



# **BURSHANE LPG (PAKISTAN) LIMITED QUARTERLY REPORT – MARCH 2022**

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## Company Information

### Board of Directors

Mr. Shaikh Abdus Sami  
Chairman / Independent Director

Mr. Asad Alam Khan  
CEO / Director

Mrs. Hamdia Fatin Niazi  
Director

Mr. Saiffee Zakiuddin  
Director

Ms. Shahbano Hameed  
Director (NIT Nominee)

Mr. Muhammad Khalid Dar  
Director

Maj. Gen Rafi Ullah Khan (R)  
Independent Director

Mr. Osman Malik  
Director (NBP Nominee)

### Auditors

BDO Ibrahim & Co., Chartered Accountants.

### Legal Advisors

Mohsin Tayeb Aly & Co

### Tax Advisors

Maavins Solutions

### Registrar & Share Registration Office

THK Associates (Pvt.) Limited

### Management

Mr. Asad Alam Niazi  
Chief Executive Officer

Mr. Saiffee Zakiuddin  
Director Finance

Mr. Khurram Kasbati  
Chief Financial Officer

Mr. Murtaza Saifuddin  
Financial Controller & Company Secretary

Mr. Amir Aziz  
Head of Operations Distribution & HSSE

Mr. Irfan Javaid Warsi  
General Manager - Commercial & Business  
Development and Human Resources (HR)

Mr. Asad Wasty  
Head of Internal Audit

### Bankers

MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Habib Bank Limited  
Standard Chartered Bank Pakistan Limited  
Faysal Bank Limited  
United Bank Limited  
Summit Bank Limited  
Bank Alfalah Limited  
Sindh Bank Limited  
JS Bank Limited

### Registered Office

Suite 101, 1st Floor, Horizon Vista  
Plot No. Commercial - 10, Block-4  
Scheme No. 5, Clifton, Karachi – 75600  
Tel : + 92 21 35898356, 35309870 & 73  
Fax : + 92 21 3587 8353  
[www.burshane.com](http://www.burshane.com)

## Directors' Report

The Directors of your Company are hereby presenting financial information of the Company for the nine months ended March 31, 2022.

### Financial Performance

During the period under review, net turnover at PKR 3,280M is higher than the comparative period of last year PKR 1,307M (66.30%), due to higher prices of LPG. Quantity sold was 23,176 MT decreased by 1,878 MT (7.50%) and was 25,054 MT during the comparative period of last year. The principal reason for decrease in quantity sold was increased in LPG prices in the market due to rising international crude oil prices and excess of LPG in the market compared to demand. However, gross margins of your Company increased to PKR 143.684M (4.40%) compared to last year comparative period of PKR 40.003 (2.00%) due to increased prices of LPG and timely decisions of management.

Administrative expenses decreased by PKR 16.933M (16.23%) from last year comparative period, mainly due to lesser legal expenses compared to last year where cases pertained to complaint lodged by Investigation and Intelligence (Inland Revenue) (I&I IR) added additional legal expenses. The distribution & marketing expenses increased by PKR 0.319M (0.60%) mainly due to higher fuel expenses incurred for distribution during this period compared to last year same period.

The Company's earnings per share for the period under review is at Re. 0.61 compared to loss of Re. 0.01 per share in the comparative period of previous year.

### Material Changes and Commitments

On January 06, 2022, the Company received a revised offer letter for the restructuring of loan from NBP via offer letter No. NBP/ARG/ARW(S)/BLPL/2022/08. As per the aforementioned letter, the long-term loan and accrued mark-up on long-term loan are termed as Demand Finance-I and Demand Finance-II. In respect of Demand Finance - I, the Company is required to make upfront payment of PKR 25.44M and the balance of PKR 75M to be re-paid in 20 quarterly installments starting from September 30, 2022 with a grace period of 1 year from the date of the drawdown with the mark-up rate of 3 months KIBOR + 2%, which will also be payable during the grace period. In respect of Demand Finance II, the Company is required to make upfront payment of PKR 10.59M towards outstanding markup and the balance Markup will be re-paid in 20 quarterly installments starting from September 30, 2022 with a grace period of 1 year from the date of drawdown and there will be no markup charged.

A complaint was filed by the Directorate of Investigation and Intelligence (Inland Revenue) (I & I – IR) on 31<sup>st</sup> August 2020, against the Company for alleged Tax evasion of approximately PKR 1.7 billion, with Special Court for Customs, Taxation and (Anti-Smuggling). Based on this complaint the court passed 2 orders against the Company and some of its Directors. The orders were pertaining to freezing of Company's 9 bank accounts for 90 days and issuance of Non Bailable Arrest Warrants of its certain Directors. The Company immediately obtained Protective Bail from the High Court and subsequently from the Special Court which was later confirmed.

The Company also filed a Constitutional Petition with High Court against the order of the Special Court for freezing of 9 bank accounts. All banks have removed the freeze on Company's accounts on expiry of 90 days.

Another Constitutional Petition challenging the Complaint filed by I & I - IR with the special Court under the Anti Money Laundering Act 2010, has also been filed with High Court. The High Court in its first interim order has restrained all the respondents, which include FBR, I & I DG, Director, the Complaining Deputy Director and the Special Court, from taking any further coercive action against the Company and its Directors.

The Company believes that the application filed by I & I – IR, is based on personal Vendetta and that there is no substance in the Complaint. All the above cases are in progress with the respective courts and the Company is confident that the decisions in all these cases shall be in favor of the Company.

In continuation of above, on February 10, 2021 the Company received notices under section 177(1) of Income Tax Ordinance, 2001 regarding audit for tax years 2018 and 2019. The Company replied and submitted relevant details and documents timely through various letters to FBR. However, the Company has received further notices under section 111(1) and 122(9) on December 31, 2021 after completion of audits for the above mentioned tax years, which have been responded with available information and the Company has obtained extension for submission of remaining information.

The Company and some of its Directors have also filed a Suit for Damages in the High Court for recovery of Rs 1 billion for damages caused to the reputation of the Company and its Directors and for mental torture caused due to appearance of the Director of I & I - IR on Dunya TV News Show named "Dunya Kamran Khan ke Saath". This case is also under hearing with the High Court and we are confident the decision shall be in our favor.

## Business Ethics

We believe that sustainable development is only possible if we abide by our Business Principles. Burshane has firmly embedded them in all the operations of the company and we continuously strive to inculcate these principles amongst our stakeholders.

We have once again excelled in our performance of Health, Safety, Security and Environment (HSSE), with no lost time injury and fatality. The management is committed towards not only improving the HSSE standards for itself but leading in to establish best practices for the industry as well.

We would like to assure you that the management of your company is fully aware of its obligations towards its stakeholders and is determined to develop long-term corporate plans to increase the value of the business. We are looking into all possible options to increase the market share and earn an adequate return on capital employed in Business in a profitable manner; therefore, we are confident that we will show strong performance in the coming years

## Composition of Board:

The total number of directors are eight (8) and their compositions are as following:

- Male: 6
- Female: 2

Category	Name
Independent Director	Maj.Gen (R.) Rafiullah Khan (R) Mr. Sheikh Abdus Sami
Non-Executive Directors	Ms. Hamdia Fatin Niazi Mr. Khalid Dar Ms. Shahbano Hameed (Nominee Director) Mr. Osman Malik (Nominee Director)
Executive Directors	Mr. Asad Alam Niazi Mr. Saifee Zakiuddin

The following Committees continued to function as per the requirements of the law and as directed by the Board.

### a) Audit Committee

Maj.Gen Rafi ullah Khan (R)	-	Chairman
Mr. Shaikh Abdus Sami	-	Member
Ms. Hamdia Fatin Niazi	-	Member

#### b) Human Resource and Remuneration Committee

Maj. Gen Rafi ullah Khan (R)	-	Chairman
Mr. Asad Alam Niazi	-	Member
Ms. Hamdia Fatin Niazi	-	Member
Mr. Saifee Zakiuddin	-	Member

#### Financial Highlights:

Following are the key numbers of the results for the nine months ended (PKR in '000)

Net Sales	3,279,988
Gross Margins	143,684
Profit before Tax	16,913
Profit after Tax	13,787
Earnings per Share	Re.0.61

Following is the appropriation:

Dividend declared	Cash	NIL
	Bonus	NIL

On behalf of the Board, we would like to thanks our staff, business partners, customers and all other stakeholders for their continued support in ensuring sustainable growth of the Company and for making Burshane their brand of first choice.



