Meeting

Notice is hereby given that the Twenty Eighth Annual General Meeting of Tri-Star Power Ltd., will be held on Thursday, October 28, 2021 at 10.30 am at F/538, S.I.T.E., Karachi to transact the following business:

1. Recitation from the HOLY QURAN.
2. To receive and adopt the audited accounts for the period ended June 30, 2021 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors of the Company and fix their remuneration.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Company Secretary

Karachi: October 5, 2021.

NOTES:

1. The Share Transfer books of the Company will remain closed from 23.10.2021 to 28.10.2021 (both days Inclusive).
2. Participation in the AGM proceeding via the video Conference facility:
Due to current COVID-19 situation, the AGM proceeding can also be attended via video conference facility. Shareholders interested to participate in the meeting are requested to email their Name, Folio Number, Cell Number, CNIC Number, and Number of shares held in their name with subject "Registration for Tri-Star Power Limited AGM" along with valid copy of both sides of Computerized National Identity Card (CNIC) at power@tristar.com.pk Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM. Shareholders can also provide their comments and questions for the agenda items of the AGM at the email.
3. A member entitled to attend Annual General Meeting is entitled to appoint a proxy and vote in his place at the meeting. Proxy Forms in order to be effective must be received at the registered office of the Company at F/538, S.I.T.E, Karachi duly stamped, signed and witnessed, not later than 48 hours before the meeting.
4. CDC Shareholders or their Proxies are required to bring with them their Original Computerized National Identity Card (CNIC) or Passport along with the Participant's I.D. number and their account number at the time of attending Annual General Meeting in order to authenticate their identity.
5. Proxy form must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC number must be mentioned on the form, along with attested copies of the CNIC or passport of the beneficial owner and the proxy.
6. In case of corporate entity, the Board of Directors' resolution / power of attorney with the specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
7. Members are requested to notify any change in their addresses immediately to our Shares Registrar M/s. Hameed Majeed Associates (Pvt) Ltd., 4th floor, Karachi Chamber, Hasrat Mohani Road, Karachi.

Directors' Report

The audited accounts of the Company for the year ended June 30, 2021 are presented herewith.

1. FINANCIAL RESULTS

Financial results are as summarised as follows:

| | Rupees 2021 | Rupees 2020 |
|-------------------------------------|----------------|----------------|
| Sales – Net | 14,114,000 | 16,034,490 |
| Less: Cost of Sales | 10,237,416 | 12,437,302 |
| Gross Profit | 3,876,584 | 3,597,188 |
| Less: Operating Expenses | | |
| Administrative and General Expenses | 621,436 | 769,701 |
| Operating Profit | 3,255,148 | 2,827,487 |
| Finance Cost | 205 | 50 |
| Profit after Taxation | 3,254,943 | 2,827,437 |
| Other Income / (charges) | 2,081,059 | 2,912,877 |
| | 5,336,002 | 5,740,314 |
| Earning Per Share – Basic | 0.36 | 0.38 |

2. BUSINESS

Your Company supplies electricity to the associated companies.

3. DIVIDEND

The Board has not recommended any dividend this year.

4. BOARD OF DIRECTORS

The Board of Directors assumed their office with effect from 28.12.2020 for 3 years.

5. AUDITORS

The present auditors M/s. Ghalib & Co., Chartered Accountants, are due for retirement and being eligible offer themselves for reappointment.

6. STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- a. The financial statements, prepared by the management of the Company, present fairly it's state of affairs, the results of it's operations' cash flows and change in equity.
- b. Proper books of accounts of the Company have been maintained.

- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom has been adequately disclosed.
- e. The system of internal control is sound and designed and have been effectively implemented and monitored.
- f. There are no significant doubts upon the Company's ability to continue as going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h. No trading of Company Shares were done by Chief Executive, Directors, Company Secretary and their spouses.
- i. Key operating and financial data for the last six years in summarized form is annexed.
- j. During the year (4) meetings of the Board of Directors were held, attendance by each Director is as follows:-

| Name of Director | | No. of Meetings attended |
|--------------------------|----------|---------------------------------|
| Mr. Asad Ahmad | Director | 04 |
| Mrs. Shamima Begum | Director | 04 |
| Mr. Jawed Ahmad Siddiqui | Director | 04 |
| Mr. M. Zameer | Director | 04 |
| Mr. Syed Imran | Director | 04 |
| Mr. Tanvir Hasan | Director | 04 |
| Mr. M. Haroon Saeed | Director | 04 |

- k. The pattern of share holding is annexed.

7. ACKNOWLEDGMENTS

The Board would like to place on record its appreciation of hard work of the staff responsible for the Company's affairs.

By Order of the Board

Asad Ahmad
Chief Executive

Karachi: October 05, 2021

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Year ended: June 30, 2021

The Company has applied the principles contained in the Code in the following manner.

1. The total number of directors are 7 as per the following:

- a. Male: 6
- b. Female: 1

2. The composition of board is as follows:

| | |
|--------------------------|---|
| Independent Director | Mr. Syed Imran |
| Non - Executive Director | Ms. Shamima Begum Mr. Jawed Ahmed Siddiqui Mr. Mohammad Zameer Mr. Mohammad Haroon Saeed Mr. Tanvir Hasan |
| Executive Director | Mr. Asad Ahmad (CEO) |
| Female Director | Ms. Shamima Begum |

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Chief Executive and all Directors have the prescribed education and experience required for exemption under Clause 19(2) of Code of Corporate Governance (CCG) Regulations. Accordingly, they are exempt from attending directors' training program pursuant to the Clause 19(2) of the CCG Regulations.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:
 - a) Audit Committee
Mr. Syed Imran (Chairman)
Mr. Jawed Ahmed Siddiqui
Mr. Mohammad Haroon Saeed
 - b) HR and Remuneration Committee
Mr. Syed Imran (Chairman)
Mr. Jawed Ahmed Siddiqui
Mr. Mohammad Haroon Saeed
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee
Quarterly
 - b) HR and Remuneration Committee
Annually
15. The Board has set up an effective internal audit function/or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of internal audit, Company Secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Place: Karachi
Dated: October 5, 2021

Asad Ahmad
Chief Executive

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TRI STAR POWER LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019.

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Tri-Star Power Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and

We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

- a) The composition of board has includes one independent director Mr. Syed Imran, whereas in our opinion he does not meet the criteria of independence due to his cross director ship in other group companies. Further, Code requires independent directors shall not be less than two or one third of the total members of the board, whichever is higher, whereas board include one independent director.
- b) The Chairman of Audit committee shall be an independent director, whereas in our view Mr. Syed Imran does not meet the criteria of independence due to the reason reflect in para (a) above.
- c) The Chairman of Human Resource and Remuneration Committee shall be an independent director whereas in our view Mr. Syed Imran does not meet the criteria of independence due to the reason reflect in para (a) above.

Based on our review, except for the instances of non compliance, above, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

sd/-

Ghalib & Co.

