

Annual Report  
2018



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, KCHSU,  
Karachi.

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 Fifth Annual General Meeting of Tri-Star Power Ltd., will be held on Friday, October 26, 2018 at 9.30 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, 2018 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors of the Company and fix their remuneration.
4. To consider and approve disposal of redundant fixed assets of the Company.
5. To transact any other business with the permission of the Chair.

By Order of the Board

Company Secretary

Karachi: the October 5, 2018.

### NOTES:

1. The Share Transfer books of the Company will remain closed from 22.10.2018 to 26.10.2018 (both days Inclusive).
2. A member entitled to attend Annual General Meeting is entitled to appoint a proxy and vote in his place at the meeting. Proxies in order to be effective must be received at the registered office of the Company at 6<sup>th</sup> Floor, A/33, Central Commercial Area, KCHSU, Karachi duly stamped, signed and witnessed, not later than 48 hours before the meeting.
3. CDC Shareholders or their Proxies are required to bring with them their Original Computerized National Identity Card (CNIC) or Passport alongwith the Participant's I.D. number and their account number at the time of attending Annual General Meeting in order to authenticate their identity.
4. 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.
5. 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.
6. Members are requested to notify any change in their addresses immediately.



## Directors' Report

The audited accounts of the Company for the year ended June 30, 2018 are presented herewith.

### 1. FINANCIAL RESULTS

Financial results are as summarised as follows:

	Rupees 2018	Rupees 2017
Sales – Net	51,714,859	60,387,464
Less: Cost of Sales	<u>45,239,076</u>	<u>52,131,708</u>
Gross Profit	6,475,783	8,255,756
Less: Operating Expenses		
Administrative and General Expenses	<u>696,529</u>	<u>710,722</u>
Operating Profit	5,779,255	7,545,034
Finance Cost	<u>587</u>	<u>900</u>
Profit after Taxation	5,778,668	7,544,134
Other Income / (Charges)	<u>4,706,149</u>	<u>10,959</u>
	<u>10,484,816</u>	<u>7,555,093</u>
Earning Per Share – Basic	<u>0.70</u>	<u>0.50</u>

### 2. BUSINESS

Your Company supplies electricity to the associated companies.

### 3. DIVIDEND

The Board in its meeting held on October 05, 2018 has not recommended any dividend this year.

### 4. BOARD OF DIRECTORS

The Board of Directors assumed their office with effect from 29.12.2017 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. As required by the Code of Corporate Governance, the Board of Audit Committee as recommended the re-appointment of M/s. Ghalib & Co., Chartered Accountants, as auditors of the Company for the ensuing year.



**6. STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK**

- a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its 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:-

<b>Name of Director</b>		<b>No. of Meetings attended</b>
Mr. Asad Ahmad	Director	03
Mrs. Shamima Begum	Director	03
Mr. Jawed Ahmad Siddiqui	Director	03
Mr. Tanvir Hasan	Director	03
Mr. Mohammad Zameer	Director	03
Mr. M. Haroon Saeed	Director	03
Mr. Syed Imran	Director	03

- 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, 2018



## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company: Tri-Star Power Ltd

Year ended: June 30, 2018

The Company has complied with the requirements of the Regulations 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:

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

- 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 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 of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. (new)
9. During the year, no directors training program has been held.
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
    - Ms. 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 and its members 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.





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 other requirements of the Regulations have been complied with.

Place: Karachi  
Dated: October 5, 2018

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, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Tri-Star Power Limited for the year ended June 30, 2018 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 approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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.

Based on our review, 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, 2018.

Sd/-

Ghalib & Co.

Chartered Accountants

Audit Engagement Partner: Mohammad Ghalib

Karachi

Dated: October 5, 2018



## **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, 2018, 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, 2018 and of the loss and other comprehensive loss, 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 (2017: 34,594,845)- as disclosed in note 11.2 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. 11.2.1 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 (2017: 34,594,845) and the Shareholder's Equity would have been decreased by the same amount.
- b) The Company has not maintained a separate bank account for unclaimed dividend as required by companies' Act 2017.

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>As stated in note 2.1 to the annexed financial statements, the fourth schedule to the Companies Act, 2017 and other became applicable to the Company for the first time for the preparation of these annexed financial statements.</p> <p>The Companies Act, 2017 has also brought certain changes with regard to preparation and presentation of the annual financial statements of the Company.</p> <p>As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result certain changes were made in the Company's annexed financial statements which are included in notes 1.2, 5.25, 8, 10.1, 24, 27, 29, and 30(c) to the annexed financial statements.</p>	<p>We reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements.</li> <li>• Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence.</li> <li>• Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.</li> </ul>



	In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Companies Act, 2017, we considered it as a key audit matter.	
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### **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.