**Saifee Zakiuddin**  
DIRECTOR



**Asad Alam Khan**  
DIRECTOR / CEO

Karachi

Dated April 28, 2022

**BURSHANE LPG (PAKISTAN) LIMITED  
UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2022**

**BURSHANE LPG (PAKISTAN) LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2022**

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	816,165	807,389
Intangible assets		271,904	279,493
Long-term investment		50,000	50,000
Long-term loans		42	353
Long-term deposit		3,174	3,174
		<u>1,141,285</u>	<u>1,140,409</u>
<b>CURRENT ASSETS</b>			
Stores and spares - net		2,743	3,873
Stock-in-trade		94,512	19,134
Trade debts		117,818	87,665
Loans and advances		49,615	72,027
Deposits, prepayments and other receivables		170,815	141,652
Taxation - net		115,034	106,961
Cash and bank balances		66,935	92,822
		<u>617,472</u>	<u>524,134</u>
<b>TOTAL ASSETS</b>		<u><b>1,758,757</b></u>	<u><b>1,664,543</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
90,000,000 (June 30, 2021: 90,000,000) ordinary shares of Rs10/-each		900,000	900,000
Issued, subscribed and paid-up capital		<u>224,888</u>	<u>224,888</u>
Capital reserve			
Revaluation surplus of property		336,415	336,415
Other reserves		124,452	117,235
Revenue reserves		<u>(88,184)</u>	<u>(101,971)</u>
		<u>597,571</u>	<u>576,567</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan	6	-	-
Lease liabilities	7	20	9,942
Deferred taxation - net		16,241	18,368
Cylinder and regulator deposits		<u>474,716</u>	<u>438,262</u>
		<u>490,977</u>	<u>466,572</u>
<b>CURRENT LIABILITIES</b>			
Loan from a subsidiary company		50,000	50,000
Trade and other payables		157,776	108,026
Accrued mark-up on long - term loan		110,321	119,392
Un-claimed dividend		83,050	83,198
Short term borrowings		10,000	-
Current portion of lease liabilities	7	4,623	6,349
Current portion of long-term loan	6	<u>254,439</u>	<u>254,439</u>
		<u>670,209</u>	<u>621,404</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,758,757</b></u>	<u><b>1,664,543</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		

The annexed notes from 1 to 13 form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



**BURSHANE LPG (PAKISTAN) LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

Note	Quarter ended		Nine months ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in '000)			
Gross sales	1,483,478	868,557	3,779,655	2,328,185
Sales tax	(183,236)	(127,956)	(499,667)	(355,684)
Sales - net	1,300,242	740,601	3,279,988	1,972,501
Cost of sales	(1,269,044)	(737,493)	(3,136,304)	(1,932,498)
Gross profit	31,198	3,108	143,684	40,003
Administrative expenses	(31,053)	(34,820)	(87,338)	(104,271)
Distribution and marketing expenses	(17,006)	(16,611)	(50,936)	(50,617)
Other income	3,242	621	15,844	12,058
Other operating expenses	184	1,198	(5,099)	(3,710)
Operating (loss) / profit	(13,435)	(46,504)	16,155	(106,537)
Finance costs	16,897	(4,134)	758	(17,442)
(Loss) / profit before taxation	3,462	(50,638)	16,913	(123,979)
Taxation	(3,221)	(2,171)	(3,126)	35,195
Net (loss) / profit for the period	241	(52,809)	13,787	(88,784)
(Loss) / earnings per share - basic and diluted	0.01	(2.35)	0.61	(3.95)

The annexed notes from 1 to 13 form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

**BURSHANE LPG (PAKISTAN) LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Quarter ended		Nine months ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in '000)			
Net (loss) / profit for the period	241	(52,809)	13,787	88,784
<b>Other comprehensive income for the period</b>				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain / (loss) of remeasurement of retirement and other service benefits	-	-	10,166	11,796
Less: Taxation thereon	-	-	(2,948)	(3,694)
<b>Total comprehensive (loss) / income for the period</b>	<b>241</b>	<b>(52,809)</b>	<b>21,005</b>	<b>(80,682)</b>

The annexed notes from 1 to 13 form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

BURSHANE LPG (PAKISTAN) LIMITED  
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Capital Reserves				Revenue Reserves				
	Issued, subscribed & paid-up capital	Reserve on amalgamation	Revaluation surplus of property	Actuarial (loss) / gain on remeasurement of retirement and other service benefits	Sub total	General Reserve	Unappropriated profit / (Accumulated loss)	Sub total	Total
	(Rupees in '000)								
Balance as at July 01, 2020 (Audited)	224,888	153,458	336,415	(43,388)	446,485	90,000	(72,217)	17,783	689,156
Profit for the period	-	-	-	-	-	-	(88,784)	(88,784)	(88,784)
Other comprehensive loss for the period	-	-	-	8,102	8,102	-	-	-	8,102
Total comprehensive income for the period	-	-	-	8,102	8,102	-	(88,784)	(88,784)	(80,682)
Balance as at March 31, 2021 (Un-audited)	224,888	153,458	336,415	(35,286)	454,587	90,000	(161,001)	(71,001)	608,474
Balance as at July 01, 2021 (Audited)	224,888	153,458	336,415	(36,223)	453,650	90,000	(191,971)	(101,971)	576,567
Loss for the period	-	-	-	-	-	-	13,787	13,787	13,787
Other comprehensive income for the period	-	-	-	7,218	7,218	-	-	-	7,218
Total comprehensive loss for the period	-	-	-	7,218	7,218	-	13,787	13,787	21,005
Balance as at March 31, 2022 (Un-audited)	224,888	153,458	336,415	(29,005)	460,867	90,000	(178,184)	(88,184)	597,571

The annexed notes from 1 to 13 form an integral part of these unconsolidated condensed interim financial statements

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

**BURSHANE LPG (PAKISTAN) LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Nine months ended	
	March 31, 2022	March 31, 2021
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	16,913	-123,979
<b>Adjustments for:</b>		
Depreciation	33,345	32,505
Amortisation	7,777	36,142
Allowance for expected credit losses	552	1,465
Retirement and other service benefits	2,453	9,344
Finance costs	(758)	17,442
Gain on sale of assets	(4,399)	-
Profit on saving accounts	(781)	(1,736)
Liability for cylinder deposits written back	(7,876)	(7,942)
	30,313	87,220
<b>(Increase) / decrease in current assets</b>		
Stores and spares - net	1,130	(980)
Stock-in-trade	(75,378)	(103,828)
Trade debts	(35,307)	(47,089)
Loans and advances	22,412	(33,826)
Deposits, prepayments and other receivables	(21,967)	(25,395)
	(109,110)	(211,118)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables - net	64,866	104,075
<b>Cash used in operations</b>	2,982	(143,803)
Finance costs paid	(1,394)	(839)
Taxes paid	(11,199)	(17,090)
Long term loans - net	311	192
Long term deposits - net	-	-
Retirement and other service benefits paid	(11,391)	(17,312)
Cylinder and regulator deposits - net	44,330	30,268
<b>Net cash (used in) / generated from operating activities</b>	23,639	(148,584)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of operating fixed assets	(42,121)	(9,185)
Intangible assets	-	-
Refinery signature bonus	-	(49,600)
Proceeds from sale of fixed assets	5,220	-
Interest received	781	1,736
<b>Net cash used in investing activities</b>	(36,120)	(57,049)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(148)	-
Prepayments of right to use assets	-	-
Repayment of liabilities under finance lease	(13,258)	(7,333)
<b>Net cash used in financing activities</b>	(13,406)	(7,333)
<b>Net decrease in cash and cash equivalents</b>	(25,887)	(212,966)
Cash and cash equivalents at beginning of the period	92,822	265,197
<b>Cash and cash equivalents at end of the period</b>	66,935	52,231

The annexed notes from 1 to 13 form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



**BURSHANE LPG (PAKISTAN) LIMITED**  
**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

**1 LEGAL STATUS AND OPERATIONS**

- 1.1 Burshane LPG (Pakistan) Limited (the Company) is a limited liability company incorporated in Pakistan and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Suite 101, 1st Floor, Horizon Vista, Plot No. Commercial-10, Block-4, Scheme No. 5, Clifton, Karachi.

The principal activity of the Company is storing and marketing of Liquefied Petroleum Gas (LPG) throughout Pakistan and also include trading of Low Pressure Regulators (LPR).

- 1.2 These unconsolidated condensed interim financial statements is separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of direct equity interest and is not consolidated or accounted for using equity method.

During the year 2014, the Company entered into a scheme of arrangement for amalgamation (scheme) of HTPL and the Company. Under the scheme, 0.31 ordinary shares of the Company with a face value of Rs.10 each will be offered to the shareholders of HTPL for every one share of HTPL with a face value of Rs.10 each. The scheme was approved and adopted, subject to sanction by the Honourable High Court of Sindh (the Court), in the Extra Ordinary General Meeting of the shareholders of the Company held on September 03, 2014. The Court has granted approval of the scheme on February 20, 2015 which will become effective / operative once filed with the Securities and Exchange Commission of Pakistan (SECP).

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These unconsolidated condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under Section 237 of the Companies Act, 2017. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2021.

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## **2.2 Basis of measurement**

These unconsolidated condensed interim financial statements has been prepared under the historical cost convention, except leasehold and freehold land which are recognized at revalued amount and lease liabilities and certain retirement benefits which are recognized at present values. These unconsolidated condensed interim financial statements has been prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

These unconsolidated condensed interim financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2021.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2021. The adoption of these new and amended standards did not have material impact on the Company's unconsolidated condensed interim financial statements.

## **4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT**

The preparation of unconsolidated condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, however, actual results may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the Company's annual financial statements (unconsolidated) for the year ended June 30, 2021 except for significant judgement in determining the lease term of contracts with renewal options.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual unconsolidated financial statements as at and for the year ended June 30, 2021.