Chartered Accountants

Audit Engagement Partner: Mohammad Ghalib

Karachi

Dated: October 5, 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRI STAR POWER LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Tri-Star Power Limited (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

- a) We have not been able to verify the investment made in units of National Investment Trust (NIT) amounting to Rs. 34,594,845 (2020: 34,594,845) as disclosed in Note 13.2 to the financial statements. Further, No provision has been made in the accounts for the NIT investments the recovery and realization of which are doubtful, the same has been explained in Note No. 13.2.1 to the financial statements. Had the provision for doubtful investment been made in the accounts, the losses of the Company would have been increased by Rs. 34,594,845 (2020: 34,594,845) and the Shareholder's Equity would have been decreased by the same amount.
- b) The company has disclosed Investment in Associated companies First Tri-Star Modaraba Limited and Tri-Star Energy Limited and as Available for sales investment in Note 13.1.1 and 13.1.2 to the financial Statements. In our opinion, these investments has to be shown / valued at equity method in accordance with International Accounting standard 28 "Investment in associates". We are unable to quantify the effect of the same as latest audited accounts of First Tri-Star Modaraba and Tri-Star Energy Limited were not made available.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information in the annual report including in particulars, the Chairman's Review, Directors Report, Financial and business highlights, but does not include the financial statements and our auditor's reports thereon.

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report

Following are the Key Audit Matters:

| S. No. | <u>Key Audit Matters</u> | <u>How the matter was addressed in our audit</u> |
|--------|--|--|
| 1. | <p><u>Existence and valuation of stock-in-trade</u></p> <p>As disclosed in Note 21 to the accompanying unconsolidated financial statements, the stock-in trade balance constitutes approximately 48% of total assets of the Company. The cost of finished goods is determined at weighted average cost including a proportion of production overheads.</p> <p>The Net Realizable Value (NRV) of stock-in-trade is determined mainly keeping in view the estimated selling price, stock-in-trade usage and forecasted sales volume.</p> <p>We have considered this area to be a key audit matter due to its materiality and judgments involved in estimating the NRV of underlying stock-in-trade as well as the management's judgment involved in determining an appropriate costing basis and assessing its valuation.</p> | <p>Our audit procedures included, amongst others, reviewing management's procedures for evaluating the NRV of stock-in-trade, observing stock counts to ascertain the condition and existence of stock-in trade, performing testing on a sample of items to assess the NRV of the stock-in-trade held and evaluating the adequacy of write down of stock-in trade to NRV as at the year end.</p> <ul style="list-style-type: none"> • Further, we evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade and the accuracy of write down of stock-in-trade to NRV assessed by the management, on a test basis. • We also tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads. • We further tested the NRV of stock-in-trade by performing a review of sales close to and subsequent to the year-end and comparing with the cost for a sample of products. • We further assessed the adequacy of financial statement disclosures in accordance with the applicable financial reporting framework. |

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and Reporting standards as applicable in Pakistan and the Requirements of companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan 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 as applicable in Pakistan, 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 with the Board of directors 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Based on our audit except for the matter discussed in basis for qualified opinion section, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive loss, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Ghalib.

sd/-
Ghalib & Co.
Chartered Accountants
Audit Engagement Partner: Mohammad Ghalib

Karachi
Dated: October 5, 2021

Vision Statement

Tri-Star Power Limited is committed to strive for excellence in all areas of its activity.

Mission Statement

We view our business objective of providing distinctive financial products and services that promote commerce and industry with in the context of our overall objective of contributing to the nation's prosperity.

Core Value

1. Striving for continuous improvement and innovation with commitment and responsibility;
2. Treating stakeholders with respect, courtesy and competence;
3. Practicing highest personal and professional integrity;
4. Maintaining teamwork, trust and support, with open and candid communication;
5. Ensuring cost consciousness in all decisions and operations.

Statement of Ethics and Business Practices

The articulation of this statement is based on following points:-

1. Questionable and improper payments or use of the Company's assets.
2. Political contributions.
3. Conflicts on interest.
4. Books and records of the Company.
5. Payment of amounts due to customers, agents or distributors.
6. Reporting violations.
7. Means as important as the end.
8. Integrity and scrupulous dealings.
9. Strict observance of the laws of the country.
10. Giving and receiving gifts.

Balance Sheet as at

| | | June 30, 2021 | June 30, 2020 |
|---|-------|--------------------|--------------------|
| | Notes | (Rupees) | |
| <u>EQUITY AND LIABILITIES</u> | | | |
| <u>CAPITAL & RESERVES</u> | | | |
| <u>Authorized Capital</u> | | | |
| 15,000,000 (2019: 15,000,000) Ordinary Shares of Rs. 10/- each | | <u>150,000,000</u> | <u>150,000,000</u> |
| Issued, Subscribed and Paid-up Capital | 8 | 150,000,000 | 150,000,000 |
| Capital Reserve | | | |
| Capital Reserve - (a Share Premium account) | | 70,000,000 | 70,000,000 |
| Revenue Reserve | | | |
| Unrealized gain / (loss) due to change in fair value of investment through other Comprehensive Income | | 1,366,950 | (1,402,000) |
| Accumulated (Loss) | | (37,679,567) | (43,015,570) |
| Shareholders Equity | | 183,687,383 | 175,582,430 |
| <u>CURRENT LIABILITIES</u> | | | |
| Trade and Other Payables | 9 | 2,088,809 | 1,838,507 |
| Unclaimed Dividend | | 5,025,285 | 5,025,285 |
| Provision for taxation | 10 | - | - |
| | | 7,114,094 | 6,863,792 |
| Contingencies and Commitments | 11 | | |
| | | <u>190,801,477</u> | <u>182,446,222</u> |

June 30, 2021

ASSETS

NON-CURRENT ASSETS

| | | | |
|-----------------------------------|----|---------------|------------|
| Tangible Fixed Assets | | | |
| Property, Plant and Equipments | 12 | 3,928,347 | 4,364,934 |
| Long Term Investments | 13 | 79,671,795.00 | 76,902,845 |
| Long term Loan From Related Party | 14 | 20,000,000 | 20,000,000 |

CURRENT ASSETS

| | | | |
|--|----|------------|------------|
| Stores, Spares and Loose Tools | 15 | 1,995,549 | 2,704,549 |
| Trade Debtors - unsecured | 16 | 26,760,930 | 12,846,930 |
| Interest Receivable from Related Party | | 13,669,041 | 11,658,082 |
| Trade Deposits - Considered good | 17 | 75,000 | 75,000 |
| Income Tax Refunds and Advances | | 190,829 | 178,837 |
| Cash and Bank Balances | 18 | 44,509,985 | 53,715,045 |
| | | 87,201,334 | 81,178,443 |

| | |
|-------------|-------------|
| 190,801,477 | 182,446,222 |
|-------------|-------------|

The annexed notes form an integral part of these accounts.

Chief Executive

Director

Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021**

| | Notes | 2021 | 2020 |
|-------------------------------------|-------|------------|------------|
| | | (Rupees) | |
| SALES - Net | 19 | 14,114,000 | 16,034,490 |
| COST OF SALES | 20 | 10,237,416 | 12,437,302 |
| GROSS PROFIT | | 3,876,584 | 3,597,188 |
| <u>Operating Expenses</u> | | | |
| Administrative and General Expenses | 21 | 621,436 | 769,701 |
| | | 621,436 | 769,701 |
| OPERATING PROFIT | | 3,255,148 | 2,827,487 |
| Finance Cost | 22 | 205 | 50 |
| | | 3,254,943 | 2,827,437 |
| Other Income | 23 | 2,081,059 | 2,912,877 |
| PROFIT BEFORE TAXATION | | 5,336,002 | 5,740,314 |
| <u>Taxation</u> | | | |
| - Current | 10 | -- | -- |
| PROFIT AFTER TAXATION | | 5,336,002 | 5,740,314 |
| Earnings per share - Basic | 24 | 0.36 | 0.38 |

The annexed notes form an integral part of these accounts.