Karachi  
Dated: October 5, 2018

Ghalib & Co  
Chartered Accountants



## **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.



### Pattern of Share Holding As At June 30, 2018

Number of Share Holders	Share Holdings		Total Shares Held
	From	To	
839	1	100	76,617
2,634	101	500	1,120,904
896	501	1,000	855,619
826	1,001	5,000	2,144,276
157	5,001	10,000	1,256,084
36	10,001	15,000	474,200
37	15,001	20,000	686,000
26	20,001	25,000	606,800
14	25,001	30,000	394,900
8	30,001	35,000	265,100
10	35,001	40,000	381,100
7	40,001	45,000	301,500
11	45,001	50,000	546,500
2	50,001	55,000	106,500
2	55,001	60,000	120,000
3	60,001	65,000	192,500
2	65,001	70,000	137,500
2	70,001	75,000	143,500
1	80,001	85,000	85,000
2	85,001	90,000	172,000
2	95,001	100,000	195,000
2	100,001	105,000	203,000
2	110,001	115,000	221,600
2	115,001	120,000	234,500
1	120,001	125,000	123,500
1	130,001	135,000	130,800
1	140,001	145,000	145,000
2	145,001	150,000	300,000
1	150,001	155,000	151,000
1	160,001	165,000	162,500
2	195,001	200,000	400,000
1	295,001	300,000	300,000
1	625,001	630,000	630,000
1	645,001	650,000	650,000
1	1,085,001	1,090,000	1,086,500
<b>5,536</b>			<b>15,000,000</b>





## Balance Sheet as at

Notes	Rupees 2018	Rupees 2017	Rupees 2016
		Restated	
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>CAPITAL &amp; RESERVES</u></b>			
<b>Authorised Capital</b>			
15,000,000 (2017: 15,000,000) Ordinary Shares of Rs.10/- each			
	150,000,000	150,000,000	300,000,000
Issued, Subscribed and Paid-up Capital	6 150,000,000	150,000,000	150,000,000
<b>Capital Reserve</b>			
Capital Reserve - (a Share Premium account)	70,000,000	70,000,000	70,000,000
Unrealised Gain/(Deficit) due to Change in Fair value of Investments	(1,409,010)	693,990	(2,804,000)
<b>Revenue Reserve</b>			
Accumulated (Loss)	(53,422,867)	(63,907,683)	(71,462,776)
Shareholders' Equity	165,168,123	156,786,307	145,733,223
<b><u>CURRENT LIABILITIES</u></b>			
Trade and Other Payables	7 1,204,957	2,890,923	2,398,773
Unclaimed Dividend	5,025,285	5,025,285	5,025,285
Loan from Director	-	1,178,515	1,178,515
Loan from Associated Undertakings - unsecured - interest free	-	470,000	470,000
Provision for taxation	8 -	-	-
	6,230,242	9,564,723	9,072,573
Contingencies and Commitments	9 -	-	-
	<u>171,398,365</u>	<u>166,351,030</u>	<u>154,805,797</u>

Note: The annexed notes form an integral part of these accounts.

KARACHI: October 05, 2018



## June 30, 2018

	Notes	Rupees 2018	Rupees 2017	Rupees 2016
<u>ASSETS</u>				
<u>NON-CURRENT ASSETS</u>				
<u>Tangible Fixed Assets</u>				
Property, Plant and Equipments	10	13,285,994	14,762,421	16,402,947
Long Term Investments	11	76,895,835	78,998,835	75,500,845
Long Term Loan from Related Party	12	40,000,000	40,000,000	40,000,000
<u>CURRENT ASSETS</u>				
Stores, Spares and Loose Tools	13	4,943,787	7,076,322	7,076,322
Trade Debtors - unsecured	14	18,343,301	20,141,884	8,204,420
Short Term Loan to Associated Company	19	-	4,861,558	4,861,558
Interest Receivable from Related Party		3,945,205	-	-
Trade Deposits - considered good	15	75,000	75,000	75,000
Income Tax Refunds and Advances		163,962	63,929	62,295
Cash and Bank Balances	20	13,745,281	371,081	2,622,410
		41,216,536	32,589,774	22,902,005
		<u>171,398,365</u>	<u>166,351,030</u>	<u>154,805,797</u>

Asad Ahmad  
Chief ExecutiveMohammad Zameer  
Chief Financial OfficerUzma Ahmad  
Director



**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Notes	2018 (Rupees)	2017
SALES - Net	17	51,714,859	60,387,464
COST OF SALES	18	45,239,076	52,131,708
GROSS PROFIT		6,475,783	8,255,756
<u>Operating Expenses</u>			
Administrative and General Expenses	19	696,529	710,722
		696,529	710,722
OPERATING PROFIT		5,779,255	7,545,034
Finance Cost	20	587	900
		5,778,668	7,544,134
Other Income / (Charges)	21	4,706,149	10,959
PROFIT BEFORE TAXATION		10,484,816	7,555,093
<u>Taxation</u>			
- Current	8	--	--
- Prior		--	--
- Deferred	5.3	--	--
		--	--
PROFIT AFTER TAXATION		10,484,816	7,555,093
Earning Per Share - Basic	22	0.70	0.50

*The annexed notes form an integral part of these accounts.*

Asad Ahmad  
Chief Executive

Mohammad Zameer  
Chief Financial Officer

Uzma Ahmad  
Director



## STATEMENT OF CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Taxation	10,484,816	7,555,093
Adjustment for Non-Cash and Other Items:		
Depreciation	1,476,426	1,640,526
Financial Expenses	587	900
	1,477,013	1,641,426
	11,961,830	9,196,519
Working Capital Changes		
<i>(Increase) / Decrease in Current Assets</i>		
Stores and Spares	2,132,535	--
Trade debtors	1,798,583	(11,937,464)
Short term Loan to Associated company	4,861,558	--
Interest Receivable from Related Party	(3,945,205)	--
<i>Increase / (Decrease) in Current Liabilities</i>		
Trade and Other Payables	(1,685,966)	492,150
Due to Directors	(1,178,515)	--
Due to Associated Undertaking	(470,000)	--
	1,512,990	(11,445,314)
Taxes Paid	(100,033)	(1,635)
Financial charges Paid	(587)	(900)
	(100,620)	(2,535)
<i>Net Cash Inflow/ (Outflow) from Operating Activities</i>	13,374,200	(2,251,330)
Net Increase in Cash and Cash Equivalents	13,374,200	(2,251,330)
Cash and Cash Equivalents at the Beginning	371,081	2,622,411
Cash and Cash Equivalents at the End	25 13,745,281	371,081

*The annexed notes form an integral part of these accounts.*

Asad Ahmad  
Chief Executive

Mohammad Zameer  
Chief Financial Officer

Uzma Ahmad  
Director



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2018**

	June 30, 2018	June 30, 2017
	(Rupees)	
Profit for the Year	10,484,816	7,555,093
Other comprehensive Income: Avialable for Sales Financial Asset Chage in Fair value of Investment	(2,103,000)	3,497,990
Total comprehensive Income for the period	<u>8,381,816</u>	<u>11,053,083</u>

*The annexed notes form an integral part of these accounts.*

Asad Ahmad  
Chief Executive

Mohammad Zameer  
Chief Financial Officer

Uzma Ahmad  
Director



## STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Share Capital	Capital Reserve		Revenue Reserve	Total
		Capital Reserve	Unrealized gain / (loss) due to change in fair value of investment	Unappropriated Profit/Accumulated (Loss)	
Balance as on June 30, 2016	150,000,000	70,000,000	(2,804,000)	(71,462,776)	145,733,224
Net Profit for the year ended June 2017	--	--	--	7,555,093	7,555,093
Other Comprehensive income			3,497,990		3,497,990
Total Comprehensive income	--	--	3,497,990	7,555,093	11,053,083
Balance as on June 30, 2017	150,000,000	70,000,000	693,990	(63,907,683)	156,786,307
Net Profit for the year ended June 2018	--	--	--	10,484,816	10,484,816
Other Comprehensive income			(2,103,000)		(2,103,000)
Total Comprehensive income	--	--	(2,103,000)	10,484,816	8,381,816
Balance as on June 30, 2018	150,000,000	70,000,000	(1,409,010)	(53,422,867)	165,168,123

*The annexed notes form an integral part of these accounts.*

Asad Ahmad  
Chief Executive

Mohammad Zameer  
Chief Financial Officer

Uzma Ahmad  
Director



## Last Six Years Results At A Glance

	2018	2017	2016	2015	2014	2013
<b><u>Financial Position</u></b>						
Paid-up Capital (Rs.)	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
Reserves (Rs.)	15,168,123	6,786,307	(4,266,776)	(8,908,133)	(3,755,759)	(4,477,503)
Fixed Assets-WDV (Rs.)	13,285,994	14,762,421	16,402,947	18,225,820	20,251,317	22,501,975
Investments at Cost (Rs.)	78,304,845	78,304,845	78,304,845	73,047,345	75,921,445	73,047,345
Investments at Market						
Value (Rs.)	76,895,835	78,998,835	75,500,845	73,047,345	75,921,445	73,047,345
Current Assets (Rs.)	41,216,536	32,589,774	22,902,005	58,810,866	58,955,391	58,630,941
Current Liabilities (Rs.)	6,230,242	9,564,723	9,072,573	8,992,163	8,883,913	8,657,763
<b><u>Income</u></b>						
Sales (Rs.)	51,714,859	60,387,464	13,108,505	-	-	-
Net Profit/(Loss) for the year (Rs.)	10,484,816	7,555,093	2,187,857	(2,278,273)	(2,152,356)	(2,709,306)
Accumulated Profit/(Loss) (Rs.)	(53,422,867)	(63,907,683)	(71,462,776)	(73,650,633)	(71,372,359)	(69,220,003)
<b><u>Statistics &amp; Ratios</u></b>						
Gross Profit/(Loss) Ratio (%)	12.52	13.67	19.80	-	-	-
Net Profit/(Loss) Ratio (%)	20.27	12.51	16.69	-	-	-
Current Ratio	6.62	3.41	2.52	6.54	6.64	6.77
Paid-up Value Per Share (Rs.)	10	10	10	10	10	10
Earning/(Loss) Per Share (Rs.)	0.699	0.500	0.146	(0.151)	(0.143)	(0.181)
Net Assets (Rs.)	165,168,123	156,786,307	145,733,224	141,091,868	146,244,240	145,522,497
Net Assets Value Per Share (Rs.)	11.01	10.45	9.72	9.41	9.75	9.70
Cash Dividend (%)	-	-	-	-	-	-
Bonus Dividend (%)	-	-	-	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 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 at 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, Karachi, Pakistan.

The power 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 is owned by the related party of the Company.

#### 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:

During the year the company has repaid loan to the Related Party and Director of the Company amounting to Rs. 1.649 million.

For details about the Company's performance, refer to the Directors' Report.

### 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.

- 2.1 The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Further, the disclosure requirements under the Act have been revised, resulting in elimination of duplicate disclosures with IFRS disclosure requirements and incorporation of additional/ amended disclosures as mentioned in notes 1.2, 5.28, 13.1, 15.2, 15.8, 20.1, 26.1 31, 36 and 37(c).

### 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, 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, 2018.

#### 5 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 below

##### 5.1 Changes in accounting standards and interpretations

###### **New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018**

Following standards and amendments are either not relevant to the Company's operations and are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.

- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses.

###### **New accounting standards and amendments that are not yet effective**

The following standards and amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. The applicable changes may have impact on the Company's annual financial statements. The management is in the process of determining the impact of such changes.

	<b>Effective from accounting period beginning on or after:</b>
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 1, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 1, 2018
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 1, 2018
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date	July 1, 2018



Amendments to IFRS 10 'Consolidated Financial Statements' Effective from accounting period beginning and IAS 28 'Investments in Associates and Joint Ventures' - Sale on or are a date to be determined. or contribution of assets between an investor and its associate Earlier application is permitted. or joint venture.

Effective from accounting period beginning ...  
on or after a date to be determined earlier  
application is permitted

Amendments to IAS 28 'Investments in Associates and Joint Ventures' -  
Amendments regarding long-term interests in associates and joint ventures.

January 1, 2019

Amendments to IAS 40 'Investment Property': Clarification . Earlier on  
transfers of property to or from investment property.

January 1, 2018 earlier application is  
permitted

IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its  
effective date.

January 1, 2019

An entity choosing to apply the overlay  
approach retrospectively to qualifying  
financial assets does so when it first applies  
IFRS 9. An entity choosing to apply the  
deferral approach does so for annual  
period beginning on or after January 1,  
2018

IFRS 4 'Insurance Contracts': Amendments regarding An entity choosing to  
apply the overlay the interaction of IFRS 4 and IFRS 9.

Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan  
amendments, curtailments or settlements.

January 1, 2019

IFRIC 22 'Foreign Currency Transactions and Advance Consideration':  
Provides guidance on transactions where consideration against non-  
monetary prepaid asset / deferred income is denominated in foreign  
currency.

January 1, 2018 earlier application is  
permitted

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies January 01, 2019  
the accounting treatment in relation to determination of taxable profit (tax  
loss), tax bases, unused tax losses, unused tax credits and tax rates, when  
there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 1, 2019

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 'First Time Adoption of International Financial Reporting Standards
- IFRS 14 'Regulatory Deferral Accounts
- IFRS 17 'Insurance Contracts'

#### **New disclosure requirement due to adoption of Companies Act, 2017**

Due to adoption of the Companies Act, 2017 certain new and enhanced disclosures have become applicable, which are in addition to those required by the International Accounting Standards. The relevant notes have been updated accordingly



## 5.2 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:

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

### 5.2.1 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.

### 5.2.2 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.

### 5.2.3. Stock-in-trade

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

### 5.2.4 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.

### 5.2.5 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.



### 5.3 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 second Schedule to the income tax ordinance, 2001 and also the company is not in operation since year 2000.

### 5.4 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 the revalued amount less accumulated depreciation and impairment loss (if any).

Capital work in progress is stated at cost less impairment loss (if any).



### Revaluation

Any revaluation increase arising on the revaluation of land, buildings and leasehold improvements is recognised 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 recognised 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. 10 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 recognised 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.

#### 5.5 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation or amortisation 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 recognised 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 amortisation, if no impairment loss had been recognised. The Company recognises 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.

#### 5.6 Finance Leases

Finance leases, which transfer to the company, substantially all the risks and benefits incidental to ownership, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

#### 5.7 Investment

Available for sale investments are initially recognized at cost being the fair value of the consideration given including acquisition charges associated with. After initial recognition, investment which are classified as available for sale are premeasured at fair value. Unrealized gains and losses on available for sale investments are recognized in equity 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 IAS 39 and disclosed the fair value as Price Quoted in Pakistan stock exchange

Investments in NIT's are stated at cost due to litigation with the Income tax department as fully described in note 11.2 and 11.2.1 to the financial statements.

#### 5.8 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 upto 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.

#### 5.9 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.

#### 5.10 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.



**5.11 Post Employment Benefits - Defined Benefit Plan**

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.

**5.12 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 Profit and Loss Account.

**5.13 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.
  
- Gain on Sale of Fixed Assets is recorded when the title is transferred in favor of transferor.

**5.14 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.

**5.15 Financial Instruments**

***Recognition***

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities are taken to profit and loss account to which it arises.

***Off Setting***

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

***Derivatives***

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positives and liabilities when fair value is negative.

**5.16 Related Party Transaction**

All transactions with related parties are carried out by the company at mark to market basis with the exception of loan taken from related parties which are interest/mark up free. Prices for these transactions are determined on the basis of admissible valuation methods.



**5.17 Loan, Advances and other Receivables**

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

**5.18 Dividends and Appropriation to Reserve**

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

**5.19 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.

**5.20 Contingent Assets**

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

**5.21 Trade and Other Payables**

Trade and other payables are stated at their cost.

**5.22 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.

**5.23 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances

**5.24 Dividend and Appropriation to reserves**

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

**5.25 Change in policy in relation to preparation of income statement and statement of comprehensive income**

International Accounting Standard (IAS) 1 Presentation of Financial Statements allows an entity to prepare either two performance statements i.e. income statement and statement of comprehensive income, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Company, with effect from July 01, 2017, has changed its policy with regard to preparation of income statement and other comprehensive income and opted to prepare two separate performance statements i.e. "Statement of Profit Or Loss" and "statement of comprehensive income" showing separately both income or loss for the year and items of other comprehensive income in separate statements.

This change has no impact on the items of profit or loss or other comprehensive income recognized in prior year except that items of other comprehensive income previously presented in separate notes to the accounts as the Companies Act 2017 Requirement as Comprehensive income are now presented within 'statement of Profit or Loss ' and 'statement of comprehensive income' separately.



**6 Issued, Subscribed and Paid-up Capital***No. of Ordinary Shares of Rs. 10/- each*

2018	2017		2018	2017
			Rupees	
15,000,000	15,000,000	Fully Paid in cash	150,000,000	150,000,000
<u>15,000,000</u>	<u>15,000,000</u>		<u>150,000,000</u>	<u>150,000,000</u>

289,500 (2017: 289,500) ordinary shares held by Associated Companies.

**7 Trade and Other Payables**

Trade Creditors		--	304,683
Accrued Expenses		425,787	2,096,004
Gratuity Payable	7.1	78,428	78,428
Zakat Payable		381,808	381,808
With holding tax Payable		30,000	30,000
Other Liability		288,934	--
		<u>1,204,957</u>	<u>2,890,923</u>

7.1 In the year 2000 the company has closed operations, therefore, the Gratuity amount has been freezed and not paid yet to the employees. The Mangemnet feels the same will be paid when the employees claim the same amount.

**8 Provision for Taxation**

The income tax returns of the company has been filed up to tax year 2017 to income tax department and the assessments of the company have been finalized up to and including the tax year 2017. However, the commissioner of income tax may at any time during a period of five years from the date of filling of return may select the deemed assessment for audit.

The numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these financial statements, 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.

The 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.

**9 Contingencies and Commitments**

9.1 Guarantees issued by banks	nil	nil
9.2 Letters of Credit in respect of committed capital expenditures	nil	nil
9.3 Letters of Credit for other than capital expenditures	nil	nil
9.4 Contingent assets as disclosed in note 11.2.1.		



	2018	2017
	Rupees	
<b>10 Tangible Fixed Assets</b>		
Property, Plant and Equipment	13,285,994	14,762,421
	13,285,994	14,762,421

Property, Plant and Equipment - At cost less accumulated depreciation

Particulars	2018									
	Cost/Revaluation				Rate %	Depreciation				Written Down Value As At June 30, 2018
	As at July 01, 2017	Additions / Transfers/ (Deletion)	Revaluation	As at June 30, 2018		As at July 01, 2017	Transfer/ (Deletion)	For the year	As at June 30, 2018	
Rupees					Rupees					
Owned										
Lease hold land	--	--	--	--	--	--	--	--	--	--
Factory Building	8,498,610	--	--	8,498,610	10	7,789,671	--	70,894	7,860,565	638,045
Plant and Machinery	167,026,560	--	--	167,026,560	10	153,093,488	--	1,393,307	154,486,795	12,539,765
Electrical Installations	496,144	--	--	496,144	10	452,786	--	4,336	457,122	39,022
Furniture and Fixture	896,000	--	--	896,000	10	821,257	--	7,474	828,731	67,269
Office Equipments	187,700	--	--	187,700	20	186,724	--	195	186,919	781
Air Conditioner and Refrig.	5,900	--	--	5,900	10	5,408	--	49	5,457	443
Vehicles	156,000	--	--	156,000	20	155,188	--	162	155,350	650
Computers	23,500	--	--	23,500	30	23,472	--	8	23,480	20
2018	177,290,414	--	--	177,290,414		162,527,994	--	1,476,426	164,004,420	13,285,994
2017	177,290,414	--	--	177,290,414		160,887,467	--	1,640,526	162,527,993	14,762,421

Allocation of Depreciation

Depreciation for the period has been allocated as follows:

	2018	2017
	Rupees	
Cost of Sales	1,468,537	1,631,708
Administrative and General Expense	7,890	8,818
	1,476,426	1,640,526

10.1 The Building and Plant & Machinery are installed on the associated Companies premises.

10.2 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 remains to be updated and could also not made available to the auditors.



Particulars	2017									
	Cost/Revaluation				Rate %	Depreciation				Written Down Value As At June 30, 2017
	As at July 01, 2016	Additions / Transfers/ (Deletion)	Revaluation	As at June 30, 2017		As at July 01, 2016	Transfer/ (Deletion)	For the year	As at June 30, 2017	
	Rupees					Rupees				
Owned										
Lease hold land	--	--	--	--	--	--	--	--	--	--
Factory Building	8,498,610	--	--	8,498,610	10	7,710,900	--	78,771	7,789,671	708,939
Plant and Machinery	167,026,560	--	--	167,026,560	10	151,545,368	--	1,548,119	153,093,487	13,933,073
Electrical Installations	496,144	--	--	496,144	10	447,969	--	4,818	452,787	43,358
Furniture and Fixture	896,000	--	--	896,000	10	812,952	--	8,305	821,257	74,743
Office Equipments	187,700	--	--	187,700	20	186,480	--	244	186,724	976
Air Conditioner and Refrig.	5,900	--	--	5,900	10	5,354	--	55	5,409	491
Vehicles	156,000	--	--	156,000	20	154,985	--	203	155,188	812
Computers	23,500	--	--	23,500	30	23,460	--	12	23,472	28
2017	177,290,414	--	--	177,290,414		160,887,468	--	1,640,526	162,527,994	14,762,420
2016	177,290,414	--	--	177,290,414		159,064,594	--	1,822,873	160,887,467	16,402,947

#### Allocation of Depreciation

Depreciation for the period has been allocated as follows:

Cost of Sales	1,631,708	1,813,009
Administrative and General Expense	8,818	9,864
	1,640,526	1,822,873

2018                      2017  
Rupees

## 11 Long Term Investment

Associated Companies - Available for sales	11.1	42,300,990	44,403,990
Others marketable securities - At Cost	11.2	34,594,845	34,594,845
		76,895,835	78,998,835

### 11.1 Associated Companies - Available for sales

#### Associated Undertakings:

No. of Shares/ Units	2018	2017	Name of Company	Rupees 2018		Rupees 2017	
				Cost	Fair Value	Cost	Fair Value
<b>Quoted</b>							
11.1.1	701,000	701,000	First Tri Star Modaraba	7,010,000	5,600,990	7,010,000	7,703,990
<b>Un-quoted</b>							
11.1.2.	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	42,300,990	43,710,000	44,403,990
			Less: Provision for diminution in value of investments	1,409,010		(693,990)	
				42,300,990		44,403,990	

- i. The Break-up value of Tri-Star Energy Ltd., is determined on the basis of audited accounts for the year ended 2017.
- ii. Mr. Asad Ahmad is the Chief Executive of Tri-Star Energy Ltd.
- iii. Equity held by Tri-Star Power Ltd., in Tri-Star Energy Ltd., is 11.85% (2017: 11.85%).