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
5	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets, at net book value	5.1 807,157	793,936
	Right-of-use assets	5.2 9,008	13,455
		<u>816,165</u>	<u>807,391</u>
5.1	<b>Operation fixed assets</b>		
	Additions - at cost, to operating fixed assets during the period were as follows:		
	Furniture, fittings, electrical and other equipment	279	890
	Office equipment	54	324
	Cylinder and regulators	39,079	23,946
	Vehicles - owned	2,859	-
	Computers and related accessories	210	250
	Plant and machinery	553	314
		<u>43,034</u>	<u>25,724</u>
5.2	<b>Right-of-use assets</b>		
	Balance at the beginning of the period / year	13,455	22,852
	Impact of lease modification	-	(1,632)
	Additions during the period / year	-	-
		13,455	21,220
	Depreciation charged during the period / year	(4,447)	(7,765)
	Balance at the end of the period / year	<u>9,008</u>	<u>13,455</u>

The right to use assets comprises of premises acquired on lease by the Company for its operations

6	<b>LONG-TERM LOAN</b>		
	<b>Secured</b>		
	National Bank of Pakistan (NBP)	6.1 254,439	254,439
	Current maturity of long-term loan	(254,439)	(254,439)
		<u>-</u>	<u>-</u>

6.1 As a result of the Scheme referred to in note 7 to the audited financial statements for the year ended June 30, 2020, long-term finance obtained, under conventional banking terms, by HTPL had been transferred to the Company at the time of amalgamation. The loan was obtained as a demand finance facility under the agreement dated April 08, 2013 from NBP and is repayable in 9 semi-annual installments of Rs. 44.444 million latest by April 01, 2018 with a grace period of six months from the date of the drawdown.

The loan carries mark-up at rate of 6 months KIBOR plus 2.5% to 6% per annum. This loan is secured by way of mortgage on leasehold land and charge on the Company's present and future current and fixed assets as well as personal guarantees of Directors of the Company. In previous years, the Company negotiated several different offer letters from NBP. Subsequent to the period end, on January 06, 2022, the Company received a revised offer letter for the restructuring of loan from NBP via offer letter No. NBP/ARG/ARW(S)/BLPL/2022/08. As per the aforementioned letter, the long-term loan and accrued mark-up on long-term loan are termed as Demand Finance-I and Demand Finance-II. In respect of Demand Finance - I, the Company was required to make a principal down payment of Rs. 25.44 million and the balance of Rs. 75 million to be re-paid in 20 quarterly installments starting from September 30, 2022 with a grace period of 1 year from the date of the drawdown. The facility carries mark-up at the rate of 3 months KIBOR + 2%, which will also be payable during the grace period.

In respect of Demand Finance - II, the Company required to make a principal down payment of Rs. 10.59 million and the balance of Rs. 95.29 million to be re-paid in 20 quarterly installments starting from September 30, 2022.

All the legal formalities are fulfilled and management is awaited for the final agreement from NBP.



	Note	(Un-audited) March 31, 2022	(Audited) June 30, 2021
		----- (Rupees in '000) -----	
<b>7</b>	<b>LEASE LIABILITIES</b>		
	Total lease liabilities	4,643	22,625
	Current maturity of lease liabilities	(4,623)	(6,349)
		<u>20</u>	<u>16,276</u>
<b>7.1</b>	<b>Reconciliation of total lease liabilities:</b>		
	Balance at the beginning of the period / year	16,291	22,625
	Impact of initial application of IFRS 16 as at July	-	-
	Impact of lease modification	-	(1,632)
	Additions during the period / year	-	-
	Finance cost during the period / year	1,610	3,013
	Payments during the period / year	(13,258)	(7,715)
	Balance at the end of the period / year	<u>4,643</u>	<u>16,291</u>
<b>7.2</b>	<b>Maturity analysis-contractual undiscounted cashflow</b>		
	Within one year	4,623	6,349
	Later than one year but not later than five years	20	9,942
	More than five years	-	-
	Total undiscounted lease liability	<u>4,643</u>	<u>16,291</u>
<b>7.3</b>	When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate 17.06% per annum.		
<b>8</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>8.1</b>	<b>Contingencies</b>		
<b>8.1.2</b>	The Company was contesting an appeal before Honorable Appellate Tribunal Inland Revenue in relation to sales tax demand of Rs. 13.73 million as modified by the order of Commissioner (Appeals). The aforesaid demand was raised in pursuance to sales tax audit for tax periods from July 2009 to June 2010. The Honorable Appellate Tribunal has remanded back to the Commissioner (Appeal) who has further remanded back to the assessing officer for re-assessment. The Department has not yet re-adjudicated the matter. Barred by time limitation, it appears that the department may not be able to re-adjudicate the matter now onwards.		
<b>8.1.3</b>	On March 25, 2019, the Company received a show cause notice confronting under section 8B of Sales Tax Act, 1990, raising sales tax demand amounting to Rs. 37.28 million along with the levy of penalty for tax periods from August 2011 to May 2015. The Company responded to such notice vide the tax advisor's letter No. KST-AA-1091 dated April 8, 2019.		
	During 2019, the tax authorities issued Order dated July 24, 2019 confronting under 8B of the Sales Tax Act, 1990, raising sales tax demand of Rs. 37.28 million along with penalty and default surcharge for the period from August 2011 to May 2015. Against the Order, the Company has filed appeal before Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, Karachi on August 22, 2019 who vide order dated November 18, 2019 vacated the whole principal amount of sales tax Rs. 37.28. However, the liability on account of default surcharge amounting to Rs. 3.17 million and penalty restricted at Rs. 0.5 million was maintained. The Order of the Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, has been challenged before the Appellate Tribunal Inland Revenue, Karachi by Commissioner Inland Revenue, Zone IV, Large Taxpayers, Unit which is pending for hearing.		
<b>8.1.4</b>	For the tax year 2016, a notice dated June 25, 2018 was issued to the Company to provide certain information / details for audit proceedings. The notice was duly complied.		
	Show cause notice dated June 13, 2019 was issued to amend assessment u/s 122(9) read with section 214C of the Income Tax Ordinance, 2001 which was duly responded on all the points. Subsequently, order dated August 29, 2019 passed by the DCIR raising null tax demand due to applicability of minimum tax.		



The Company filed appeal to the Commissioner (Appeals) against the aforesaid order dated August 29, 2019. The said appeal was heard and order passed wherein the Commissioner (Appeals) has confirmed the certain additions made by the DCIR, whereas, he has annulled / deleted certain additions i.e. (rent, advertising expenses and financial charges - profit on debt) as such. Further, the Commissioner (Appeals) has also directed the Officer to allow credit of actual taxes paid of Rs. 23.45 million subject to due verification. Appeal effect under section 124 to be filed.

- 8.1.5 Monitoring of WHT was conducted by the DCIR by issuing a notice under section 176 dated March 28, 2018 which was duly responded. Thereafter, a show-cause notice dated February 13, 2019 was issued under section 161(1A) confronting on non-withholding of taxes on certain payments. Response was duly filed and accordingly order dated March 15, 2019 was passed under section 161 / 205 by the ACIR wherein the total tax demand of Rs. 2.05 million was raised which comprised the defaulted amount of Rs. 1.552 million; default surcharge of Rs. 0.49 million.

Against the Order, the Company filed an appeal before the Commissioner (Appeals-I) which was heard and appellate order passed dated May 15, 2019 wherein Commissioner (Appeals-I) remanded back the Order of DCIR with the directions to verify supporting documentary evidences in respect of expenses claimed to be furnished by appellant company within seven days time. Following the underlying directions of Commissioner (Appeals-I) the Company has filed the details of expenses / payments in question vide our letter no. KT-AA-3707 dated May 22, 2019 to the DCIR for onward proceedings.

- 8.1.6 An inspection order dated August 04, 2020 under Section 221 of Companies Act, 2017 was issued by SECP against complaint received by the Commission wherein it was alleged that the CEO and Director Finance of the Company are involved in financial irregularities of the Companies Act, 2017, which include advance made to Roots International Brands Private Limited (RIBS), an associate company, and that the bank account was being used for illegal activities by CEO and Company's Director Finance who appears to have concealed the existence of such financial transactions.

On the conclusion of inspection, a report has been issued on October 23, 2020 mentioning cognizance of offences under sections 204, 199(1), 199(2), 183(2), CEO and Director Finance of the Company, during the period July 1, 2018 to June 30, 2020 and suggested that they are liable with regard to all the above non-compliances as the Board of Directors did not discuss or approve transactions with RIBS until June 26, 2020 and the predecessor auditors are liable for proceedings to be initiated under section 249 read with section 253 of the Act as they failed to highlight lack of disclosure of transactions with RIBS in notes to the financial statements for year ended June 30, 2019 especially in related parties note as required under IAS 24. The Auditor also failed to highlight the unsecured interest free loans extended without any agreement to a related party i.e., RIBS before June 03, 2019.