Chief Executive

Director

Chief Financial Officer

**STATEMENT OF CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

| | 2021 | 2020 |
|---|--------------|--------------|
| | (Rupees) | |
| <u>CASH FLOW FROM OPERATING ACTIVITIES</u> | | |
| Profit/(Loss) before Taxation | 5,336,002 | 5,740,314 |
| <u>Adjustment for Non-Cash and Other Items:</u> | | |
| Depreciation | 436,587 | 485,123 |
| Gain on Sale of Fixed assets | -- | -- |
| Financial Expenses | 205 | 50 |
| | 436,792 | 485,173 |
| | 5,772,794 | 6,225,487 |
| <u>Working Capital Changes</u> | | |
| <i>(Increase) / Decrease in Current Assets</i> | | |
| Stores and Spares | 709,000 | 677,427 |
| Trade debtors | (13,914,000) | (12,846,930) |
| Short term Loan to Associated company | -- | -- |
| Interest Receivable from Related Party | (2,010,959) | (2,912,877) |
| <i>Increase / (Decrease) in Current Liabilities</i> | | |
| Trade and Other Payables | 250,302 | 539,074 |
| Due to Directors | -- | -- |
| Due to Associated Undertaking | - | -- |
| | (14,965,657) | (14,543,306) |
| <u>Cash Flow from Investing Activities</u> | | |
| Sales Proceeds from Fixed assets | -- | -- |
| | (14,965,657) | (14,543,306) |
| Taxes Paid | (11,992) | (1,080) |
| Financial charges Paid | (205) | (50) |
| | (12,197) | (1,130) |
| <i>Net Cash Inflow/ (Outflow) from Operating Activities</i> | (14,977,855) | (14,544,436) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Loan recovered from Related Party | -- | 20,000,000 |
| | (9,205,060) | 11,681,051 |
| Net Increase in Cash and Cash Equivalents | 53,715,045 | 42,033,994 |
| Cash and Cash Equivalents at the Beginning | 44,509,985 | 53,715,045 |
| Cash and Cash Equivalents at the End | 44,509,985 | 53,715,045 |

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The annexed notes form an integral part of these accounts.

Chief Executive

Director

Chief Financial Officer

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

| | June 30, 2021 | June 30, 2020 |
|---|------------------|------------------|
| | (Rupees) | |
| Profit for the Year | 5,336,002 | 5,740,314 |
| Other comprehensive Income: | | |
| Financial Asset at Fair value through profit or loss available for Sales Investment | | |
| Financial Asset at Fair value through other Comprehensive income | 2,768,950 | (350,500) |
| Total comprehensive Income for the period | 8,104,952 | 5,389,814 |

The annexed notes form an integral part of these accounts.

Chief Executive

Director

Chief Financial Officer

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021

| | Capital Reserve | | | | |
|---|-----------------|-----------------|---|--|-------------|
| | Share Capital | Capital Reserve | Unrealized gain / (loss) due to change in fair value of investment through other Comprehensive Income | Unappropriated Profit/Accumulated (Loss) | Total |
| Balance as on June 30, 2019 | 150,000,000 | 70,000,000 | (1,051,500) | (48,755,884) | 170,192,616 |
| Net Profit for the year ended June 2020 | -- | -- | -- | 5,740,314 | 5,740,314 |
| Other Comprehensive income | -- | -- | (350,500) | - | (350,500) |
| Total Comprehensive income | -- | -- | (350,500) | 5,740,314 | 5,389,814 |
| Balance as on June 30, 2020 | 150,000,000 | 70,000,000 | (1,402,000) | (43,015,570) | 175,582,430 |
| Net Profit for the year ended June 2021 | -- | -- | -- | 5,336,002 | 5,336,002 |
| Other Comprehensive income | -- | -- | 2,768,950 | - | 2,768,950 |
| Total Comprehensive income | -- | -- | 2,768,950 | 5,336,002 | 8,104,952 |
| Balance as on June 30, 2021 | 150,000,000 | 70,000,000 | 1,366,950 | (37,679,567) | 183,687,383 |

The annexed notes form an integral part of these accounts.

Chief Executive

Director

Chief Financial Officer

Last Six Years Results At A Glance

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>Financial Position</u> | | | | | | |
| Paid-up Capital (Rs.) | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 |
| Reserves (Rs.) | 33,687,383 | 25,582,430 | 20,192,616 | 15,168,123 | 6,786,307 | (4,266,776) |
| Fixed Assets-WDV (Rs.) | 3,928,347 | 4,364,934 | 4,850,057 | 13,285,994 | 14,762,421 | 16,402,947 |
| Investments at Cost (Rs.) | 78,304,845 | 78,304,845 | 78,304,845 | 78,304,845 | 78,304,845 | 78,304,845 |
| Investments at Market Value (Rs.) | 79,671,795 | 76,902,845 | 77,253,345 | 76,895,835 | 78,998,835 | 75,500,845 |
| Current Assets (Rs.) | 87,201,334 | 81,178,443 | 54,413,932 | 41,216,536 | 32,589,774 | 22,902,005 |
| Current Liabilities (Rs.) | 7,114,094 | 6,863,792 | 6,324,718 | 6,230,242 | 9,564,723 | 9,072,573 |
| <u>Income</u> | | | | | | |
| Sales (Rs.) | 14,114,000 | 16,034,490 | 29,574,846 | 51,714,859 | 60,387,464 | 13,108,505 |
| Net Profit/(Loss) for the year (Rs.) | 5,336,002 | 5,740,314 | 4,666,983 | 10,484,816 | 7,555,093 | 2,187,857 |
| Accumulated Profit/(Loss) (Rs.) | (37,679,567) | (43,015,570) | (48,755,884) | (53,422,867) | (63,907,683) | (71,462,776) |
| <u>Statistics & Ratios</u> | | | | | | |
| Gross Profit/(Loss) Ratio (%) | 27.47 | 22.43 | 20.17 | 12.52 | 13.67 | 19.80 |
| Net Profit/(Loss) Ratio (%) | 37.81 | 35.80 | 15.78 | 20.27 | 12.51 | 16.69 |
| Current Ratio | 12.26 | 11.83 | 8.60 | 6.62 | 3.41 | 2.52 |
| Paid-up Value Per Share (Rs.) | 10 | 10 | 10 | 10 | 10 | 10 |
| Earning/(Loss) Per Share (Rs.) | 0.356 | 0.380 | 0.310 | 0.699 | 0.500 | 0.146 |
| Net Assets (Rs.) | 183,687,383 | 175,582,430 | 170,192,616 | 165,168,123 | 156,786,307 | 145,733,224 |
| Net Assets Value Per Share (Rs.) | 12.25 | 11.71 | 11.35 | 11.01 | 10.45 | 9.72 |
| Cash Dividend (%) | - | - | - | - | - | - |
| Bonus Dividend (%) | - | - | - | - | - | - |

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

1 CORPORATE INFORMATION

Tri-Star Power Limited (the Company) was incorporated in Pakistan, as a public limited company on September 27, 1993 under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and its shares are listed in the Pakistan Stock Exchange in Pakistan. The Principal activity of the Company is to generate, distribution and Supply of Electricity.