## 11.2 Others marketable securities - At Cost

## Others:

2018 No. of Shares/ Units	2017 No. of Shares/ Units	Name of Company	Rupees 2018		Rupees 2017	
			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	34,594,845		34,594,845	

Average Cost Price Rs. 14.578/Unit

Market value as at June 30, are as under

June 30 (2017: June 30) @ Rs. 73.71 . (2017: Rs.85.91) per unit

11.2.1 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.

11.2.2 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.

	2018	2017
12 Long term Loan to Related Party	40,000,000	40,000,000
	40,000,000	40,000,000

12.1 As per the Agreement dated June 30, 2017 the above loan are unsecured and interest bearing @ 10% per approx annum. The above loans give the Reated Parties to meet the working Capital requirements of the Related Party.

## 13 Stores, Spares &amp; Loose Tools

Stores and Spares	4,943,787	7,076,322
	4,943,787	7,076,322

## 14 Trade Debts - Considered Good

Local Receivables - Considered Good (An Associated Party)	18,343,301	20,141,884
Considered Doubtful	--	--
	18,343,301	20,141,884
Provision for Doubtful debts	--	--
	18,343,301	20,141,884



14.1 The aging of debtors (Related Party) at the reporting date was:

Up to one month	601,349	3,948,928
1 to 6 months	17,741,952	1,470,342
More than 6 months	--	14,722,614
More than one year	--	--
	<u>18,343,301</u>	<u>20,141,884</u>

14.2 Maximum amount due at any month during the year with Related Party amounting to Rs. 18.34 Million (2017: Rs. 20.14 Million)

15 Trade Deposits - Considered good  
Deposits

	75,000	75,000
	<u>75,000</u>	<u>75,000</u>

2018  
2017  
Rupees

16 Cash and Bank Balances

Cash in Hand		13,741,293	369,880
Cash at Banks - Current Accounts	16.1	<u>3,988</u>	<u>1,201</u>
		<u>13,745,281</u>	<u>371,081</u>

16.1 The Company has conventional banking relationships with all the banks.

17 SALES - Net

	51,714,859	60,387,464
	<u>51,714,859</u>	<u>60,387,464</u>

0.0 The Company has not filed Sales tax Return during the year

18 Cost of Sales

Fuel and Power, Oil and Lubricant		31,000,258	47,695,317
Salaries, Wages and Other Benefits	18.1	<u>7,090,107</u>	<u>2,029,802</u>
Store consumed		2,132,535	--
Repairs and Maintenance		3,547,639	774,881
Depreciation		<u>1,468,537</u>	<u>1,631,708</u>
		<u>45,239,076</u>	<u>52,131,708</u>

18.1 Salaries, wages and other benefits include Rs.nil million relating to staff retirement benefits.



		2018	Rupees	2017
<b>19</b>	<b>Administrative and General Expenses</b>			
	Fee and Subscription		168,786	400,413
	Auditors Remuneration	19.1	200,000	75,000
	Advertisement Expenses		65,000	39,608
	Postage		1,040	240
	Professional Fee		32,400	--
	Stationery & Printing		25,200	13,900
	Registrar Services		196,213	172,743
	Depreciation		7,890	8,818
			696,529	710,722
<b>19.1</b>	<b>Auditors Remuneration</b>			
	Audit Fee		200,000	75,000
			200,000	75,000
<b>20</b>	<b>Finance Cost</b>			
	Bank Charges and Commission		587	900
			587	900
<b>21</b>	<b>Other Charges / Income</b>			
	Other Charges		(288,933)	--
	Other income Liability Written Back		1,049,877	--
	Interest Charge from Related Party		3,945,205	10,959
			4,706,149	10,959
<b>22</b>	<b>Earnings Per Share - Basic</b>			
	Profit after Taxation		10,484,816	7,555,093
	Weighted Average Number of Ordinary Shares		15,000,000	15,000,000
	Earning Per Share - Basic	Rupees	0.70	0.50
<b>23</b>	<b>Remuneration of Chief Executive, Director and Executives</b>			

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



## 24 Related Party Transactions

Related parties comprise subsidiary, associated companies, companies where directors also hold directorship, retirement benefits fund and key management personnel. 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	2018 (Rupees)	2017 (Rupees)
Tri-Star Polyester Ltd	Associated company by virtue of common directorship Shareholding : NIL	Markup receivable	3,945,205	10,959
		Loan Received	4,861,558	450,000
		Electricity Sold	49,362,536	65,593,350
		Loan receivable	40,000,000	40,000,000
Mr Asad Ahmad	Chief Executive Shareholding : 5.64%	Loan repaid	1,178,515	--
Tri-Star Industries (Pvt) Ltd	Associated company by virtue of common directorship Shareholding : 0.01%	Loan repaid	470,000	--
Habib Jamal & company	Partnership firm of related parties	Purchase of Raw Material	31,000,258	47,695,317

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.

	2018	2017
	Rupees	
<b>25 Cash and Cash Equivalents</b>		
Cash and Bank Balances	13,745,281	371,081
Short term Running Finances utilized under mark-up arrangements	--	--
	<u>13,745,281</u>	<u>371,081</u>
<b>26 Plant Capacity and Production</b>	M.Tons	M.Tons
Actual Capacity/Day	10 Mega Watt	10 Mega Watt
Actual Electricity produced	5,171,482 kWh	6,038,747 kWh

## 27 OPERATING SEGMENT

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

Revenue from sales of Electricity 100% (2017: 100%) of total revenue.

All non current assets of the Company as at June 30, 2018 are located in Pakistan.

100% (2017: 100%) of sales of Electricity is local sales.

Revenue from single major customer of the Company represent 100% (2017: 100%) of total revenue of the Company



## 28 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.

### 28.1 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:

	2018	2017
	Rupees	
Long Term Investment	76,895,835	78,998,835
Debtors	18,343,301	20,141,884
Trade Deposits and Prepayments	75,000	75,000
Cash with Banks in Current Accounts	13,745,281	243,956
	<u>109,059,417</u>	<u>99,459,675</u>

### 28.2 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.

Particulars	2018				
	Carrying Amount	Contractual Cash Flows	Six months or Less	Six to twelve months	One to two year
Rupees					

#### Financial Liabilities

Trade and other payables	1,204,957	1,204,957	652,789	552,168	-
	<u>1,204,957</u>	<u>1,204,957</u>	<u>652,789</u>	<u>552,168</u>	<u>-</u>

Particulars	2017				
	Carrying Amount	Contractual Cash Flows	Six months or Less	Six to twelve months	One to two year
Rupees					

#### Financial Liabilities

Trade and other payables	2,890,923	2,890,923	652,789	2,238,134	-
Due to Associated Company - interest free	470,000	470,000	470,000	-	-
Due to Director	1,178,515	1,178,515	1,178,515	-	-
	<u>4,539,438</u>	<u>4,539,438</u>	<u>2,301,304</u>	<u>2,238,134</u>	<u>-</u>



**28.3 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.

**28.3 Currency Risk**

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

**28.4 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, majority of the interest rate exposure arises from short and long term borrowings from bank and term deposits and deposits in profit and loss sharing accounts with banks. At the balance sheet date there no interest rate profile of the Company.

**28.5 Risk Management Policies**

Risk management is carried out by the management under policies approved by board of 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.

**28.6 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 commensuration 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). Total capital comprises share holders' equity as shown in the balance sheet under 'share capital and reserves'.

	2018	2017
	Rupees	
Total Borrowings	--	1,648,515
Less: Cash and Bank Balances	13,745,281	371,081
Net Debt	<u>(13,745,281)</u>	<u>1,277,434</u>
Total Equity	165,168,123	156,786,307
Total Capital	<u>151,422,842</u>	<u>158,063,741</u>
Gearing Ratio	<u>(0.09)</u>	<u>0.01</u>



### 28.7 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

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

### 29 Number of Employees

Number of persons employed contractual and Permnet as at year end were 29 (2017: 12) and the average number of persons employed during the year were 27 (2017: 12).

Number of persons employed at factory contractual and Permnet as at year end were 29 (2017: 12) and the average number of persons employed during the year were 27 (2017: 12).

### 30 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 preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements and the company also made some recalssification in accounts. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications have been made during the year:

c(i)	Description	Reclassified from	Reclassified to	2017 (Rupees)
	Unclaimed dividend	Trade and other payables	Unclaimed dividend (presented on face of statement of financial position)	5,025,285
	Long term Loan	Trade Debtors	Long term Loans to Related Party (presented on face of statement of financial position)	40,000,000
	Short term Loan	Trade Debtors	Shor term Loan to Related Party (presented on face of statement of financial position)	4,861,558
	Asad Ahmad Chief Executive	Mohammad Zameer Chief Financial Officer	Uzma Ahmad Director	



## 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 26, 2018 at 9.30 am at F/538,  
S.I.T.E., Karachi and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

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.