The Company has provided the comments on findings to SECP, that the non-compliance was not intentional but was omission by mistake. The Company had advanced certain amount to RIBS. However, the Company has received all the monies back with mark up and therefore there is no financial loss to the company. The Board has subsequently ratified all these transactions with RIBS, and therefore to an extent the non-compliance has been addressed. It was merely an oversight of SECP compliance regulations. It has further been resolved in the Board that extra care shall be taken in future to ensure that non-compliance should not takes place.

In this regard, the management has submitted written response after hearing with SECP official and awaited for their further response.

- 8.1.7 On August 31, 2020, Directorate of Intelligence and Investigation, Inland Revenue, Karachi filed a Complaint with the Court of Special Judge (Customs, Taxation and Anti-Smuggling), Karachi, (Trial Court) against the Company and its Directors alleging tax evasion to the extent of Rs. 1.78 billion. On September 21, 2020, the Trial Court passed two orders in Case No 945/2020, one of which was issuance of arrest warrants for four Directors of the Company and in the second order authorized the Complainant to put freeze on Company's nine bank accounts for 90 days.

The Company filed a Constitutional Petition (CP-I) of No 4602 dated September 23, 2020, against the Trial Court's order of freezing the Company's nine bank accounts in the High Court. In yet another CP, the Company obtained protective bail from the High Court followed by bail from the Trial Court which was confirmed subsequently on October 22, 2020. After the last hearing in December 2020. The case is still in progress and the High Court has given next date of hearing on May 19, 2022. The Company has also filed a Constitutional Petition (CP-II) No 5162 on October 19, 2020, challenging the Jurisdiction of the Complaint no. 945/2020 in the Court of Special Judge (Customs, Taxation and Anti-Smuggling). The CP-II was taken up on October 23, 2020 in which the High Court has asked the respondents to file their comments on this case but since its inception in October 2020, the Complainant and all other respondents have not yet filed any comment. In the very first hearing the High Court has restrained the respondents which includes the Trial Court, not to take any further coercive action against the Petitioners.

The Company's plea of challenging the jurisdiction is remarkably supported by the case laws hence, the respondents are not filing their comments in the High Court and are trying to continue prosecution in the Trial Court. However, in the last hearing, the High Court has warned the respondents that if they fail to file their comments, he would restrain the Trial Court to stop its proceedings on the case till disposition of our CP-II in the High Court. The case is still in progress and the High Court has given next date of hearing as May 19, 2022.

In the hearing of February 20, 2021, the Trial Court, discussed in detail on jurisdiction of the case and the Complainant was unable to satisfy the Trial Court as to why this case should not be first transferred to Income Tax Department to assess the tax liability, as currently there is no default on part of the Company or there is no demand ascertained by the Income Tax Department on the Company and therefore no offence has been committed by the Company or its Directors and management. The Company has filed an application challenging Jurisdiction of the Special Court for Customs and Anti Smuggling, to deal this case. The Trial Court has given next date of hearing as May 20, 2022 in which the matter pertaining to Jurisdiction of the Court would be heard.

Directorate I & I (Inland Revenue) had already written to the Income Tax department, in November 2020, to take up the matter of tax evasion and the Income Tax department subsequently issued notices for the same for various years as stated in the below paragraph. This fact / action was not disclosed by Directorate I & I (Inland Revenue) either to the Trial Court, even at the time when the Court asked them as to why this case should not be dealt by the Income Tax department first, or the High Court and in that manner it is concealment on their part of a material fact. The Income Tax Department is auditing the books of the Company for the years 2018 and 2019 and so far no material audit observation has been pointed out by the Tax Department. Management asserts, based on advice of legal counsel that the case shall be ultimately decided in favor of the Company.

The Director of Intelligence & Investigation, Inland Revenue had appeared on TV in Kamran Khan's News show on September 23, 2020, and there he discussed the case in a manner whereby Company's reputation was damaged. He tried to conduct a media trial of the Company and its Directors. Additionally, the Director of Intelligence and Investigation, Inland Revenue also disclosed our tax and assets details, hence breached privacy and confidentiality laws. The Company has filed a law suit for damages against the Director General, the Director of South Region and the Deputy Director, (the Complainant) of the Directorate of I&I, Inland Revenue for a sum of Rs. 1 billion. The case is under hearing.

On February 10, 2021 the Company received notices under section 177(1) of Income Tax Ordinance, 2001 regarding audit for tax years 2018 and 2019. The Company replied and submitted relevant details and documents timely through various letters to FBR. However, the Company has received further notices under section 111(1) and 122(9) on December 31, 2021 after completion of audits for the above mentioned tax years, which have been responded with available information and the Company has obtained extension for submission of remaining information.

8.1.8 National Bank of Pakistan has filed Suit No. B-07 of 2021 on April 02, 2021 under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 322.99 million along with liquidated damages, cost of funds, charges, costs till the realization of the whole amount by National Bank of Pakistan before the Hon'ble High Court of Sindh. Application for leave to defend under section 10 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 has been filed. However, subsequent to the period end, the Company has received a revised proposal for debt reprofiling / restructuring from NBP which has also been accepted by management of the Company. Based on the reprofiling of the debt, subject case will be decreed and closed amicably.

8.1.9 The captioned Spl: STRA is filed by the Commissioner Inland Revenue, Zone-IV, Large Taxpayers Unit Karachi in the High Court of Sindh at Karachi. On 28 September 2018, tax authorities levied sales tax under section 8B of Sales Tax Act, 1990, raising sales tax demand along with the levy of penalty aggregating to Rs.7.898 million for tax periods from April 2018 to May 2018.

Against the Order, the Company filed appeal before Commissioner (Appeals-I), Karachi, who vide Order dated 31 October 2018 vacated the whole principal amount of sales tax of Rs.7.668 million. However, the liability on account of default surcharge and penalty was maintained.

The Order of the Commissioner (Appeal) was challenged before the Hon'ble Appellate Tribunal Inland Revenue, Karachi who vide Order dated 28 August 2019 reduced the substantial amount of default surcharge to Rs.0.156 million and maintained the amount of penalty Rs.0.230 million. The Company has paid the reduced amount of default surcharge and penalty without pursuing the matter further.



8.1.10 The Spl. STRA has been filed by the Commissioner Inland Revenue, Zone-IV, Large Taxpayers Unit Karachi in the High Court of Sindh at Karachi. During the year ended 30 June 2018, tax authorities issued Order dated 25 May 2018 and charged sales tax under section 8B of Sales Tax Act, 1990, raising sales tax demand and imposing penalties aggregating to Rs.133.109 million and also default surcharge for tax periods from July 2014 to March 2018. Against the said Order, the Company filed appeal before Commissioner (Appeals-I), Karachi who vide Order dated 3rd July, 2018 vacated the whole principal amount of sales tax of Rs.65.570 million and reduced the imposition of penalties from Rs.67.538 million to Rs.500,000/- only. However, the liability on account of default surcharge was maintained.

The Order of the Commissioner (Appeal) was challenged before the Hon'ble Appellate Tribunal Inland Revenue, Karachi who vide Order dated August 28, 2019 reduced the substantial amount of default surcharge to Rs.1.336 million and maintained the amount of penalty Rs.0.500 million. The Company has paid the reduced amount of default surcharge and penalty without pursuing the matter before the High Court.

8.1.11 The Company has filed Spl. FED Ref. Application before the Hon'ble High Court of Sindh against the Appellate order dated 02.04.2012 of the Appellate Tribunal IR. The tax authorities at Large Taxpayers Office established a demand towards Federal Excise Duty (FED) on the payment of license fee paid/payable by the company in relation with the software / IT services acquired from the non-resident parent company under the tariff heading "franchise service" as per First Schedule to Federal Excise Act, 2005. At that time, Burshane LPG (Pakistan) Limited was a subsidiary of Shell Group, operating under the name of Shell LPG Pakistan Limited. The scope of services under the head 'franchise services' was not clear when the Federal Excise Act was promulgated in the year 2005 and then the jurisdictional issues also made the matter more complicated when the franchise services were subjected to Provincial sales tax by promulgation of Sindh Sales Tax on Services Act, 2011 effective July 01, 2011.

Software licensing does not fall under the service classification "franchise services" and this aspect has been settled at the Appellate Tribunal level in reported judgments, also. Hence, the Company has a strong arguable case to defend its position that the impugned demand of FED may not be warranted and next hearing date is May 03, 2022.

8.1.12 On July 31, 2015, the Company received a show cause notice under Punjab Rented Premises Act, 2009, by the landlords of the property measuring 51-Kanals-03-Marlas, or thereabouts bearing Square No. 94, Killa no. 1, 2, 3, 4, 5, 6 & 7, tehsil Faisalabad, near Abbaspur railway station. The Company uses this land for LPG storage and filling plant of Faisalabad. The landlords filed an ejectment petition against the Company and the Company has filed defending argument in the rent tribunal Faisalabad and case is under hearing stage.

	(Un-audited)	(Audited)
	March 31,	June 30,
	2022	2021
	----- (Rupees in '000) -----	
8.2 Commitments		
Post-dated cheques	437	1,677

## 9 TAXATION

This represents minimum tax at 0.25% of Turnover under section 113 of the Income Tax Ordinance (ITO) 2001.