The geographical Location and address of the company's business units, including mill/plant are as under:

The registered office of the company is located at A/33, Central Commercial Area, Block 7/8, KCHSU, Main Shahrah-e-Faisal, Karachi , Pakistan.

The Generation/manufacturing facility is located at F/538, S.I.T.E., Karachi - 75700, Pakistan, which is not the Property of the company the Same Premises obtained from Related Party of the Company to install the Plant.

1.2 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period. Based on assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

Further , for a detailed discussion about the Company's performance, refer to the Directors' Report and respected note to the accounts.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

International Financial Reporting Standard issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PREPARATION/MEASUREMENT

The financial statements have primarily been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the certain fixed assets which are stated on revalued amounts, financial assets and liabilities which are carried at their fair values. Further, accrual basis of accounting is followed except for cash flow information.

4 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on October 05, 2021.

5 STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENTS APPLICABLE TO THE FINANCIAL STATEMENTS

5.1 Amendment or Framework

Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year.

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current year:

IFRS 3 - Business Combinations - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reforms (Amendments)
IAS 1 / IAS 8 - Definition of Material (Amendments)
Conceptual Framework for Financial Reporting

The adoption of the above amendments to the approved accounting standards and the framework for financial reporting did not have any material impact on the Company's financial statements.

5.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

| Amendment or Improvement | | Effective date (annual periods beginning on or after) |
|--|---|--|
| IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark Reform - Phase 2 (Amendment) | 01 January 2021 |
| IFRS 16 | COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments) | 01 April 2021 |
| IFRS 3 | Reference to the Conceptual Framework (Amendments) | 01 January 2022 |
| IAS 16 | Property, Plant and Equipment: Proceeds before Intended Use (Amendments) | 01 January 2022 |
| IAS 37 | Onerous Contracts - Costs of Fulfilling a Contract (Amendments) | 01 January 2022 |
| IAS 1 | Classification of Liabilities as Current or Non-current (Amendments) | 01 January 2023 |
| IAS 1 | Disclosure of Accounting Policies (Amendments) | 01 January 2023 |
| IAS 8 | Definition of Accounting Estimates (Amendments) | 01 January 2023 |
| IAS 12 | Deferred tax related to Assets and Liabilities arising from a single transaction | 01 January 2023 |
| IFRS 10 / IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Not yet finalized |

5.3 Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

| | | |
|---------|--|-----------------|
| IFRS 9 | Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities | 01 January 2022 |
| IAS 41 | Agriculture – Taxation in fair value measurements | 01 January 2022 |
| IFRS 16 | Leases: Lease incentives | 01 January 2022 |

The above amendments and improvements are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period of initial application.

| Standard | | IASB effective date (annual periods beginning on or after) |
|----------|--|--|
| IFRS 1 | First time adoption of International Financial Reporting Standards | 01 January 2004 |
| IFRS 17 | Insurance Contracts | 01 January 2023 |

6 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

6.1 Property, plant and equipment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of tangible fixed assets with a corresponding affect on the depreciation charge and impairment.

6.2 Taxation

In making the estimates for income taxes payable by the Company, the management considers applicable tax laws and the decisions of appellate authorities on certain cases issued in past. Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

6.3 Stock-in-trade

The Company reviews the Net Realizable Value (NRV) of stock-in-trade to assess any diminution in the respective carrying values.

6.4 Provision for doubtful receivables

A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. These estimates and underlying assumptions are reviewed on an ongoing basis.

6.5 **Contingencies**

The assessment of the contingencies inherently involves the exercise of significant judgment as the out come of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates at the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events.

7 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except application of new amendments and interpretations in the International Accounting Standards as described in Note 5.

7.1 **Taxation**

Current Year

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance.

Deferred

Deferred tax is provided proportionate to local sales using the liability method on all temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amount for financial statements reporting purposes. Deferred tax liabilities are generally recognized for all temporary taxable differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the assets is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

No deferred tax has been provided during the year due to the company are exempt from levy of Income tax under clause 132 of the

7.2 **Property, Plant and Equipment**

Initial recognition

All items of property, plant and equipment are initially recorded at cost.

Subsequent measurement

Property, Plant and Equipment are stated at cost or revalued / adjusted amounts less accumulated depreciation and impairment losses, if any; except for lease hold land and capital works in progress which are stated at cost / revalued amounts accumulated up to the balance sheet date.

Land, buildings and leasehold improvements are measured at cost less accumulated depreciation and impairment loss (if any).

Revaluation

Any revaluation increase arising on the revaluation of land, buildings and leasehold improvements is recognized in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and leasehold improvements is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation buildings and leasehold improvements to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

Depreciation

Full Years Depreciation is charged on acquisition or transfer of assets from capital work in progress, while no depreciation is charged on assets disposed off during the year. Depreciation is charged to income using reducing balance method, at the rates specified in the annexed schedule in Note No. 17 to the financial statements , whereby the cost / revalued amounts of asset is written off over its estimated useful life, reflecting the approximate value of the consumption of the respective assets economic benefits. The depreciation method and useful lives of the items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as other income in the statement of profit or loss. In case of the sale or retirement of a revalued items, the attributable revaluation surplus remaining in the surplus on revaluation of such item is transferred directly to the unappropriated profit.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Repairs, renewals and maintenance

Major repairs and renewals are capitalized. Normal repairs and maintenance are charged as expense when incurred. Gains or losses on disposal or retirement of assets are determined as the difference between the sale proceeds and the carrying amounts of these assets, and are included in the income currently.

7.3 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognized in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset 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. The Company recognizes the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

7.4 Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received as applicable. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if

7.5 Lease Liability

The Company assesses at contract inception whether a contract is, or contains, a lease, i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset."

7.6 Investment

Investment at fair value of investment through other comprehensive income are initially recognized at cost being the fair value of the consideration given including acquisition charges associated with. After initial recognition of investment are premeasured at fair value. Unrealized gains and losses on investment are recognized in other comprehensive income as required by IFRS 9 as the change in accounting policy fully disclosed in Note 5.1.1 to the financial statements till the investment is sold or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Measurement made as per IFRS 9 and disclosed the fair value as price quoted in Pakistan Stock Exchange.

7.7 Stores, Spares and Loose Tools

These are stated at the lower of cost and net realizable value (NRV). The cost of inventory is based on the FIFO basis. Items in transit are stated at cost accumulated up to the date of the balance sheet.

Stores, spares and loose tools are regularly reviewed by the management and any obsolete items are brought down to their NRV.

Net Realizable Value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

7.8 **Stock-in-Trade**

These are valued as follows:

Raw Material : At lower of weighted average cost or net realizable value. Cost of raw material and components represents invoice value plus other charges paid thereon.

Stock-in-Transit : At cost accumulated upto the balance sheet date.