## 10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

10.1 The related parties include the former holding company, subsidiary company, staff retirement benefit / contribution plans, associated companies / other related parties, Directors and other Key Management Personnel. All transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

10.2 Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

## 10.2.1 Transaction with related parties

Nature of relationship	Nature of transactions	Nine months ended	
		March 31, 2022	March 31, 2021
		(Rupees in '000) ----- (Un-audited)	
<b>Former Holding Company</b>			
H.A.K.S. Trading (Private) Limited	Dividend	-	-
<b>Subsidiary</b>			
Burshane Trading (Private) Limited	Expenses incurred on behalf of the company	-	-
Burshane Auto Gas (Private) Limited	Expenses incurred on behalf of the company	227	-
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Short term Loan	217,000	90,000
	Markup on Short term Loan	-	-
	Received against expense	-	500
<b>Staff Retirement Benefit / Contribution Plans</b>			
Burshane LPG (Pakistan) Limited:			
Provident Fund	Company's contribution for the period	2,073	2,089
Gratuity Fund	Benefits paid	855	485
Pension Fund	Benefits paid	1,598	6,770
<b>Associated Companies / Other Related Parties</b>			
AAK Commodities (private) Limited [Formerly Alsaa & AAK Commodities (Private) Limited]	Paid against expenses	-	-
	Receivable against expenses	-	250
A & S Corporation (Private) Limited	Paid against expenses	-	-
	Receivable against expenses	-	75
<b>Key management personnel</b>			
Chief Executive Officer	Managerial remuneration and other benefits	21,614	20,493
	Contribution to retirement and other service benefits	871	871
	Advance given against salary	500	760
Executive Directors	Managerial remuneration and other benefits	9,229	11,416
	Advance given against salary	716	760
	Medical reimbursements	413	538
Directors	Fee for attending meetings	2,350	1,706

## 10.2.2 Balances with related parties

Balances with related parties as at the period / year end, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

Nature of relationship	Nature of balances	(Un-audited)	(Audited)
		March 31, 2022	June 30, 2021
		(Rupees in '000) -----	
<b>Former Holding Company</b>			
H.A.K.S. Trading (Private) Limited	Dividend payable	79,857	79,857
<b>Subsidiary</b>			
Burshane Auto Gas (Private) Limited	Investment in a subsidiary company	50,000	50,000
	Loan payable to a subsidiary company	50,000	50,000
	Receivable against expenses	227	11
<b>Staff Retirement Benefit / Contribution Plans</b>			
Burshane LPG (Pakistan) Limited:			
Pension Fund	Receivable / (Payable) to Pension Fund	(1,449)	(14,483)
Provident Fund	Receivable from Provident Fund	44	-
Gratuity Fund	Receivable / (Payable) to Gratuity Fund	4,220	1,098
<b>Associated Companies / Other Related Parties</b>			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Receivable against use of name "Burshane"	9,000	9,000
	Short term Loans Payable	10,000	-

10.2.3 Following are the related parties with whom the Company had entered into transactions or has arrangement / agreement in place:

Name	Basis of relationship	% of shareholding in
Burshane Auto Gas (Private)	Subsidiary	100
AAK Commodities (Private) Limited		
[Formerly Alsaa & AAK Commodities (Private) Limited]	Common	Nil
A & S Corporation (Private) Limited	Common	Nil
Norinco International Thatta	Common	Nil
Power (Private) Limited		Nil
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Common directorship	Nil
Burshane LPG (Pakistan) Limited:		
Gratuity Fund	Staff Retirement	Nil
Pension Fund	Staff Retirement	Nil
Provident Fund	Contribution Plan	Nil
	Staff Retirement	Nil

## 11 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

### 11.1 Fair value of hierarchy

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. As of the reporting date, Company's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Company's freehold land and leasehold land are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent impairment losses, if any. The fair value measurement of the Company's free hold land and lease hold land as at June 26, 2020 was carried out by M/s. Luckyhiya Associate (Private) Limited.

The valuation techniques and inputs used to develop fair value measurement of aforementioned assets are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the period.

Details of fair value hierarchy and information relating to fair value of the Company's freehold land and leasehold land are as follows:

	Fair value measurement using			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
<b>March 31, 2022 (Un-audited):</b>				
<b>Assets measured at fair value</b>				
<b>Property, plant and equipment</b>				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
	-	585,788	-	585,788

	Fair value measurement using			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
<b>June 30, 2021 (Audited):</b>				
<b>Assets measured at fair value</b>				
<b>Property, plant and equipment</b>				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
	-	585,788	-	585,788

## 12 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 28-04-2022 by the Board of Directors of the Company.

## 13 GENERAL

13.1 Figures have been rounded off to the nearest thousands.

13.2 Certain corresponding figures have been reclassified for better presentation. However, there are

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



**BURSHANE LPG (PAKISTAN) LIMITED  
CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2022**

**BURSHANE LPG (PAKISTAN) LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2022**

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	816,165	807,389
Intangible assets		271,904	279,493
Long-term loans		42	353
Long-term deposit		3,174	3,174
		<u>1,091,285</u>	<u>1,090,409</u>
<b>CURRENT ASSETS</b>			
Stores and spares - net		2,743	3,873
Stock-in-trade		94,512	19,134
Trade debts		117,818	87,665
Loans and advances		49,615	72,027
Deposits, prepayments and other receivables		170,819	141,646
Taxation - net		115,072	106,990
Cash and bank balances		67,567	93,623
		<u>618,146</u>	<u>524,958</u>
		<u>1,709,431</u>	<u>1,615,367</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		900,000	900,000
90,000,000 (June 30, 2021: 90,000,000) ordinary shares of Rs10/-each		<u>224,888</u>	<u>224,888</u>
Issued, subscribed and paid-up capital			
Capital reserve		336,415	336,415
Revaluation surplus of property		124,458	117,241
Other reserves		(87,727)	(101,508)
Revenue reserves		<u>598,034</u>	<u>577,036</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan	6	-	-
Lease liabilities	7	20	9,942
Deferred taxation - net		16,241	18,367
Cylinder and regulator deposits		474,715	438,262
		<u>490,976</u>	<u>466,571</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		157,988	108,382
Accrued mark-up on long - term loan		110,321	119,392
Un-claimed dividend		83,050	83,198
Short term borrowings		10,000	-
Current portion of lease liabilities	7	4,623	254,439
Current portion of long-term loan	6	254,439	6,349
		<u>620,421</u>	<u>571,760</u>
		<u>1,709,431</u>	<u>1,615,367</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>	8		

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



**BURSHANE LPG (PAKISTAN) LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Quarter ended		Nine months ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Note	(Rupees in '000)			
Gross sales	1,483,401	868,557	3,779,655	2,328,185
Sales tax	(183,159)	(127,956)	(499,667)	(355,684)
Sales - net	1,300,242	740,601	3,279,988	1,972,501
Cost of sales	(1,269,044)	(737,493)	(3,136,304)	(1,932,498)
Gross profit	31,198	3,108	143,684	40,003
Administrative expenses	(31,053)	(34,820)	(87,372)	(104,271)
Distribution and marketing expenses	(17,006)	(16,611)	(50,936)	(50,617)
Other income	3,253	632	15,872	12,107
Other operating expenses	184	1,198	(5,099)	(3,710)
Operating (loss) / profit	(13,424)	(46,493)	16,149	(106,488)
Finance costs	16,897	(4,134)	758	(17,442)
(Loss) / profit before taxation	3,473	(50,627)	16,907	(123,930)
Taxation	(3,220)	(2,174)	(3,126)	35,181
Net (loss) / profit for the period	253	(52,801)	13,781	(88,749)
(Loss) / earnings per share - basic and diluted	0.01	(2.35)	0.61	(3.95)

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

**BURSHANE LPG (PAKISTAN) LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Quarter ended		Nine months ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in '000)			
Net (loss) / profit for the period	253	(52,801)	13,781	88,749
Other comprehensive income for the period				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain / (loss) of remeasurement of retirement and other service benefits	-	-	10,166	11,796
Less: Taxation thereon	-	-	(2,948)	(3,694)
<b>Total comprehensive (loss) / income for the period</b>	<b>253</b>	<b>(52,801)</b>	<b>20,999</b>	<b>(80,647)</b>

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

**BURSHANE LPG (PAKISTAN) LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Capital Reserves				Revenue Reserves				
	Issued, subscribed & paid-up capital	Reserve on amalgamation	Revaluation surplus of property	Actuarial (loss) / gain on remeasurement of retirement and other service benefits	Sub total	General Reserve	Unappropriated profit / (Accumulated loss)	Sub total	Total
	(Rupees in '000)								
Balance as at July 01, 2020 (Audited)	224,888	153,458	336,415	(43,388)	446,485	90,000	(71,629)	18,371	689,744
Profit for the period	-	-	-	-	-	-	(88,749)	(88,749)	(88,749)
Other comprehensive loss for the period	-	-	-	8,102	8,102	-	-	-	8,102
Total comprehensive income for the period	-	-	-	8,102	8,102	-	(88,749)	(88,749)	(80,647)
Balance as at March 31, 2021 (Un-audited)	224,888	153,458	336,415	(35,286)	454,587	90,000	(160,378)	(70,378)	609,097
Balance as at July 01, 2021 (Audited)	224,888	153,458	336,415	(36,217)	453,656	90,000	(191,508)	(101,508)	577,036
Loss for the period	-	-	-	-	-	-	13,781	13,781	13,781
Other comprehensive income for the period	-	-	-	7,218	7,218	-	-	-	7,218
Total comprehensive loss for the period	-	-	-	7,218	7,218	-	13,781	13,781	20,999
Balance as at March 31, 2022 (Un-audited)	224,888	153,458	336,415	(28,999)	460,873	90,000	(177,727)	(87,727)	598,034

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

**BURSHANE LPG (PAKISTAN) LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Nine months ended	
	March 31, 2022	March 31, 2021
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	16,907	-123,930
<b>Adjustments for:</b>		
Depreciation	33,345	32,505
Amortisation	7,777	36,142
Allowance for expected credit losses	552	1,465
Retirement and other service benefits	2,453	9,344
Finance costs	(786)	17,442
Gain on sale of assets	(4,399)	-
Profit on saving accounts	(781)	(1,736)
Liability for cylinder deposits written back	(7,876)	(7,942)
	30,285	87,220
<b>(Increase) / decrease in current assets</b>		
Stores and spares - net	1,130	(980)
Stock-in-trade	(75,378)	(103,828)
Trade debts	(35,307)	(47,089)
Loans and advances	22,412	(33,826)
Deposits, prepayments and other receivables	(21,968)	(25,402)
	(109,111)	(211,125)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables - net	64,711	104,075
<b>Cash used in operations</b>	2,792	(143,761)
Finance costs paid	(1,394)	(839)
Taxes paid	(11,207)	(16,390)
Long term loans - net	311	192
Long term deposits - net	-	-
Retirement and other service benefits paid	(11,391)	(17,312)
Cylinder and regulator deposits - net	44,330	30,268
<b>Net cash (used in) / generated from operating activities</b>	23,441	(147,842)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of operating fixed assets	(42,121)	(9,185)
Intangible assets	-	-
Refinery signature bonus	-	(49,600)
Proceeds from sale of fixed assets	5,220	-
Interest received	810	1,789
<b>Net cash used in investing activities</b>	(36,091)	(56,996)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(148)	-
Prepayments of right to use assets	-	-
Repayment of liabilities under finance lease	(13,258)	(7,333)
<b>Net cash used in financing activities</b>	(13,406)	(7,333)
<b>Net decrease in cash and cash equivalents</b>	(26,056)	(212,171)
Cash and cash equivalents at beginning of the period	93,623	265,197
<b>Cash and cash equivalents at end of the period</b>	67,567	53,026

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



**BURSHANE LPG (PAKISTAN) LIMITED**  
**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

**1 LEGAL STATUS AND OPERATIONS**

- 1.1 Burshane LPG (Pakistan) Limited (the Company) is a limited liability company incorporated in Pakistan and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Suite 101, 1st Floor, Horizon Vista, Plot No. Commercial-10, Block-4, Scheme No. 5, Clifton, Karachi.

The principal activity of the Company is storing and marketing of Liquefied Petroleum Gas (LPG) throughout Pakistan and also include trading of Low Pressure Regulators (LPR).

- 1.2 These unconsolidated condensed interim financial statements is separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of direct equity interest and is not consolidated or accounted for using equity method.

During the year 2014, the Company entered into a scheme of arrangement for amalgamation (scheme) of HTPL and the Company. Under the scheme, 0.31 ordinary shares of the Company with a face value of Rs.10 each will be offered to the shareholders of HTPL for every one share of HTPL with a face value of Rs.10 each. The scheme was approved and adopted, subject to sanction by the Honourable High Court of Sindh (the Court), in the Extra Ordinary General Meeting of the shareholders of the Company held on September 03, 2014. The Court has granted approval of the scheme on February 20, 2015 which will become effective / operative once filed with the Securities and Exchange Commission of Pakistan (SECP).

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These unconsolidated condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under Section 237 of the Companies Act, 2017. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2021.

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## **2.2 Basis of measurement**

These unconsolidated condensed interim financial statements has been prepared under the historical cost convention, except leasehold and freehold land which are recognized at revalued amount and lease liabilities and certain retirement benefits which are recognized at present values. These unconsolidated condensed interim financial statements has been prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

These unconsolidated condensed interim financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2021.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2021. The adoption of these new and amended standards did not have material impact on the Company's unconsolidated condensed interim financial statements.

## **4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT**

The preparation of unconsolidated condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, however, actual results may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the Company's annual financial statements (unconsolidated) for the year ended June 30, 2021 except for significant judgement in determining the lease term of contracts with renewal options.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual unconsolidated financial statements as at and for the year ended June 30, 2021.

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
5	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets, at net book value	5.1 807,157	793,936
	Right-of-use assets	5.2 9,008	13,455
		<u>816,165</u>	<u>807,391</u>
5.1	<b>Operation fixed assets</b>		
	Additions - at cost, to operating fixed assets during the period were as follows:		
	Furniture, fittings, electrical and other equipment	279	890
	Office equipment	54	324
	Cylinder and regulators	39,079	23,946
	Vehicles - owned	2,859	-
	Computers and related accessories	210	250
	Plant and machinery	553	314
		<u>43,034</u>	<u>25,724</u>
5.2	<b>Right-of-use assets</b>		
	Balance at the beginning of the period / year	13,455	22,852
	Impact of lease modification	-	(1,632)
	Additions during the period / year	-	-
		13,455	21,220
	Depreciation charged during the period / year	(4,447)	(7,765)
	Balance at the end of the period / year	<u>9,008</u>	<u>13,455</u>

The right to use assets comprises of premises acquired on lease by the Company for its operations

6	<b>LONG-TERM LOAN</b>		
	<b>Secured</b>		
	National Bank of Pakistan (NBP)	6.1 254,439	254,439
	Current maturity of long-term loan	(254,439)	(254,439)
		<u>-</u>	<u>-</u>

6.1 As a result of the Scheme referred to in note 7 to the audited financial statements for the year ended June 30, 2020, long-term finance obtained, under conventional banking terms, by HTPL had been transferred to the Company at the time of amalgamation. The loan was obtained as a demand finance facility under the agreement dated April 08, 2013 from NBP and is repayable in 9 semi-annual installments of Rs. 44.444 million latest by April 01, 2018 with a grace period of six months from the date of the drawdown.

The loan carries mark-up at rate of 6 months KIBOR plus 2.5% to 6% per annum. This loan is secured by way of mortgage on leasehold land and charge on the Company's present and future current and fixed assets as well as personal guarantees of Directors of the Company. In previous years, the Company negotiated several different offer letters from NBP. Subsequent to the period end, on January 06, 2022, the Company received a revised offer letter for the restructuring of loan from NBP via offer letter No. NBP/ARG/ARW(S)/BLPL/2022/08. As per the aforementioned letter, the long-term loan and accrued mark-up on long-term loan are termed as Demand Finance-I and Demand Finance-II. In respect of Demand Finance - I, the Company was required to make a principal down payment of Rs. 25.44 million and the balance of Rs. 75 million to be re-paid in 20 quarterly installments starting from September 30, 2022 with a grace period of 1 year from the date of the drawdown. The facility carries mark-up at the rate of 3 months KIBOR + 2%, which will also be payable during the grace period.

In respect of Demand Finance - II, the Company required to make a principal down payment of Rs. 10.59 million and the balance of Rs. 95.29 million to be re-paid in 20 quarterly installments starting from September 30, 2022.

All the legal formalities are fulfilled and management is awaited for the final agreement from NBP.