Stock in trades are regularly reviewed by the management and any obsolete items are brought down to their NRV.

7.9 **Trade Debts and other Receivables**

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts / other receivables is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

7.10 **Foreign Currency Translation**

Transactions in foreign currencies are initially recorded using the rates of exchange ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the company enters into forward exchange contracts. Such transactions are translated at contracted rates. All exchange differences are included in the Statement of Profit or Loss.

7.11 **Revenue Recognition**

Revenue from supply of electricity is recognised on issue of bills on monthly basis to its customers.

Dividend income is recognized on the basis of declaration by the investee company.

Other Income/Scrap Sales is recognized on accrual Basis.

Unrealized gains / (losses) arising on revaluation of securities classified as "financial assets" at fair value through other comprehensive income in the income statement in the period in which they arise.

7.12 **Provisions**

Provision is recognized in the balance sheet when the company has a legal or constructive obligation and, as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and that a reliable estimate can be made for the amount of this obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

7.13 **Financial instruments**

7.13.1 **Financial asset:**

The financial assets of the Company mainly include trade debts, loans, deposits, short-term investments, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Company, the financial assets of the Company are measured and classified under IFRS 9 as follows;

Trade debts and other financial assets are measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any.

Long-term investments in NIT are designated at FVOCI at initial recognition. These are carried in the statement of financial position at fair value with net changes in fair value recognized in the Other Comprehensive income.

7.13.2 Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of payables, net of directly attributable transaction costs. For the purpose of subsequent measurement, financial liabilities are either classified at amortized cost or fair value through profit or loss. The Company does not have any financial liability at fair value through profit or loss.

7.13.3 Impairment of financial assets - allowance for expected credit losses

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

At each date of statement of financial position, the Company assesses whether financial assets 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. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

7.13.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

7.13.5 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of statement of financial position to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized, as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

7.14 Related Party Transaction

All transactions / loans with related parties are carried out by the company at mark-up on market basis. Prices for these transactions are determined on the basis of admissible valuation methods.

7.15 Loan, Advances and other Receivables

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/ residual cost.

7.16 Short Term and Long Term Loans

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized / residual cost.

7.17 Contingent Liability

A contingent liability is disclosed in the financial statements unless the possibility of an out flow of resources embodying economic benefits is remote.

7.18 Contingent Assets

A contingent asset is disclosed where an inflow of economic benefits is probable.

7.19 Post Employment Benefits – Defined Benefit Plan

The Company operates an unfunded gratuity scheme for its staff.

7.20 Trade and Other Payables

Trade and other payables are stated at their cost.

7.21 Post Employment Benefits

The Company operates an unfunded gratuity scheme for its staff during the year the company has not made the provision for gratuity due to all the employees are contractual.

7.22 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

7.23 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short term investments with a maturity of three months or less from the date of acquisition. The cash and cash equivalents are readily convertible to known amount of cash and are therefore, subject to insignificant risk of changes in value.

7.24 Dividend and Appropriation to reserves

Dividend and appropriation to reserve are recognized in the financial statements in the period in which these are approved.

8 Issued, Subscribed and Paid-up Capital

No. of Ordinary Shares of Rs. 10/- each

| 2021 | 2020 | 2021 | 2020 |
|-------------------|-------------------|--------------------|--------------------|
| | | Rupees | |
| 15,000,000 | 15,000,000 | Fully Paid in cash | 150,000,000 |
| <u>15,000,000</u> | <u>15,000,000</u> | <u>150,000,000</u> | <u>150,000,000</u> |

21,300 (2019:21,300) ordinary shares held by Associated Company's.

9 Trade and Other Payables

| | 2021 | 2020 |
|--------------------------|------------------|------------------|
| | Rupees | |
| Accrued Expenses | 1,309,639 | 1,059,337 |
| Gratuity Payable | 9.1 78,428 | 78,428 |
| Zakat Payable | 381,808 | 381,808 |
| With holding tax Payable | 30,000 | 30,000 |
| Other Liability | <u>288,934</u> | <u>288,934</u> |
| | <u>2,088,809</u> | <u>1,838,507</u> |

9.1 In the year 2000 the company has closed operations therefore the same Gratuity amount has been Freezed and not paid yet to the employees mangemnet feels the same will be paid when the Employee claim the same amount.

10 Provision for Taxation

The income tax returns of the company has been filed up to tax year 2020 to income tax department and the assessments of the company have been finalized up to and including the tax year 2020. However, the commissioner of income tax may at any time during a period of five years from the date of filing of return may select the deemed assessment for audit.

Management had a practice of recording tax expense based on the generally accepted interpretation of tax laws and accordingly sufficient provision in respect of taxation for last three years has been provided in these financial statements.

Since the company is exempt from levy of Income tax under clause 132 of the second Schedule to the income tax ordinance, 2001, therefore, the company has made no provision for taxation in the financial Statements further the Company not Provided nor Filed the Income tax Returns during last three years therefore the company has not presenting the Figure for the Provision of tax and a per the assessment for tax also not available.

11 Contingencies and Commitments

| | | |
|---|-----|-----|
| 11.1 Guarantees issued by banks | nil | nil |
| 11.2 Letters of Credit in respect of committed capital expenditures | nil | nil |
| 11.3 Letters of Credit for other than capital expenditures | nil | nil |
| 11.4 Contingent assets as disclosed in note 11.2.1. | | |

The company did not charge sales tax on Sales made during the years June 30, 2016 to 2021 on Sales amounting to Rs. 148.998 (2020: Rs. 132.964)million.

12 Tangible Fixed Assets

| | | |
|-------------------------------|-----------|-----------|
| Property, Plant and Equipment | 3,928,347 | 4,364,934 |
| | 3,928,347 | 4,364,934 |

Property, Plant and Equipment - At cost less accumulated depreciation

| Particulars | 2021 | | | | | Depreciation | | | | Written Down Value As At June 30, 2021 |
|-----------------------------|---------------------|-----------------------------------|-------------|---------------------|--------|---------------------|----------------------|--------------|---------------------|--|
| | Cost/Revaluation | | | As at June 30, 2021 | Rate % | As at July 01, 2020 | Transfer/ (Deletion) | For the year | As at June 30, 2021 | |
| | As at July 01, 2020 | Additions / Transfers/ (Deletion) | Revaluation | | | | | | | |
| <i>Rupees</i> | | | | | | | | | | |
| Owned | | | | | | | | | | |
| Lease hold land 10.1 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Factory Building | 8,498,610 | -- | -- | 8,498,610 | 10 | 7,981,793 | -- | 51,682 | 8,033,475 | 465,134.88 |
| Plant and Machinery 10.3 | 57,026,560 | -- | -- | 57,026,560 | 10 | 53,265,822 | -- | 376,074 | 53,641,896 | 3,384,664.48 |
| Electrical Installations | 496,144 | -- | -- | 496,144 | 10 | 464,536 | -- | 3,161 | 467,697 | 28,447.18 |
| Furniture and Fixture | 896,000 | -- | -- | 896,000 | 10 | 841,512 | -- | 5,449 | 846,961 | 49,038.88 |
| Office Equipments | 187,700 | -- | -- | 187,700 | 20 | 187,200 | -- | 100 | 187,300 | 399.77 |
| Air Conditioner and Refrig. | 5,900 | -- | -- | 5,900 | 10 | 5,541 | -- | 36 | 5,577 | 322.80 |
| Vehicles | 156,000 | -- | -- | 156,000 | 20 | 155,584 | -- | 83 | 155,667 | 332.60 |
| Computers | 23,500 | -- | -- | 23,500 | 30 | 23,490 | -- | 3 | 23,493 | 6.72 |
| 2021 | 67,290,414 | -- | -- | 67,290,414 | | 62,925,480 | -- | 436,587 | 63,362,067 | 3,928,347 |
| 2020 | 67,290,414 | -- | -- | 67,290,414 | | 62,440,357 | -- | 485,123 | 62,925,480 | 4,364,934 |