		(Un-audited) March 31, 2022 ----- (Rupees in '000) -----	(Audited) June 30, 2021
7	<b>LEASE LIABILITIES</b>		
	Total lease liabilities	4,643	22,625
	Current maturity of lease liabilities	(4,623)	(6,349)
		<u>20</u>	<u>16,276</u>
7.1	<b>Reconciliation of total lease liabilities:</b>		
	Balance at the beginning of the period / year	16,291	22,625
	Impact of initial application of IFRS 16 as at July	-	-
	Impact of lease modification	-	(1,632)
	Additions during the period / year	-	-
	Finance cost during the period / year	1,610	3,013
	Payments during the period / year	(13,258)	(7,715)
	Balance at the end of the period / year	<u>4,643</u>	<u>16,291</u>
7.2	<b>Maturity analysis-contractual undiscounted cashflow</b>		
	Within one year	4,623	6,349
	Later than one year but not later than five years	20	9,942
	More than five years	-	-
	Total undiscounted lease liability	<u>4,643</u>	<u>16,291</u>
7.3	When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate 17.06% per annum.		
8	<b>CONTINGENCIES AND COMMITMENTS</b>		
8.1	<b>Contingencies</b>		
8.1.2	The Company was contesting an appeal before Honorable Appellate Tribunal Inland Revenue in relation to sales tax demand of Rs. 13.73 million as modified by the order of Commissioner (Appeals). The aforesaid demand was raised in pursuance to sales tax audit for tax periods from July 2009 to June 2010. The Honorable Appellate Tribunal has remanded back to the Commissioner (Appeal) who has further remanded back to the assessing officer for re-assessment. The Department has not yet re-adjudicated the matter. Barred by time limitation, it appears that the department may not be able to re-adjudicate the matter now onwards.		
8.1.3	On March 25, 2019, the Company received a show cause notice confronting under section 8B of Sales Tax Act, 1990, raising sales tax demand amounting to Rs. 37.28 million along with the levy of penalty for tax periods from August 2011 to May 2015. The Company responded to such notice vide the tax advisor's letter No. KST-AA-1091 dated April 8, 2019.		
	During 2019, the tax authorities issued Order dated July 24, 2019 confronting under 8B of the Sales Tax Act, 1990, raising sales tax demand of Rs. 37.28 million along with penalty and default surcharge for the period from August 2011 to May 2015. Against the Order, the Company has filed appeal before Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, Karachi on August 22, 2019 who vide order dated November 18, 2019 vacated the whole principal amount of sales tax Rs. 37.28. However, the liability on account of default surcharge amounting to Rs. 3.17 million and penalty restricted at Rs. 0.5 million was maintained. The Order of the Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, has been challenged before the Appellate Tribunal Inland Revenue, Karachi by Commissioner Inland Revenue, Zone IV, Large Taxpayers, Unit which is pending for hearing.		
8.1.4	For the tax year 2016, a notice dated June 25, 2018 was issued to the Company to provide certain information / details for audit proceedings. The notice was duly complied.		
	Show cause notice dated June 13, 2019 was issued to amend assessment u/s 122(9) read with section 214C of the Income Tax Ordinance, 2001 which was duly responded on all the points. Subsequently, order dated August 29, 2019 passed by the DCIR raising null tax demand due to applicability of minimum tax.		



The Company filed appeal to the Commissioner (Appeals) against the aforesaid order dated August 29, 2019. The said appeal was heard and order passed wherein the Commissioner (Appeals) has confirmed the certain additions made by the DCIR, whereas, he has annulled / deleted certain additions i.e. (rent, advertising expenses and financial charges - profit on debt) as such. Further, the Commissioner (Appeals) has also directed the Officer to allow credit of actual taxes paid of Rs. 23.45 million subject to due verification. Appeal effect under section 124 to be filed.

- 8.1.5 Monitoring of WHT was conducted by the DCIR by issuing a notice under section 176 dated March 28, 2018 which was duly responded. Thereafter, a show-cause notice dated February 13, 2019 was issued under section 161(1A) confronting on non-withholding of taxes on certain payments. Response was duly filed and accordingly order dated March 15, 2019 was passed under section 161 / 205 by the ACIR wherein the total tax demand of Rs. 2.05 million was raised which comprised the defaulted amount of Rs. 1.552 million; default surcharge of Rs. 0.49 million.

Against the Order, the Company filed an appeal before the Commissioner (Appeals-I) which was heard and appellate order passed dated May 15, 2019 wherein Commissioner (Appeals-I) remanded back the Order of DCIR with the directions to verify supporting documentary evidences in respect of expenses claimed to be furnished by appellant company within seven days time. Following the underlying directions of Commissioner (Appeals-I) the Company has filed the details of expenses / payments in question vide our letter no. KT-AA-3707 dated May 22, 2019 to the DCIR for onward proceedings.

- 8.1.6 An inspection order dated August 04, 2020 under Section 221 of Companies Act, 2017 was issued by SECP against complaint received by the Commission wherein it was alleged that the CEO and Director Finance of the Company are involved in financial irregularities of the Companies Act, 2017, which include advance made to Roots International Brands Private Limited (RIBS), an associate company, and that the bank account was being used for illegal activities by CEO and Company's Director Finance who appears to have concealed the existence of such financial transactions.

On the conclusion of inspection, a report has been issued on October 23, 2020 mentioning cognizance of offences under sections 204, 199(1), 199(2), 183(2), CEO and Director Finance of the Company, during the period July 1, 2018 to June 30, 2020 and suggested that they are liable with regard to all the above non-compliances as the Board of Directors did not discuss or approve transactions with RIBS until June 26, 2020 and the predecessor auditors are liable for proceedings to be initiated under section 249 read with section 253 of the Act as they failed to highlight lack of disclosure of transactions with RIBS in notes to the financial statements for year ended June 30, 2019 especially in related parties note as required under IAS 24. The Auditor also failed to highlight the unsecured interest free loans extended without any agreement to a related party i.e., RIBS before June 03, 2019.

The Company has provided the comments on findings to SECP, that the non-compliance was not intentional but was omission by mistake. The Company had advanced certain amount to RIBS. However, the Company has received all the monies back with mark up and therefore there is no financial loss to the company. The Board has subsequently ratified all these transactions with RIBS, and therefore to an extent the non-compliance has been addressed. It was merely an oversight of SECP compliance regulations. It has further been resolved in the Board that extra care shall be taken in future to ensure that non-compliance should not takes place.

In this regard, the management has submitted written response after hearing with SECP official and awaited for their further response.

- 8.1.7 On August 31, 2020, Directorate of Intelligence and Investigation, Inland Revenue, Karachi filed a Complaint with the Court of Special Judge (Customs, Taxation and Anti-Smuggling), Karachi, (Trial Court) against the Company and its Directors alleging tax evasion to the extent of Rs. 1.78 billion. On September 21, 2020, the Trial Court passed two orders in Case No 945/2020, one of which was issuance of arrest warrants for four Directors of the Company and in the second order authorized the Complainant to put freeze on Company's nine bank accounts for 90 days.

The Company filed a Constitutional Petition (CP-I) of No 4602 dated September 23, 2020, against the Trial Court's order of freezing the Company's nine bank accounts in the High Court. In yet another CP, the Company obtained protective bail from the High Court followed by bail from the Trial Court which was confirmed subsequently on October 22, 2020. After the last hearing in December 2020. The case is still in progress and the High Court has given next date of hearing on May 19, 2022. The Company has also filed a Constitutional Petition (CP-II) No 5162 on October 19, 2020, challenging the Jurisdiction of the Complaint no. 945/2020 in the Court of Special Judge (Customs, Taxation and Anti-Smuggling). The CP-II was taken up on October 23, 2020 in which the High Court has asked the respondents to file their comments on this case but since its inception in October 2020, the Complainant and all other respondents have not yet filed any comment. In the very first hearing the High Court has restrained the respondents which includes the Trial Court, not to take any further coercive action against the Petitioners.

The Company's plea of challenging the jurisdiction is remarkably supported by the case laws hence, the respondents are not filing their comments in the High Court and are trying to continue prosecution in the Trial Court. However, in the last hearing, the High Court has warned the respondents that if they fail to file their comments, he would restrain the Trial Court to stop its proceedings on the case till disposition of our CP-II in the High Court. The case is still in progress and the High Court has given next date of hearing as May 19, 2022.

In the hearing of February 20, 2021, the Trial Court, discussed in detail on jurisdiction of the case and the Complainant was unable to satisfy the Trial Court as to why this case should not be first transferred to Income Tax Department to assess the tax liability, as currently there is no default on part of the Company or there is no demand ascertained by the Income Tax Department on the Company and therefore no offence has been committed by the Company or its Directors and management. The Company has filed an application challenging Jurisdiction of the Special Court for Customs and Anti Smuggling, to deal this case. The Trial Court has given next date of hearing as May 20, 2022 in which the matter pertaining to Jurisdiction of the Court would be heard.

Directorate I & I (Inland Revenue) had already written to the Income Tax department, in November 2020, to take up the matter of tax evasion and the Income Tax department subsequently issued notices for the same for various years as stated in the below paragraph. This fact / action was not disclosed by Directorate I & I (Inland Revenue) either to the Trial Court, even at the time when the Court asked them as to why this case should not be dealt by the Income Tax department first, or the High Court and in that manner it is concealment on their part of a material fact. The Income Tax Department is auditing the books of the Company for the years 2018 and 2019 and so far no material audit observation has been pointed out by the Tax Department. Management asserts, based on advice of legal counsel that the case shall be ultimately decided in favor of the Company.

The Director of Intelligence & Investigation, Inland Revenue had appeared on TV in Kamran Khan's News show on September 23, 2020, and there he discussed the case in a manner whereby Company's reputation was damaged. He tried to conduct a media trial of the Company and its Directors. Additionally, the Director of Intelligence and Investigation, Inland Revenue also disclosed our tax and assets details, hence breached privacy and confidentiality laws. The Company has filed a law suit for damages against the Director General, the Director of South Region and the Deputy Director, (the Complainant) of the Directorate of I&I, Inland Revenue for a sum of Rs. 1 billion. The case is under hearing.

On February 10, 2021 the Company received notices under section 177(1) of Income Tax Ordinance, 2001 regarding audit for tax years 2018 and 2019. The Company replied and submitted relevant details and documents timely through various letters to FBR. However, the Company has received further notices under section 111(1) and 122(9) on December 31, 2021 after completion of audits for the above mentioned tax years, which have been responded with available information and the Company has obtained extension for submission of remaining information.