Allocation of Depreciation

Depreciation for the period has been allocated as follows:
 Cost of Sales
 Administrative and General Expense

| | 2021 | 2020 |
|------------------------------------|---------------|---------|
| | <i>Rupees</i> | |
| Cost of Sales | 430,916 | 478,796 |
| Administrative and General Expense | 5,671 | 6,327 |
| | 436,587 | 485,123 |

12.1 The Building and Plant & Machinery are installed on the associated Companies Premises Where the Company Supplying the Electricity during the year.

12.2 Register of fixed assets of the company was illegally removed by the officials of the Income tax department at the time of conducting raid at the company's premises which has not yet been returned. Consequently the same remain not to be updated and could also not made available to the auditors.

| Particulars | 2020 | | | | | Depreciation | | | | Written Down Value As At June 30, 2020 |
|-----------------------------|---------------------|-----------------------------------|-------------|---------------------|--------|---------------------|----------------------|--------------|---------------------|--|
| | Cost/Revaluation | | | As at June 30, 2020 | Rate % | As at July 01, 2019 | Transfer/ (Deletion) | For the year | As at June 30, 2020 | |
| | As at July 01, 2019 | Additions / Transfers/ (Deletion) | Revaluation | | | | | | | |
| <i>Rupees</i> | | | | | | | | | | |
| Owned | | | | | | | | | | |
| Lease hold land | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Factory Building | 8,498,610 | -- | -- | 8,498,610 | 10 | 7,924,369 | -- | 57,424 | 7,981,793 | 516,817 |
| Plant and Machinery | 57,026,560 | -- | -- | 57,026,560 | 10 | 52,847,962 | -- | 417,860 | 53,265,822 | 3,760,738 |
| Electrical Installations | 496,144 | -- | -- | 496,144 | 10 | 461,024 | -- | 3,512 | 464,536 | 31,608 |
| Furniture and Fixture | 896,000 | -- | -- | 896,000 | 10 | 835,458 | -- | 6,054 | 841,512 | 54,488 |
| Office Equipments | 187,700 | -- | -- | 187,700 | 20 | 187,075 | -- | 125 | 187,200 | 500 |
| Air Conditioner and Refrig. | 5,900 | -- | -- | 5,900 | 10 | 5,501 | -- | 40 | 5,541 | 359 |
| Vehicles | 156,000 | -- | -- | 156,000 | 20 | 155,480 | -- | 104 | 155,584 | 416 |
| Computers | 23,500 | -- | -- | 23,500 | 30 | 23,486 | -- | 4 | 23,490 | 10 |
| 2020 | 67,290,414 | -- | -- | 67,290,414 | | 62,440,357 | -- | 485,123 | 62,925,480 | 4,364,934 |
| 2019 | 177,290,414 | (110,000,000) | -- | 67,290,414 | | 164,004,420 | -- | 539,059 | 62,440,357 | 4,850,057 |

Allocation of Depreciation

Depreciation for the period has been allocated as follows:
 Cost of Sales
 Administrative and General Expense

| | 2020 | 2019 |
|------------------------------------|---------------|---------|
| | <i>Rupees</i> | |
| Cost of Sales | 478,796 | 531,995 |
| Administrative and General Expense | 6,327 | 7,063 |
| | 485,123 | 539,059 |

| 13 Long Term Investment | | 2021 | | 2020 | |
|--|--------------|-------------------|--|-------------------|--|
| | | Rupees | | Rupees | |
| Related Parties - at fair value through other Comprehensive income | 13.1 & 5.1.1 | 45,076,950 | | 42,308,000 | |
| Others marketable securities - At Cost | 13.2 | 34,594,845 | | 34,594,845 | |
| | | <u>79,671,795</u> | | <u>76,902,845</u> | |

13.1 Related Parties - at fair value through other Comprehensive income

| Related Parties: | | | | | | | |
|------------------|---------------------------------|---------------------------------|--|-------------------|------------|-------------------|------------|
| | 2021 No. of Shares/ Units | 2020 No. of Shares/ Units | Name of Company | Rupees 2021 | | Rupees 2020 | |
| | | | | Cost | Fair Value | Cost | Fair Value |
| Quoted | | | | | | | |
| 13.1.1 | 701,000 | 701,000 | First Tri Star Modaraba | 7,010,000 | 8,376,950 | 7,010,000 | 5,608,000 |
| Un-quoted | | | | | | | |
| 13.1.2. | 3,670,000 | 3,670,000 | Tri-Star Energy Ltd. | 36,700,000 | 36,700,000 | 36,700,000 | 36,700,000 |
| | | | | 43,710,000 | 45,076,950 | 43,710,000 | 42,308,000 |
| | | | Less: Provision for diminution in value of investments | (1,366,950) | | 1,402,000 | |
| | | | | <u>45,076,950</u> | | <u>42,308,000</u> | |

- i. The Break-up value of Tri-Star Energy Ltd., is determined on the basis of audited accounts for the year ended June 30, 2021 are not available due to Company's not issued the same accounts till to date.
- ii. Equity held by Tri-Star Power Ltd., in Tri-Star Energy Ltd., is 11.85% (2020: 11.85%).

13.2 Others marketable securities - At Cost

Others:

| | 2021 No. of Shares/ Units | 2020 No. of Shares/ Units | Name of Company | Rupees 2021 | | Rupees 2020 | |
|--|---------------------------------|---------------------------------|--|-------------------|------------|-------------------|------------|
| | | | | Cost | Fair Value | Cost | Fair Value |
| | 2,373,080 | 2,373,080 | N.I.T. units | 34,594,845 | - | 34,594,845 | - |
| | | | | 34,594,845 | - | 34,594,845 | - |
| | | | Less: Provision for diminution in value of investments | | | | |
| | | | | <u>34,594,845</u> | | <u>34,594,845</u> | |

Average Cost Price Rs. 14.578/Unit

Market value as at June 30, are as under

June 30 (2020: June 30) @ Rs. 75.18 . (2020: Rs.54.97) per unit

13.2.1 In, September 1996, the Income Tax Authorities raided the Company's premises and took away, by force, all the records, documents, and valuable securities, including FEBC's/Bearer NIT units of all the Group companies, which included the bearer NIT units of the company; without lawful authority and without making any inventory. This raid caused a serious disruption in the company's business. The company has filed a suit against the Income Tax Authorities in the Honorable High Court of Sind, challenging the said act as being illegal. The Honorable High Court of Sind, vide its Order dated July 31, 1998, held that the presence of irregularities and malafides in the act of the Income Tax Department cannot be ruled out. Further, the remaining two ingredients namely balance of convenience and causing irreparable loss and injury, also exists in favor of the company. Further, the Income Tax Department was directed to submit their report keeping in view the provisions of Section 146(c) of The Income Tax Ordinance, 1979, declaring how much more time they would need to return the impounded documents and records. The matter is now in evidence stage.

13.2.2. The above investment of the company was illegally removed by the officials of the Income tax department at the time of conducting raid at the company's premises which has not yet been returned. Consequently the same remain to be updated and could also not be made available to the auditors for physical verification.

| | | 2021 | 2020 |
|---|---|-------------------|-------------------|
| | | Rupees | |
| 14 Long term Loan to Related Party | | 20,000,000 | 20,000,000 |
| | | <u>20,000,000</u> | <u>20,000,000</u> |
| 14.1 | As per the Agreement the above loan are unsecured and interest bearing @ 10% (2020:14%) per approx annum. The above loans give the Related Parties to meet the working Capital requirements of the Related Party. | | |
| 15 Stores, Spares & Loose Tools | | | |
| Stores and Spares | | 1,995,549 | 2,704,549 |
| | | <u>1,995,549</u> | <u>2,704,549</u> |
| 16 Trade Debts - Considered Good | | | |
| Local Receivables - Considered Good (An Associated Party) | | 26,760,930 | 12,846,930 |
| Considered Doubtful | | -- | -- |
| | | <u>26,760,930</u> | <u>12,846,930</u> |
| Provision for Doubtful debts | | -- | -- |
| | | <u>26,760,930</u> | <u>12,846,930</u> |
| 16.1 | The aging of debtors (Related Party) at the reporting date was: | | |
| Up to one month | | 1,186,000 | 1,534,693 |
| 1 to 6 months | | 5,688,000 | 7,708,158 |
| More than 6 months | | 7,240,000 | 3,604,079 |
| More than one year | | 12,846,930 | -- |
| | | <u>26,960,930</u> | <u>12,846,930</u> |
| 16.2 | Maximum amount due at any month during the year with Related Party amounting to 26.961 million (2020: Rs. 12.847) | | |
| 17 Trade Deposits - Considered good | | | |
| Deposits | | 75,000 | 75,000 |
| | | <u>75,000</u> | <u>75,000</u> |
| 18 Cash and Bank Balances | | | |
| Cash & cash equivalent & cash at Bank | 18.1 | 44,509,985 | 53,715,045 |
| | | <u>44,509,985</u> | <u>53,715,045</u> |
| 18.1 | The Company has conventional banking relationships with all the banks. | | |
| 19 SALES - Net | | 14,114,000 | 16,034,490 |
| | | <u>14,114,000</u> | <u>16,034,490</u> |
| 20 Cost of Sales | | | |
| Fuel and Power, Oil and Lubricant | | 6,766,500 | 8,218,881 |
| Salaries, Wages and Other Benefits | 20.1 | 1,495,000 | 1,917,435 |
| Store consumed | | 709,000 | 864,408 |
| Repairs and Maintenance | | 836,000 | 957,782 |
| Depreciation | | 430,916 | 478,796 |
| | | <u>10,237,416</u> | <u>12,437,302</u> |
| 20.1 | Salaries, wages and other benefits include Rs.nil million relating to staff retirement benefits. | | |

| | | 2021 | 2020 |
|-------------|--|------------------|------------------|
| | | Rupees | |
| 21 | Administrative and General Expenses | | |
| | Fee and Subscription | 130,200 | 338,100 |
| | Auditors Remuneration | 200,000 | 200,000 |
| | Advertisemnet Expenses | 65,000 | 19,500 |
| | Postage | 700 | 300 |
| | Registrar Services | 219,865 | 205,474 |
| | Depreciation | 5,671 | 6,327 |
| | | <u>621,436</u> | <u>769,701</u> |
| 21.1 | Auditors Remuneration | | |
| | Audit Fee | 200,000 | 200,000 |
| | | <u>200,000</u> | <u>200,000</u> |
| 22 | Finance Cost | | |
| | Bank Charges and Commission | 205 | 50 |
| | | <u>205</u> | <u>50</u> |
| 23 | Other Income | | |
| | Dividend Income | 70,100 | -- |
| | Interest Charge from Related Party | 2,010,959 | 2,912,877 |
| | | <u>2,081,059</u> | <u>2,912,877</u> |
| 24 | Earnings Per Share - Basic | | |
| | Profit after Taxation | 5,336,002 | 5,740,314 |
| | Weighted Average Number of Ordinary Shares | 15,000,000 | 15,000,000 |
| | Earning Per Share - Basic | 0.36 | 0.38 |

25 Remuneration of Chief Executive, Director and Executives

No remuneration or meeting fee has been paid during the year to the Chief Executive, Director and Executives of the Company.

26 Related Party Transactions

Related parties comprise subsidiary, associated companies, companies where directors also hold directorship, key management personnel disclosed in note 23 above . Significant transactions with related parties during the year are as under:

| Name of the related party | Relationship and percentage shareholding | Transactions during the year and year end balances | 2021 (Rupees) | 2020 (Rupees) |
|---------------------------|---|--|---------------|---------------|
| Image Pakistan Ltd | Associated company by virtue of common directorship | Markup for the year | 2,000,000 | 2,912,877 |
| | | Loan Received | - | 20,000,000 |
| | | Electricity Sold | 14,114,000 | 16,034,490 |
| | | Loan receivable | 20,000,000 | 20,000,000 |
| | | Maximum Balance due at end | 26,960,930 | 12,846,930 |
| Habib Jamal & Company | Partnership common Control | Purchase of Raw Material | 6,766,500 | 8,218,881 |

The outstanding balance with related parties as at the year-end have been disclosed in the respective notes to the financial statements.

All transactions were carried out on commercial terms and conditions and were valued at arm's length price. Reimbursement of expenses were on actual basis. Remuneration and benefits to key management personnel under the terms of their employment are given in Note 23 above.

| | 2021 | 2020 |
|-----------|---|-------------------|
| | Rupees | |
| 27 | Cash and Cash Equivalents | |
| | Cash and Bank Balances | 53,715,045 |
| | Short term Running Finances utilized under mark-up arrangements | -- |
| | | <u>53,715,045</u> |
| | | <u>44,509,985</u> |

| | | |
|---|---------------|---------------|
| 28 Plant Capacity and Production | M.Tons | M.Tons |
| Actual Capacity/Day | 10 Mega Watt | 10 Mega Watt |
| Actual Electricity produced | 1,411,400 kWh | 1,603,449 kWh |

29 OPERATING SEGMENT

These financial statements have been prepared on the basis of single segment basis.

Revenue from sales of Electricity 100% (2020: 100%) of total revenue.

All non current assets of the Company as at June 30, 2021 are located in Pakistan.

100% (2020: 100%) of sales of Electricity is local sales.

Revenue from single major customer of the Company represent 100% (2020: 100%) of total revenue of the Company

30 Financial Instruments

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

Credit Risk

Liquidity Risk

Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

30.1 Credit Risk

Credit risk is the risk that one party to the financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company believes that it is not exposed to major concentration of credit risk. However, to reduce exposure to credit risk, if any, the management monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery.

The maximum exposure to credit risk at the reporting date is:

| | 2021 | 2020 |
|-------------------------------------|--------------------|--------------------|
| | Rupees | |
| Long Term Investment | 79,671,795 | 76,902,845 |
| Debtors | 26,760,930 | 12,846,930 |
| Trade Deposits and Prepayments | 75,000 | 75,000 |
| Cash with Banks in Current Accounts | 44,509,985 | 53,715,045 |
| | <u>151,017,710</u> | <u>143,539,820</u> |

30.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liability when due.

The company is exposed to liquidity risk in respect of non current interest bearing liabilities, short term borrowings, trade and other payable and mark up accrued.

| 2021 | | | | | |
|-------------|-----------------|------------------------|-------------------|----------------------|-----------------|
| Particulars | Carrying Amount | Contractual Cash Flows | Six moths or Less | Six to twelve months | One to two year |
| Rupees | | | | | |

Financial Liabilities

| | | | | | |
|--------------------------|------------------|------------------|----------------|------------------|----------|
| Trade and other payables | 2,088,809 | 2,088,809 | 541,865 | 1,546,944 | - |
| | <u>2,088,809</u> | <u>2,088,809</u> | <u>541,865</u> | <u>1,546,944</u> | <u>-</u> |

| 2020 | | | | | |
|-------------|-----------------|------------------------|-------------------|----------------------|-----------------|
| Particulars | Carrying Amount | Contractual Cash Flows | Six moths or Less | Six to twelve months | One to two year |
| Rupees | | | | | |

Financial Liabilities

| | | | | | |
|--------------------------|------------------|------------------|----------------|------------------|----------|
| Trade and other payables | 1,838,507 | 1,838,507 | 712,940 | 1,125,567 | - |
| | <u>1,838,507</u> | <u>1,838,507</u> | <u>712,940</u> | <u>1,125,567</u> | <u>-</u> |

30.3 Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate resulting in as a result of changes in market prices or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

30.4 Currency Risk

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. The Company is not exposed to foreign currency risk on foreign currency assets and liabilities.

30.5 Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates, At the balance sheet date there no interest rate profile of the Company.

30.6 Risk Management Policies

Risk management is carried out by the management under policies approved by board or directors. The board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

30.7 Capital Risk Management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensurate to the circumstances.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholder. Debt is calculated as total borrowings ('long term loan' and 'short term borrowings' as shown in the balance sheet) (The Company has no Long term and short term Loans) . Total capital comprises share holders' equity as shown in the balance sheet under 'share capital and reserves'.

| | 2021 | 2020 |
|------------------------------|---------------------|---------------------|
| | Rupees | |
| Total Borrowings | -- | -- |
| Less: Cash and Bank Balances | 44,509,985 | 53,715,045 |
| Net Debt | <u>(44,509,985)</u> | <u>(53,715,045)</u> |
| Total Equity | 183,687,383 | 175,582,430 |
| Total Capital | <u>139,177,398</u> | <u>121,867,385</u> |
| Gearing Ratio | <u>(0.32)</u> | <u>(0.44)</u> |

30.8 Fair Value of Financial Instruments

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at the reporting date the fair value of all financial assets and liabilities are estimated to approximate their carrying values and Disclosed in relevant notes to the financial Statements.

31 Number of Employees

Number of persons employed contractual and Permanent as at year end were 6 (2020: 7) and the average number of persons employed during the year were 7 (2020: 9).

Number of persons employed at factory contractual and Permanent as at year end were 6(2020: 7) and the average number of persons employed during the year were 8 (2020: 9).

32 General

a. Figures have been rounded off to the nearest rupee.

b. Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates. The financial Statements are presented in Pakistani rupees, which is the Company's functional and Presentational currency.

c. Corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary for Comparison.

Chief Executive

Director

Chief Financial Officer

Pattern of Shareholding As At June 30, 2021

| Number of Share Holders | Share Holdings | | Total Shares Held |
|-------------------------|----------------|-----------|-------------------|
| | From | To | |
| 830 | 1 | 100 | 75,357 |
| 2,557 | 101 | 500 | 1,083,684 |
| 862 | 501 | 1,000 | 823,854 |
| 732 | 1,001 | 5,000 | 1,848,911 |
| 128 | 5,001 | 10,000 | 1,028,710 |
| 36 | 10,001 | 15,000 | 462,700 |
| 40 | 15,001 | 20,000 | 743,584 |
| 35 | 20,001 | 25,000 | 808,300 |
| 12 | 25,001 | 30,000 | 342,900 |
| 8 | 30,001 | 35,000 | 263,500 |
| 10 | 35,001 | 40,000 | 387,100 |
| 7 | 40,001 | 45,000 | 302,500 |
| 8 | 45,001 | 50,000 | 396,500 |
| 3 | 50,001 | 55,000 | 161,500 |
| 3 | 60,001 | 65,000 | 185,500 |
| 3 | 65,001 | 70,000 | 207,500 |
| 1 | 70,001 | 75,000 | 75,000 |
| 1 | 75,001 | 80,000 | 80,000 |
| 1 | 80,001 | 85,000 | 83,500 |
| 1 | 85,001 | 90,000 | 89,500 |
| 1 | 90,001 | 95,000 | 95,000 |
| 6 | 95,001 | 100,000 | 594,000 |
| 1 | 105,001 | 110,000 | 107,000 |
| 1 | 110,001 | 115,000 | 110,600 |
| 2 | 115,001 | 120,000 | 234,500 |
| 2 | 120,001 | 125,000 | 248,500 |
| 1 | 125,001 | 130,000 | 129,800 |
| 2 | 140,001 | 145,000 | 289,500 |
| 1 | 145,001 | 150,000 | 147,500 |
| 1 | 150,001 | 155,000 | 151,000 |
| 5 | 195,001 | 200,000 | 997,500 |
| 1 | 240,001 | 245,000 | 245,000 |
| 1 | 405,001 | 410,000 | 407,000 |
| 1 | 625,001 | 630,000 | 630,000 |
| 1 | 1,160,001 | 1,165,000 | 1,163,000 |
| 5,305 | | | 15,000,000 |

Proxy Form

I, _____ of _____ being a member of Tri-Star Power Ltd., Karachi and holder of _____ Shares as per R.F. No. _____ and/or CDC Participant I.D. No. _____ and Sub Account No. _____ hereby appoint _____ of _____ or failing him _____ of _____ as my proxy to attend and vote for me and on my behalf at the Annual General Meeting of the Company to be held on October 28, 2021 at F/538, S.I.T.E., Karachi and at any adjournment thereof.

As witness my hand this _____ day of _____, 2021.

Signed by the said _____

| |
|---|
| Please affix Rs. 5/- Revenue Stamp |
|---|

To be signed over Revenue Stamp

- IMPORTANT:**
- a) This form of proxy duly completed must be received at the office of the Company at F/538, S.I.T.E., Karachi, not later than 48 hours before the time of holding the meeting.
 - b) CDC Shareholders and their Proxies must each attach an attested photocopy of their National Identity Card or Passport with their proxy form.
 - c) A proxy should also be a share holder of the Company.