8.1.8 National Bank of Pakistan has filed Suit No. B-07 of 2021 on April 02, 2021 under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 322.99 million along with liquidated damages, cost of funds, charges, costs till the realization of the whole amount by National Bank of Pakistan before the Hon'ble High Court of Sindh. Application for leave to defend under section 10 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 has been filed. However, subsequent to the period end, the Company has received a revised proposal for debt reprofiling / restructuring from NBP which has also been accepted by management of the Company. Based on the reprofiling of the debt, subject case will be decreed and closed amicably.

8.1.9 The captioned Spl: STRA is filed by the Commissioner Inland Revenue, Zone-IV, Large Taxpayers Unit Karachi in the High Court of Sindh at Karachi. On 28 September 2018, tax authorities levied sales tax under section 8B of Sales Tax Act, 1990, raising sales tax demand along with the levy of penalty aggregating to Rs.7.898 million for tax periods from April 2018 to May 2018.

Against the Order, the Company filed appeal before Commissioner (Appeals-I), Karachi, who vide Order dated 31 October 2018 vacated the whole principal amount of sales tax of Rs.7.668 million. However, the liability on account of default surcharge and penalty was maintained.

The Order of the Commissioner (Appeal) was challenged before the Hon'ble Appellate Tribunal Inland Revenue, Karachi who vide Order dated 28 August 2019 reduced the substantial amount of default surcharge to Rs.0.156 million and maintained the amount of penalty Rs.0.230 million. The Company has paid the reduced amount of default surcharge and penalty without pursuing the matter further.



8.1.10 The Spl. STRA has been filed by the Commissioner Inland Revenue, Zone-IV, Large Taxpayers Unit Karachi in the High Court of Sindh at Karachi. During the year ended 30 June 2018, tax authorities issued Order dated 25 May 2018 and charged sales tax under section 8B of Sales Tax Act, 1990, raising sales tax demand and imposing penalties aggregating to Rs.133.109 million and also default surcharge for tax periods from July 2014 to March 2018. Against the said Order, the Company filed appeal before Commissioner (Appeals-I), Karachi who vide Order dated 3rd July, 2018 vacated the whole principal amount of sales tax of Rs.65.570 million and reduced the imposition of penalties from Rs.67.538 million to Rs.500,000/- only. However, the liability on account of default surcharge was maintained.

The Order of the Commissioner (Appeal) was challenged before the Hon'ble Appellate Tribunal Inland Revenue, Karachi who vide Order dated August 28, 2019 reduced the substantial amount of default surcharge to Rs.1.336 million and maintained the amount of penalty Rs.0.500 million. The Company has paid the reduced amount of default surcharge and penalty without pursuing the matter before the High Court.

8.1.11 The Company has filed Spl. FED Ref. Application before the Hon'ble High Court of Sindh against the Appellate order dated 02.04.2012 of the Appellate Tribunal IR. The tax authorities at Large Taxpayers Office established a demand towards Federal Excise Duty (FED) on the payment of license fee paid/payable by the company in relation with the software / IT services acquired from the non-resident parent company under the tariff heading "franchise service" as per First Schedule to Federal Excise Act, 2005. At that time, Burshane LPG (Pakistan) Limited was a subsidiary of Shell Group, operating under the name of Shell LPG Pakistan Limited. The scope of services under the head 'franchise services' was not clear when the Federal Excise Act was promulgated in the year 2005 and then the jurisdictional issues also made the matter more complicated when the franchise services were subjected to Provincial sales tax by promulgation of Sindh Sales Tax on Services Act, 2011 effective July 01, 2011.

Software licensing does not fall under the service classification "franchise services" and this aspect has been settled at the Appellate Tribunal level in reported judgments, also. Hence, the Company has a strong arguable case to defend its position that the impugned demand of FED may not be warranted and next hearing date is May 03, 2022.

8.1.12 On July 31, 2015, the Company received a show cause notice under Punjab Rented Premises Act, 2009, by the landlords of the property measuring 51-Kanals-03-Marlas, or thereabouts bearing Square No. 94, Killa no. 1, 2, 3, 4, 5, 6 & 7, tehsil Faisalabad, near Abbaspur railway station. The Company uses this land for LPG storage and filling plant of Faisalabad. The landlords filed an ejectment petition against the Company and the Company has filed defending argument in the rent tribunal Faisalabad and case is under hearing stage.

(Un-audited)	(Audited)
March 31,	June 30,
2022	2021
----- (Rupees in '000) -----	

## 8.2 Commitments

Post-dated cheques	437	1,677
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## 9 TAXATION

This represents minimum tax at 0.25% of Turnover under section 113 of the Income Tax Ordinance (ITO) 2001.

## 10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

10.1 The related parties include the former holding company, subsidiary company, staff retirement benefit / contribution plans, associated companies / other related parties, Directors and other Key Management Personnel. All transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

10.2 Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

## 10.2.1 Transaction with related parties

		Nine months ended	
		March 31, 2022	March 31, 2021
		(Rupees in '000) -----	
		(Un-audited)	
Nature of relationship	Nature of transactions		
<b>Former Holding Company</b>			
H.A.K.S. Trading (Private) Limited	Dividend	-	-
<b>Subsidiary</b>			
Burshane Trading (Private) Limited	Expenses incurred on behalf of the company	-	-
Burshane Auto Gas (Private) Limited	Expenses incurred on behalf of the company	227	-
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Short term Loan	217,000	90,000
	Markup on Short term Loan	-	-
	Received against expense	-	500
<b>Staff Retirement Benefit / Contribution Plans</b>			
Burshane LPG (Pakistan) Limited:			
Provident Fund	Company's contribution for the period	2,073	2,089
Gratuity Fund	Benefits paid	855	485
Pension Fund	Benefits paid	1,598	6,770
<b>Associated Companies / Other Related Parties</b>			
AAK Commodities (private) Limited [Formerly Alsaa & AAK Commodities (Private) Limited]	Paid against expenses	-	-
	Receivable against expenses	-	250
A & S Corporation (Private) Limited	Paid against expenses	-	-
	Receivable against expenses	-	75
<b>Key management personnel</b>			
Chief Executive Officer	Managerial remuneration and other benefits	21,614	20,493
	Contribution to retirement and other service benefits	871	871
	Advance given against salary	500	760
Executive Directors	Managerial remuneration and other benefits	9,229	11,416
	Advance given against salary	716	760
	Medical reimbursements	413	538
Directors	Fee for attending meetings	2,350	1,706

## 10.2.2 Balances with related parties

Balances with related parties as at the period / year end, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
		(Rupees in '000) -----	
Nature of relationship	Nature of balances		
<b>Former Holding Company</b>			
H.A.K.S. Trading (Private) Limited	Dividend payable	79,857	79,857
<b>Subsidiary</b>			
Burshane Auto Gas (Private) Limited	Investment in a subsidiary company	50,000	50,000
	Loan payable to a subsidiary company	50,000	50,000
	Receivable against expenses	227	11
<b>Staff Retirement Benefit / Contribution Plans</b>			
Burshane LPG (Pakistan) Limited:			
Pension Fund	Receivable / (Payable) to Pension Fund	(1,449)	(14,483)
Provident Fund	Receivable from Provident Fund	44	-
Gratuity Fund	Receivable / (Payable) to Gratuity Fund	4,220	1,098
<b>Associated Companies / Other Related Parties</b>			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Receivable against use of name "Burshane"	9,000	9,000
	Short term Loans Payable	10,000	-

10.2.3 Following are the related parties with whom the Company had entered into transactions or has arrangement / agreement in place:

Name	Basis of relationship	% of shareholding in
Burshane Auto Gas (Private)	Subsidiary	100
AAK Commodities (Private) Limited		
[Formerly Alsaa & AAK Commodities (Private) Limited]	Common	Nil
A & S Corporation (Private) Limited	Common	Nil
Norinco International Thatta	Common	Nil
Power (Private) Limited		Nil
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Common directorship	Nil
Burshane LPG (Pakistan) Limited:		
Gratuity Fund	Staff Retirement	Nil
Pension Fund	Staff Retirement	Nil
	Contribution Plan	
Provident Fund	Staff Retirement	Nil

## 11 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

### 11.1 Fair value of hierarchy

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. As of the reporting date, Company's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Company's freehold land and leasehold land are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent impairment losses, if any. The fair value measurement of the Company's free hold land and lease hold land as at June 26, 2020 was carried out by M/s. Luckyhiya Associate (Private) Limited.

The valuation techniques and inputs used to develop fair value measurement of aforementioned assets are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the period.

Details of fair value hierarchy and information relating to fair value of the Company's freehold land and leasehold land are as follows:

	Fair value measurement using			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
<b>March 31, 2022 (Un-audited):</b>				
<b>Assets measured at fair value</b>				
<b>Property, plant and equipment</b>				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
	-	585,788	-	585,788

	Fair value measurement using			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
<b>June 30, 2021 (Audited):</b>				
<b>Assets measured at fair value</b>				
<b>Property, plant and equipment</b>				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
	-	585,788	-	585,788

## 12 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 28-04-2022 by the Board of Directors of the Company.

## 13 GENERAL

13.1 Figures have been rounded off to the nearest thousands.

13.2 Certain corresponding figures have been reclassified for better presentation. However, there are

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR