SSGC | Sui Southern Gas Company Limited

Un-Audited Condensed Interim Financial Information for the quarter ended September 30, 2023

DELIVERING VALUE BEYOND ENERGY

SSGC

Sui Southern Gas Company Limited

Unconsolidated Condensed Interim Financial Information (Un-Audited)
for the quarter ended September 30, 2023

CORPORATE PROFILE

BOARD OF DIRECTORS

AS ON SEPTEMBER 30, 2023

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Mr. Shakeel Qadir Khan	Director
Mr. Abrar Ahmed Mirza	Director
Ms. Saira Najeeb Ahmed	Director
Mr. Shoaib Javed Hussain	Director
Dr. Sohail Razi Khan	Director
Mr. Ayaz Dawood	Director

MANAGING DIRECTOR
Mr. Imran Maniar

COMPANY SECRETARY
Mr. Mateen Sadiq

AUDITORS
M/s. BDO Ebrahim & Co., Chartered Accountants

LEGAL ADVISOR
M/s. Liaquat Merchant Associates (LMA)

REGISTERED OFFICE
SSGC House, Sir Shah Suleman Road
Gulshan-e-Iqbal, Block 14, Karachi – 75300, Pakistan

CONTACT DETAILS
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Web: www.ssgc.com.pk

SHARE REGISTRAR
CDC Share Registrar Services Limited,
CDC House, 99-B, Block B, SMCHS,
Main Sharah-e-Faisal, Karachi.
Ph: 021-111-111-500

BOARD OF DIRECTORS' COMMITTEES

The Board Human Resource and Remuneration Committee

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Mr. Ayaz Dawood	Director

Board Finance and Procurement Committee

Ms. Saira Najeeb Ahmed	Chairperson
Mr. Ayaz Dawood	Director
Dr. Sohail Razi Khan	Director

Board Audit Committee

Mr. Ayaz Dawood	Chairman
Dr. Sohail Razi Khan	Director
Ms. Saira Najeeb Ahmed	Director

Board Risk Management, Litigation and HSEQA Committee

Mr. Muhammad Raziuddin Monem	Chairman
Mr. Abdul Aziz Uqaili	Director
Mr. Abrar Ahmed Mirza	Director

Special Committee on UFG

Dr. Shamshad Akhtar	Chairperson
Mr. Abdul Aziz Uqaili	Director
Dr. Sohail Razi Khan	Director

DIRECTORS' REVIEW

For three months period ended September 30, 2023

Financial Overview

The Board of Directors of SSGC is pleased to present the quarterly financial statements for the period ended September 30, 2023.

During the first quarter of FY 2023-24, SSGC has demonstrated exceptional progress in operational efficiency and financial recovery. Building upon the momentum established in the last quarter of FY 2022-23, the Company has significantly reduced its Unaccounted-for-Gas (UFG) to 10.14% from 18.85% in the corresponding period last year. This substantial improvement reflects a steadfast commitment to enhancing operations, business processes, and organizational culture.

Recognizing the critical impact of UFG on profitability, the Board of Directors, in collaboration with management, has actively supported the initiatives undertaken by the dedicated UFG Division to achieve sustainable long-term reductions in UFG losses. Focused efforts have been made to OGRA's Key Monitoring Indicators (KMI), with the aim of achieving 100% compliance in FY 2023-24.

Financial Highlights

(Rupees in Million)	September 2023	September 2022	Variance
Profit / (Loss) before Taxation	4,397	(4,691)	9,088
Taxation	(239)	(904)	665
Profit / (Loss) after Taxation	4,158	(5,595)	9,753
Earnings / (Loss) Per Share (Rs.)	4.72	(6.35)	11.07

Despite challenging operating environment, SSGC's strategic focus on enhancing operational efficiencies has led to remarkable improvements in UFG metrics. Over the period from FY 2018-19 to FY 2022-23, SSGC achieved a cumulative reduction of approximately 21 BCF in UFG, demonstrating consistent efforts to address operational challenges.

The financial statements are prepared in accordance with OGRA's determination of the Final Revenue Requirement, ensuring compliance with regulatory frameworks. The Company's future trajectory is optimistic, underpinned by robust initiatives such as network rehabilitation, zonal management implementation, and technological investments. These initiatives reinforce SSGC's dedication of providing reliable and sustainable gas supplies while enhancing customer satisfaction.

Profitability and Financial Adjustments

SSGC's profitability is primarily derived from the Guaranteed Return Formula prescribed by OGRA, which is based on the Weighted Average Cost of Capital (WACC). For this period, SSGC was allowed a 23.45% Return on Average Net Operating Fixed Assets before financial charges and taxes (September 2022: 16.60%). However, adjustments related to efficiency benchmarks, including UFG, Human Resource Benchmark Costs, and Provision for Doubtful Debts, impact the bottom line.

In line with OGRA's determination for FY 2022-23 issued on October 1, 2024, UFG disallowance absorbed in this quarter amounted to Rs. 2,134 million (September 2022: Rs. 8,168 million). Finance costs for the period were Rs. 3,243 million (September 2022: Rs. 1,649 million).

In Karachi, UFG has been consistently maintained below 6%, well within OGRA's benchmark of 7.6%. Improvements have also been observed in Interior Sindh and Balochistan, with UFG percentages reduced to 9.2% (from 16.7%) and 48% (from 56%), respectively. Achieving the OGRA benchmark in Balochistan requires a policy decision at the federal level, and active advocacy efforts are ongoing.

In Karachi, UFG has been consistently maintained well within OGRA's benchmark. Significant improvements have also been observed in Interior Sindh and Balochistan. In the interior regions, UFG has been brought down to a single-digit level, and Achieving OGRA's benchmark in Balochistan requires a policy decision at the Federal Government level, and active advocacy efforts are ongoing.

Operational Enhancements

SSGC has consistently enhanced its organizational structure by implementing measures such as upskilling, training, and optimizing resource utilization. The Small Business Unit (SBU) model, already operational in Karachi and Balochistan, has now been expanded across the franchise area. These changes aim to improve operational efficiency and customer service.

The disparity between the historical cost of assets (used for Return on Assets calculations) and the Weighted Average Cost of Gas (WACOG), largely based on USD, has been a significant factor in the Company's financial challenges. During the quarter, the WACOG increased by 54%, from Rs. 571.81 per MMCF to Rs. 881.88 per MMCF, resulting in incremental UFG disallowance of Rs. 2,871 million.

Provision for Impaired Debts

While OGRA allows provisions for impaired debts related to disconnected customers, SSGC's adoption of IFRS-9 necessitates provisioning based on expected credit losses, including live customers. This forward-looking approach impacted the Company's profitability. However, no ECL disallowance was recognized during this quarter (September 2022: Rs. 83 million).

Major Projects and Future Outlook

SSGC remains committed to achieving operational and financial sustainability. Key projects and initiatives include:

- Completion of a 32-km segment of the 30-inch transmission pipeline to transport additional gas volumes from Upper Sindh to Karachi.
- Successful completion of pipeline projects in Quetta to improve gas supply and reduce UFG.
- Progress on seven distribution pipeline projects in Karachi aimed at separating industrial and domestic networks. Two pipelines have been commissioned, and the remaining are on track for completion by June 2024.
- Enhanced performance of the Meter Manufacturing Plant, with 97% local manufacturing achieved post-technology transfer.
- Comprehensive surveys covering domestic customers in Quetta, high-rise buildings in Karachi, and commercial meters across the franchise area.
- Strengthened HSE&QA measures, with active monitoring of rehabilitation and reinforcement projects.
- Improved cathodic protection levels for distribution mains in Sindh and Balochistan.
- Enhanced gas theft control through robust operations, legal actions, and recovery efforts.

Acknowledgments

The Board extends its gratitude to the shareholders, valued customers, and employees for their unwavering support and dedication. We also acknowledge the guidance and assistance provided by the Government of Pakistan, the Ministry of Energy (Petroleum Division), and OGRA in enabling the Company to achieve its objectives.

On behalf of the Board.

Dr. Shamshad Akhtar
Chairperson

M. Amin Rajput
Managing Director

Dated: December 05, 2024
Place: Karachi

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**190,464,677**	187,414,345
Intangible assets		**162,898**	195,756
Right of use assets	6	**126,722**	73,637
Deferred tax	7	**12,213,099**	8,366,320
Long term investments	8	**1,262,104**	1,235,412
Long term loans and advances		**652,234**	691,249
Long term deposits		**20,128**	20,128
Total non-current assets		**204,901,862**	197,996,847
Current assets			
Stores, spares and loose tools		**3,845,521**	3,664,088
Stock-in-trade		**3,853,981**	3,444,930
Customers' installation work-in-progress		**271,497**	266,312
Trade debts	9	**109,029,067**	118,245,036
Loans and advances		**1,002,486**	1,164,562
Advances, deposits and short term prepayments		**544,489**	592,648
Interest accrued	10	**19,084,905**	18,595,308
Other receivables	11	**761,842,305**	707,415,925
Taxation - net		**10,119,677**	13,844,382
Cash and bank balances		**800,624**	384,019
Total current assets		**910,394,552**	867,617,210
TOTAL ASSETS		**1,115,296,414**	1,065,614,057

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Wajeeh Uddin Sheikh**
Chairperson	Managing Director	Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

EQUITY AND LIABILITIES	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
Share capital and reserves			
Share capital		**8,809,163**	8,809,163
Reserves		**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI investments		**141,869**	115,177
Surplus on revaluation of property plant and equipment		**59,835,137**	59,835,137
Accumulated losses		**(72,196,327)**	(76,354,791)
Total equity		**1,497,243**	(2,687,913)
LIABILITIES			
Non-current liabilities			
Long term financing	12	**25,008,696**	27,335,388
Long term deposits		**28,761,666**	27,779,873
Employee benefits		**7,730,695**	7,472,303
Payable against transfer of pipeline		**587,269**	607,696
Deferred credit	13	**5,451,713**	5,199,216
Contract liabilities	14	**9,800,510**	9,766,898
Lease liability		**30,780**	13,287
Long term advances		**2,957,116**	3,337,572
Total non-current liabilities		**80,328,445**	81,512,233
Current liabilities			
Current portion of long term financing	12	**4,853,924**	4,853,924
Current portion of payable against transfer of pipeline		**79,035**	77,285
Current portion of deferred credit	13	**510,724**	510,445
Current portion of contract liabilities	14	**300,156**	296,964
Current portion lease liability		**84,254**	53,028
Short term borrowings	15	**39,880,072**	34,095,705
Trade and other payables	16	**969,060,780**	927,114,910
Unclaimed dividend		**285,340**	285,340
Interest accrued	17	**18,416,441**	19,502,136
Total current liabilities		**1,033,470,726**	986,789,737
Total liabilities		**1,113,799,171**	1,068,301,970
Contingencies and commitments	18		
TOTAL EQUITY AND LIABILITIES		**1,115,296,414**	1,065,614,057

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Wajeeh Uddin Sheikh**
Chairperson	Managing Director	Chief Financial Officer

SSGC

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the quarter ended September 30, 2023

	Note	Quarter ended September 30, 2023	Quarter ended September 30, 2022
		(Un-Audited)	
		------------(Rupees in '000)------------	
Revenue from Contracts with Customers - Gas Sales	19	**70,921,820**	70,706,977
Tariff adjustments	20	**46,929,879**	45,532,663
Net sales		**117,851,699**	116,239,640
Cost of sales	21	**(112,095,250)**	(113,550,939)
Gross profit		**5,756,449**	2,688,701
Administrative and selling expenses		**(1,668,302)**	(1,379,424)
Other operating expenses	22	**(1,457,997)**	(7,471,259)
Allowance for expected credit loss		**(401,466)**	(432,433)
		(3,527,765)	(9,283,116)
		2,228,684	(6,594,415)
Other income	23	**5,412,071**	3,552,500
Profit / (loss) before finance cost and taxation		**7,640,755**	(3,041,915)
Finance cost		**(3,243,462)**	(1,648,912)
Profit / (loss) before taxation		**4,397,293**	(4,690,827)
Taxation	24	**(238,829)**	(903,823)
Profit / (loss) for the period		**4,158,464**	(5,594,650)
Earning / (loss) per share - basic and diluted (Rupees)	25	**4.72**	(6.35)

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Managing Director

Wajeeh Uddin Sheikh
Chief Financial Officer

SSGC

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended September 30, 2023

	Quarter ended	
	September 30, 2023	'September 30, 2022
	(Un-Audited)	
	-----------(Rupees in '000)-----------	
Profit / (loss) for the period	**4,158,464**	(5,594,650)
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods:		
Unrealised profit / (loss) on re-measurement of financial assets at fair value though other conmprehensive income.	**26,692**	(3,326)
Total comprehensive income / (loss) for the period	**4,185,156**	(5,597,976)

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Managing Director

Wajeeh Uddin Sheikh
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW

For the quarter ended September 30, 2023

		Quarter ended	
		September 30, 2023	**September 30, 2022**
		(Un-Audited)	
CASH FLOW FROM OPERATING ACTIVITIES	Note	**--------(Rupees in '000)--------**	
Profit / (loss) before taxation		**4,397,293**	(4,690,827)
Adjustments for non-cash and other items	26	**5,779,019**	4,277,457
Working capital changes	27	**(4,219,388)**	11,398,642
Financial charges paid		**(3,737,763)**	(2,677,444)
Employee benefits paid		**(60,744)**	(49,398)
Payment for retirement benefits		**(385,181)**	(756,152)
Long term deposits received - net		**981,793**	873,392
Loans and advances to employees - net		**201,091**	(402,754)
Interest income and return on term deposits received		**64,735**	12,858
Income taxes paid		**(360,903)**	(353,298)
Net cash generated from operating activities		**2,659,952**	7,632,476
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(5,662,811)**	(2,669,911)
Payments against transfer of pipeline		**(33,933)**	(33,933)
Proceeds from sale of property, plant and equipment		**33,478**	-
Dividend received		**1,305**	12,545
Net cash used in investing activities		**(5,661,961)**	(2,691,299)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(2,333,333)**	(2,483,333)
Repayment of consumer finance		**(69)**	(4,222)
Repayment of lease liability		**(32,351)**	(33,795)
Net cash used in financing activities		**(2,365,753)**	(2,521,350)
Net (decrease) / increase in cash and cash equivalents		**(5,367,762)**	2,419,827
Cash and cash equivalents at beginning of the period		**(33,711,686)**	(20,800,068)
Cash and cash equivalents at end of the period	28	**(39,079,448)**	(18,380,241)

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Wajeeh Uddin Sheikh**
Chairperson	Managing Director	Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the quarter ended September 30, 2023

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of FVTOCI investments	Surplus on revaluation of property plant and equipment	Accumulated losses	Total
	----------	----------	----------	(Rupees in '000)	----------	----------	----------
Balance as at July 1, 2022 (Audited)	8,809,163	234,868	4,672,533	115,836	54,107,435	(72,418,688)	(4,478,853)
Total comprehensive loss for the quarter ended September 30, 2022							
Loss for the period	-	-	-	-	-	(5,594,650)	(5,594,650)
Other comprehensive loss for the period	-	-	-	(3,326)	-	-	(3,326)
Total comprehensive loss for the period	-	-	-	(3,326)	-	(5,594,650)	(5,597,976)
Balance as at September 30, 2022	8,809,163	234,868	4,672,533	112,510	54,107,435	(78,013,338)	(10,076,829)
Balance as at July 1, 2023 (Audited)	**8,809,163**	**234,868**	**4,672,533**	**115,177**	**59,835,137**	**(76,354,791)**	**(2,687,913)**
Total comprehensive income for the quarter ended September 30, 2023							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**4,158,464**	**4,158,464**
Other comprehensive income for the period	**-**	**-**	**-**	**26,692**	**-**	**-**	**26,692**
Total comprehensive income for the period	**-**	**-**	**-**	**26,692**	**-**	**4,158,464**	**4,185,156**
Balance as at September 30, 2023	**8,809,163**	**234,868**	**4,672,533**	**141,869**	**59,835,137**	**(72,196,327)**	**1,497,243**

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Wajeeh Uddin Sheikh**
Chairperson	Managing Director	Chief Financial Officer

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
For the quarter ended September 30, 2023

1. STATUS AND NATURE OF BUSINESS

1.1 Sui Southern Gas Company Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 2017 (repealed Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange. The Company came into being on March 30, 1989 after the amalgamation of Karachi Gas Company, Indus Gas Company and Sui Gas Transmission Company. The main activity of the Company is transmission and distribution of natural gas in Sindh and Balochistan. The Company is also engaged in certain activities related to the gas business including the manufacturing and sale of gas meters and construction contracts for laying of pipelines.

The registered office of the Company is situated at SSGC House, Sir Shah Muhammad Suleman Road, Block 14, Gulshan- e-Iqbal, Karachi. The meter manufacturing plant is situated at its' registered office.

Region	Address
Karachi West	SITE office, Karachi, Plot No. F-36 & F-37 SITE area Karachi.
Karachi East	Plot # 21/1, Sector 22, Korangi Industrial Area, Karachi.
Karachi Central	SSGC Karachi Terminal opposite Safari Park Main University Road, Karachi.
Hyderabad	SSGC Regional Office, Opp. New Eidgah, National Highway Qasimabad, Hyderabad.
Nawabshah	SSGC Regional Office, Near Sikandar Art Gallery Housing Society, Nawabshah.
Sukkur	SSGC Regional Office, Golimar Road, SITE Area Sukkur.
Larkana	SSGC Regional Office, Near Shaikh Zaid Women Hospital, Larkana.
Quetta	SSGC Office, Samungli Road, Quetta.

1.2 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA) under the OGRA Ordinance, 2002, the Company is provided with a minimum annual return before taxation based on Weighted Average Cost of Capital ('WACC') on the average net operating assets excluding financial, other non-operating expenses and non-operating income.

The determination of annual required return is reviewed by OGRA, under the terms of the license for transmission, distribution and sale of natural gas, targets and parameters set by OGRA. Income earned in excess / short of the above guaranteed return is payable to / recoverable from the Government of Pakistan (GoP).

1.3 Status of the Company's Operations - Financial Performance

During the period, the Company has earned profit after tax of Rs. 4,158 million (September 2022: Loss after tax of Rs. 5,595 million) resulting in reduction in its accumulated losses by Rs. 4,158 million and improvement in its equity by Rs. 4,185 million. As at reporting date, current liabilities exceeded its current asset by Rs. 123,076 million (June 2023: Rs. 119,173 million).

Below enumerated matters are emphasising the financial performance and sustainability of the Company:

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Company was allowed Unaccounted For Gas (UFG) based on Regassified Liquefied Natural Gas (RLNG) handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. However, in its determination of Final Revenue Requirement (FRR) for the financial year June 30, 2018 and there after till June 30, 2023, carrying financial impact aggregating to Rs 91,790 million as of the reporting date, OGRA did not consider implementing the aforementioned decision and advised to take up the matter with Sui Northern Gas Pipelines Limited (SNGPL) in consultation with Ministry of Energy (Petroleum Division). The Company has reiterated its earlier position of higher UFG due to RLNG, thus to sort out this issue, ECC constituted a Committee comprising Secretaries of Petroleum & Finance division. In line with Committee recommendations and having an independent view as requested by the Company, OGRA hired the services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of indigenous gas as well as imported RLNG.

- The Company has undertaken actions for reduction in UFG / enhancement of UFG benchmark based on Key Monitoring Indicators (KMI) as well as implementation of ECC decision on RLNG volume handling which will help in significant reduction in UFG disallowances.

- The Company has devised a strategy to control UFG, duly approved by the Board of Directors and the same is under implementation.

- Government of Pakistan (GoP), being the majority shareholder has also been taking significant measures to resolve gas sector circular debt issues through tariff rationalization and gas pricing reforms. It has also been actively pursuing the Company to devise a tangible and sustainable UFG reduction plan and bring down UFG losses to single digit or below OGRA allowed UFG benchmark to make it a viable business entity. Further GoP (Finance Division), vide its letter dated October 28, 2024 has shown commitment to extend all support to meet its working capital requirements.

The management is confident that, in view of the above-mentioned factors, the Company's profitability and financial position will improve in the next few years and hence, believes that no material uncertainty exists and going concern basis of accounting is appropriate. Accordingly, these unconsolidated financial statements are prepared on a going concern basis.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

These unconsolidated condensed interim financial statements for the three months period ended September 30, 2023 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard 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 from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These unconsolidated condensed interim financial statements do not include all the statements and disclosures required for full annual unconsolidated financial statements and should be read in conjunction with the annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2023 which have been prepared in accordance with accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual unconsolidated financial statements.

2.3 The comparative unconsolidated statement of financial position presented in these unconsolidated condensed interim statement of financial position has been extracted from the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2023, whereas the comparative unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity are extracted from the unaudited unconsolidated condensed interim financial statements for the quarter ended September 30, 2022.

2.4 Basis of measurement

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention unless stated otherwise.

2.5 Functional and presentation currency

These condensed interim unconsolidated financial statements have been presented in Pakistani Rupee, which is the functional and presentation currency of the Company.

3 MATERIAL ACCOUNTING POLICIES INFORMATION

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim unconsolidated financial statements are same as those for the preceding annual unconsolidated financial statements for the year ended June 30, 2023.

3.1 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2023, but are considered not to be relevant or expected to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 Significant accounting policies and methods of computation applied for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in preparation of the annual unconsolidated audited financial statements of the Company for the year ended June 30, 2023.

4.2 The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited unconsolidated financial statements for the year ended June 30, 2023.

Further, the charge in respect of staff retirement benefits has been recognised on the basis of Actuarial projection for FY 2022-23, hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

4.3 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2023. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on this condensed interim financial statements.

4.4 The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited unconsolidated financial statements as at and for the year ended June 30, 2023.

5 PROPERTY, PLANT AND EQUIPMENT

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
Operating assets	**174,281,095**	174,831,452
Capital work-in-progress	**16,183,582**	12,582,893
	190,464,677	187,414,345

5.1 Following is the movement in property, plant and equipment during the period / year:

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
Operating fixed assets (WDV) - opening balance	**174,831,452**	160,332,379
Add: Additions (including transfers from CWIP) during the period / year	**1,508,394**	16,515,200
Add: Revaluation	**-**	5,727,702
	176,339,846	182,575,281
Less: Disposals during the period / year (WDV)	**(5,485)**	(690,042)
Less: Depreciation charge for the period / year	**(2,053,266)**	(7,053,787)
Operating fixed assets (WDV) - closing balance	**174,281,095**	174,831,452

5.2 Following additions / transfer and deletions were made during the period in operating fixed assets:

	September 30, 2023 (Un-audited)	
	--------(Rupees in '000)--------	
	Additions (Cost)	**Deletion (Cost)**
Buildings on leasehold land	**2,621**	**-**
Gas transmission pipeline	**218,805**	**-**
Gas distribution system	**1,053,466**	**-**
Telecommunication	**4,251**	**-**
Plant and machinery	**55,529**	**-**
Tools and equipment	**6,612**	**-**
Motor vehicles	**78,424**	**(32,126)**
Furniture and fixture	**5,800**	**-**
Office equipment	**26,250**	**-**
Construction equipment	**56,636**	**-**
	1,508,394	**(32,126)**

5.3 Capital work in progress	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
Projects:		
Gas distribution system	**7,700,657**	4,849,255
Gas transmission system	**153,174**	151,277
Cost of buildings under construction and others	**817,813**	559,187
	8,671,644	5,559,719
Stores and spares held for capital projects	**7,703,894**	7,216,646
LPG air mix plant	**260,596**	259,080
	7,964,490	7,475,726
Impairment of capital work in progress	**(452,552)**	(452,552)
	16,183,582	12,582,893

5.3.1 Transfers from capital work in progress during the period amounting to Rs. 1,508 million (June 30, 2023: Rs. 16,594 million).

6 RIGHT OF USE ASSETS	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	-----------(Rupees in '000)-----------	
Cost	**238,247**	166,732
Accumulated depreciation	**(111,525)**	(93,095)
Net book value	**126,722**	73,637
Cost		
Opening balance	**166,732**	243,052
Additions during the period	**77,637**	67,061
Derecognition during the period	**(6,122)**	(143,381)
Ending balance	**238,247**	166,732
Accumulated depreciation		
Opening balance	**93,095**	158,001
Depreciation charge for the period	**22,614**	78,475
Derecognition during the period	**(4,184)**	(143,381)
Ending balance	**111,525**	93,095

6.1 The rate of depreciation is based on the term of the respective agreement and ranges from 33% to 40% per annum.

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
7 DEFERRED TAX		
Opening	**8,366,320**	2,823,415
Recognized during the period	**3,846,779**	5,542,905
Closing	**12,213,099**	8,366,320

7.1 As at September 30, 2023, the Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 61,122 million (June 30, 2023: Rs. 61,126 million) out of which deferred tax asset amounting to Rs.36,112 million has been recognised and remaining balance of Rs 25,010 million is unrecognised. As of the reporting date, the Company's minimum tax credit amounted to Rs.11,318 million (June 30, 2023: Rs. 12,285 million) having expiry period ranging between 2023 and 2027.

	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
8 LONG TERM INVESTMENTS			
Investment in related party- at cost		**1,083,708**	1,083,708
Other investment - at fair value through other comprehensive income		**178,396**	151,704
		1,262,104	1,235,412
9 TRADE DEBTS			
Considered good			
secured		**40,714,864**	28,501,759
unsecured		**68,314,203**	89,743,277
	9.1 & 9.2	**109,029,067**	118,245,036
Considered doubtful		**25,934,139**	25,495,071
		134,963,206	143,740,107
Less: Allowance for expected credit loss	9.3	**(25,934,139)**	(25,495,071)
		109,029,067	118,245,036

9.1 The K-Electric Limited (KE) has been defaulting and not making payment of Late Payment Surcharge (LPS) and the Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, and effective from July 01, 2012, the Company decided to account for LPS from KE on receipt basis based on opinions from firms of Chartered Accountants.

The trade debts includes Rs. 26,289 million (June 2023: Rs. 26,289 million) as at September 30, 2023 receivables from KE against sale of indigenous gas excluding GIDC. The aggregate legal claim of the Company from KE amounts to Rs. 181,177 million (June 2023: Rs. 173,049 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments. However, the balance of Rs. 26,289 (June 2023: Rs. 26,289 million) remains overdue as at September 30, 2023.

Considering that the Company has valid legal claim for recovery of LPS together with outstanding principal amount, the Company filed the aforementioned suit against KE amounting to Rs. 55,705 million. The above suit has been filed based as per the agreement dated June 30, 2009 which was entered between the Company and KE for making outstanding payment in 18 installments. The Company was entitled to charge LPS on outstanding principal amount at rate highest of:

a. OD rate being paid by the Company; or
b. rate at which interest is payable on gas producer bills.

Further, as per the above agreement and the audited financial statements of KE as at June 30, 2010, KE, itself, acknowledged and recognized LPS till June 30, 2010, in its books of account which confirm management's assertion that the Company has legal claim over KE for charging of LPS.

KE also filed a case against the Company in the Honorable High Court of Sindh (SHC) for recovery of damages / losses of Rs. 61,614 million as KE claimed that the Company had not supplied the committed quantity of natural gas to KE. The legal counsel of the Company is of the view that claim of KE is not valid and is not as per terms of the agreement. It was later agreed that the Company would make additional supply of natural gas if KE would make timely payments. As KE defaulted on many instances in making payments on due dates, the Company was not bound to supply additional quantity of natural gas as per terms of the agreement.

In view of the legal counsel of the Company, there is a strong case for recovery of the outstanding amount, hence, based on that management considers outstanding balance as good and recoverable. The legal counsel also viewed that the Company has a good claim over LPS on outstanding balance, but considering that the matter is in dispute, as discussed above, the Company has decided to recognize LPS from KE when either such claimed amounts are recovered or when these are decreed and their recovery is assured.

In March, 2014, the Company signed a payment plan with KE in order to streamline the payment modalities in relation to current monthly bills and old outstanding principal amount, in which the issue of LPS was not addressed. The plan expired on March 31, 2015, and first addendum was included to the original payment plan effective from April 1, 2015 to March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 1, 2016 to March 31, 2017. Currently, management is in a process to negotiate payment plan, which has not been finalized till the filing of these unconsolidated financial statements but the supply of gas and payment is continuing as per old plan.

In June 2022, a Task Force was constituted by the then Prime Minister to resolve issues / disputes related to KE. Accordingly, after deliberations a Mediation Agreement has been initialed executed between the Company & KE (the Stakeholders). The Federal Cabinet also ratified the decision and the Mediation Agreement was also cleared by Law & Justice Division. Parties have submitted their respective claims with the Mediator and the mediation proceedings have been started after taking necessary Board approvals. Recently, the Mediation Agreement has been signed by the stakeholders and the same has been pending for commencement of Mediation process. A formal letter from Federal Government is awaited.

It has been agreed during various meetings with KE and the Company to appoint a firm of Chartered Accountants to reconcile the balances appearing in their respective books which is still pending. Term of reference has been signed and shared with KE however, no response received from KE.

9.2 The Pakistan Steel Mills Corporation (Private) Limited (PSML) has been defaulting and not making payment of Late Payment Surcharge (LPS), the Company effective from July 01, 2012 decided to account for LPS from PSML on receipt basis based on opinions from a firm of Chartered Accountants.

The trade debts includes Rs. 22,549 million (June 2023: Rs. 22,272 million) as at September 30, 2023 recoverable from PSML excluding GIDC. The aggregate legal claim of the Company from PSML amounts to Rs. 91,934 million (June 2023: Rs. 89,405 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments. However, the balance of Rs. 22,462 (June 2023: Rs. 22,181 million) remains overdue as at September 30, 2023.

The Company filed a suit in the Honorable High Court of Sindh (SHC) in April 2016, for recovery of its aggregate claim amounting to Rs. 41,354 million balance upto February 2016, along with LPS. On April 6, 2016, the SHC passed an order restraining PSML from creating any third party interest in relation to its assets including but not limited to immovable assets owned by it.

PSML has filed its counter claim approximately of Rs. 38,660 million on account of losses due to low gas pressure provided to PSML from March 2015 to December 2016. Legal counsel of the Company is of the view that due to vagaries of litigation nothing could be expressed with any degree of certainty in the contested matters.

Currently, PSML's financial position is adverse, and has no capacity to repay its obligations on its own. The management believes that in case the financial asset is not realised from PSML, the entire amount will be claimed from OGRA in the determination of revenue requirements of the Company.

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
9.3 The movement in allowance for expected credit loss is as follows:		
Opening balance	**25,495,071**	23,587,126
Provision made during the period	**439,068**	1,907,945
Ending balance	**25,934,139**	25,495,071

10	INTEREST ACCRUED	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
			--------(Rupees in '000)--------	
	Interest accrued on late payment of bills / invoices from:			
	- Water and Power Development Authority (WAPDA)		**6,055,504**	5,857,934
	- Sui Northern Gas Pipeline Limited (SNGPL)		**12,379,381**	12,093,081
	- Jamshoro Joint Venture Limited (JJVL)		**239,689**	239,689
			18,674,574	18,190,704
	Interest accrued on sales tax refund		**487,739**	487,739
	Interest accrued on loan to SSGC LPG (PVT) LTD		**34,992**	29,265
			19,197,305	18,707,708
	Provision against impaired accrued income		**(112,400)**	(112,400)
			19,084,905	18,595,308

11	OTHER RECEIVABLES	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	Tariff adjustments indigenous gas - receivable from GoP	11.1	**546,119,910**	498,763,608
	Receivable for sale of gas condensate		**73,149**	46,470
	Receivable from SNGPL	11.2	**118,212,727**	118,058,521
	Receivable from JJVL	11.3	**2,501,824**	2,501,824
	SSGC LPG (Private) Limited		**7,588**	7,600
	Receivable from Pakistan LNG Limited		**1,117,255**	1,010,173
	Gas infrastructure development cess receivable		**6,831,561**	6,834,735
	Receivable from GPO against gas bill collection	11.4	**2,315,215**	2,315,215
	Sales tax receivable	11.5	**86,839,048**	80,113,037
	Sindh sales tax receivable		**2,451**	2,451
	Receivable against asset contribution	11.6	**315,393**	337,646
	Miscellaneous receivable		**93,058**	11,519
			764,429,179	710,002,799
	Provision against impaired receivables		**(2,586,874)**	(2,586,874)
			761,842,305	707,415,925

11.1	Tariff adjustments indigenous gas - receivable from GoP		September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	Opening balance		**498,763,608**	295,488,261
	Recognized during the period		**46,996,735**	201,684,882
	Subsidy for LPG air mix operations		**359,567**	1,590,465
	Ending balance		**546,119,910**	498,763,608

11.2	Receivable balance from SNGPL comprises of the following:	Note	2023 (Un-audited)	2023 (Audited)
			--------(Rupees in '000)--------	
	Differential tariff		**4,284,080**	4,284,080
	Uniform cost of gas		**15,818,845**	15,818,845
	Lease rentals		**1,611,869**	1,611,868
	Contingent rent		**10,324**	10,338
	LSA Margins		**3,148,318**	2,991,015
	Capacity and utilisation charges of RLNG	11.2.1	**53,916,837**	54,076,191
	RLNG transportation income		**39,422,454**	39,266,184
			118,212,727	118,058,521

11.2.1 Uptill September 30, 2023, the Company has invoiced an amount of Rs. 212,186 million, including Sindh Sales Tax of Rs. 24,555 million, to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

In June 2016, the Economic Coordination Committee (ECC) approved the policy guidelines that all charges under LSA including, but not limited to capacity and utilization charges as well as retainage are to be included at actual. OGRA in its decision dated October 7, 2016 regarding determination of RLNG price, has allowed the terminal charges at actual.

In addition to the same, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015 has allocated 71 BCF RLNG volume to the Company in order to resolve the matter of short supply, with the direction to enter into an agreement with SNGPL for RLNG allocated volumes with the condition that either the Company will make payment to SNGPL for the RLNG sold in its franchise area or will return these volumes when dedicated pipeline is available.

In addition to the same, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015 has allocated 71 BCF RLNG volume to the Company in order to resolve the matter of short supply, with the direction to enter into an agreement with SNGPL for RLNG allocated volumes with the condition that either the Company will make payment to SNGPL for the RLNG sold in its franchise area or will return these volumes when dedicated pipeline is available.

OGRA, in its letter dated November 20, 2018, in pursuance of decision of the ECC, with the consent of SNGPL and the Company, has determined the price mechanism for purchase and sale of allocated RLNG volumes.

Based on initialed agreement between the Company and SNGPL dated January 25, 2021, in which it was decided that from June 2020 onwards all the invoices will be paid on a monthly basis by SNGPL, however, outstanding receivable balances before June 2020 amounting to Rs. 99,197 million included in the aggregate receivable balance of Rs. 118,213 million stands disputed as of the reporting date. OGRA appointed a consultant for technical, commercial and managerial audit to ascertain the accuracy of Unaccounted-for Gas (UFG) of gas companies, encompassing both indigenous gas and imported RLNG, and other matters. Subsequent to the year-end, the draft report has been submitted to OGRA by the appointed consultant. The management believes that the report is in the preliminary draft stage and is subject to extensive deliberations between the aggrieved parties. Upon finalization of same, adjustments resulting from it will be recognised in the financial records of both SUI companies, thereby facilitating the resolution of the underlying disputed balances.

11.3 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, federal excise duty, sindh sales tax on franchise services, fuel charges receivable against processing charges from Jamshoro Joint Venture Limited (JJVL) and receivable from JJVL at the rate of 57% value of LPG / NGL extraction as per new agreement signed between the Company and JJVL pursuant to Honorable Supreme Court of Pakistan (SCP) order dated December 04, 2018 amounting to Rs. 150 million (June 2023: Rs. 150 million), Rs. 178 million (June 2023: Rs. 178 million), Rs. 1,070 million (June 2023: Rs. 1,070 million), Rs. 646 million (June 2023: Rs. 646 million), Rs. 32 million (June 2023: 32 million), Rs.6.6 million (June 2023:Rs.6.6 million) , Rs. 419 million (June 2023: Rs.419 million) respectively. However, litigation in this respect is fully described in detail in note 37.1.2 of these unconsolidated financial statements.

11.4 This represents receivable balance from Pakistan Post against gas bills collected from January 2022 to March 2022 and deposited in Government Treasury.

11.5 This represents sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Theses refunds are processed through FBR's Sales Tax Automated Refund Repository (STARR) system. Due to several snags in the functioning of STARR, valid input sales tax claims of the Company are deferred. Realising the problems of STARR, in August 2010, dispensation from processing of sales tax refunds through the STARR system was allowed by FBR through a letter and substantial refunds were released after issuance of this letter under corporate guarantee (subject to post refund audit). However, such dispensation was also withdrawn by FBR in May 2012. After withdrawal of said dispensation, the deferred refunds are issued to the Company on the basis of manual verification of documents (third party vendor sales tax returns) by tax authorities. Management is making vigorous efforts for realisation of these refunds.

11.6 This represents receivable from Mari Gas Company Limited, Spud Energy Pty Limited, PKP Exploration Limited and Government Holdings (Private) Limited (referred as BJV) in respect of Zarghun gas transmission pipeline under pipeline contribution agreement. The receivable has been recognised using discounted cash flow technique.

12 LONG TERM FINANCING	Note	**September 30, 2023 (Un-audited)**	**June 30, 2023 (Audited)**
		-----------(Rupees in '000)-----------	
Secured			
Loans from banking companies	12.1 & 12.2 & 12.3	**28,941,093**	31,268,633
Unsecured			
Customer finance		**119,571**	119,640
Government of Sindh loans		**801,956**	801,039
		921,527	920,679
Subtotal		**29,862,620**	32,189,312
Less: current portion shown under current liabilities			
Loans from banking companies		**(4,666,667)**	(4,666,667)
Customer finance		**(590)**	(590)
Government of Sindh loans		**(186,667)**	(186,667)
		(4,853,924)	(4,853,924)
		25,008,696	27,335,388

12.1 A long term finance facility amounting to Rs. 21,000 million was sanctioned in March 2022 from a syndicate of banks. This financial arrangement has been secured by GoP guarantee. During the period repayment of Rs.2,339 million has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.10 % per annum.

12.2 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. During the period no repayment has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.50 % per annum.

12.3 These loans / financial arrangements are secured by pari passu charge by way of hypothecation on all present and future movable / fixed capital assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

13 DEFERRED CREDIT	Note	**September 30, 2023 (Un-audited)**	**June 30, 2023 (Audited)**
		-----------(Rupees in '000)-----------	
Government of Pakistan contributions / grants			
Opening Balance		**3,840,646**	2,762,110
Additions / adjustments during the period		**374,363**	1,407,570
Transferred to unconsolidated statement of profit or loss	13.1 & 13.2	**(93,746)**	(329,034)
Ending balance		**4,121,263**	3,840,646
Government of Sindh (Conversion of loan into grant)			
Opening Balance		**1,784,919**	1,889,931
Additions during the period		**6,094**	22,052
Transferred to unconsolidated statement of profit or loss		**(31,883)**	(127,064)
Ending balance		**1,759,130**	1,784,919
Government of Sindh grants			
Opening Balance		**84,096**	96,124
Transferred to unconsolidated statement of profit or loss	13.3.	**(2,052)**	(12,028)
Ending balance		**82,044**	84,096
		5,962,437	5,709,661
Less: Current portion of deferred credit		**(510,724)**	(510,445)
		5,451,713	5,199,216

13.1 This represents amount received from the Government of Pakistan for supply of gas to new towns and villages and the same is recognised as grant when the conditions specified by the Government are met. This amount is amortised over the useful life of related projects.

13.2 Return on assets (ROA) is not allowed by OGRA on pipelines constructed / built under the deferred credit arrangements. However, Unaccounted for Gas ("UFG") losses on such pipelines are considered in the determination of the Company's guaranteed return.

13.3 This represents the benefit of lower interest rate on Government of Sindh Loan III, IV and V, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan III, IV and V and its initial fair value. The amount of Government of Sindh loan after conversion amounts to Rs 940 million, is subsequently measured at its initial fair value of Rs. 170 million based on net of waiver. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in unconsolidated statement of profit or loss on the basis of pattern of recognition, as expenses (the cost the grant intends to compensate).

	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		-----------(Rupees in '000)-----------	
14 CONTRACT LIABILITIES			
Contribution from customers	14.1&14.2	**3,553,969**	3,544,995
Advance received from customers for laying of mains, etc.		**6,246,541**	6,221,903
		9,800,510	9,766,898
14.1 Contribution from customers			
Opening Balance		**3,841,959**	3,238,534
Additions / adjustments during the period		**87,205**	891,195
Transferred to unconsolidated statement of profit or loss		**(75,039)**	(287,770)
		3,854,125	3,841,959
Less: Current portion of contributions from consumers		**(300,156)**	(296,964)
Ending balance		**3,553,969**	3,544,995

14.2 The Company has recognised the contract liabilities in respect of the amount received from the customer as contribution towards the cost of supplying and laying transmission, service and main lines.

15 SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 50,000 million (June 2023: Rs. 45,000 million) and carry mark-up ranging from 0.00% to 1.00% (June 2023: 0.00% to 1.00%) above the average one month KIBOR. These facilities are secured by first pari passu second amendment to the joint hypothecation agreement and ranking charge over present and future stock in trade and book debts of the Company.

The aggregate unavailed short term borrowing facilities amounted to Rs.10,120 million (June 2023: Rs. 10,904 million).

16. TRADE AND OTHER PAYABLES

	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
Creditors for:			
- Indigenous gas	16.1	**809,371,402**	769,786,888
- RLNG		**108,246,300**	106,680,422
		917,617,702	876,467,310
Tariff adjustments RLNG- payable to GoP	16.2	**23,893,846**	23,826,990
Service charges payable to EETPL		**2,696,994**	3,272,567
Accrued liabilities / bills payable		**9,246,246**	8,437,763
Provision for compensated absences - non executives		**365,657**	365,657
Payable to gratuity fund		**5,166,965**	5,484,519
Payable to provident fund		**10,204**	10,204
Staff pension fund		**387,958**	107,986
Deposits / retention money		**964,499**	903,110
Advance for sharing right of way		**18,088**	18,088
Withholding tax payable		**30,591**	31,375
Sales tax and Federal Excise Duty		**528,411**	312,234
Sindh sales tax payable		**5,654**	25,948
Gas infrastructure development cess payable		**6,831,561**	6,834,735
Unclaimed Term Finance Certificate redemption profit		**1,800**	1,800
Workers' profit participation fund (WPPF)	16.3	**620,502**	376,347
Others		**674,102**	638,277
		969,060,780	927,114,910

16.1 Creditors for indigenous gas supplies include Rs. 622,795 million (June 2023: Rs. 588,195 million) payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (June 2023: Rs. 15,832 million) on their balances which have been presented in note 17.1 to these unconsolidated condensed interim financial statements.

16.2 Tariff adjustments RLNG - payable to GoP

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
Opening balance	**23,826,990**	28,923,211
Recognized during the period	**66,856**	(5,096,221)
Ending balance	**23,893,846**	23,826,990

		Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
16.3	**Workers' Profit Participation Fund (WPPF)**		--------(Rupees in '000)--------	
	Opening balance		**376,347**	315,979
	Charge for the period		**231,436**	-
	Interest on WPPF		**12,719**	60,368
	Ending balance		**620,502**	376,347

17. INTEREST ACCRUED

Long term financing - loans from banking companies		**192,984**	1,039,407
Long term deposits from customers		**924,887**	762,451
Short term borrowings		**1,366,876**	1,768,584
Late payment surcharge on processing charges		**99,283**	99,283
Late payment surcharge on gas supplies	17.1	**15,832,411**	15,832,411
		18,416,441	19,502,136

17.1 As disclosed in note 9.1 and 9.2, effective from July 1, 2012, the Company has been accounting for Late Payment Surcharge (LPS) from KE and PSML on receipt basis based on the opinions obtained from the firms of Chartered Accountants which is based on then applicable International Accounting Standards 18 "Revenue". On adoption of IFRS-15: "Revenue from contract with customers" which supersedes IAS-18, the Company has obtained an updated opinion from the firm of Chartered Accountants to recognise LPS income from KE and PSML on a receipt basis. Similarly, the Company continued recognition of the LPS expenses payable on outstanding payables of the Government Controlled E&P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of accounting and reporting standards as applicable in Pakistan, as such standards do not allow the Company to offset its LPS income against the mark-up expense in absence of legal right of setting off, despite the fact that the Company has never paid such LPS to Government Controlled E&P Companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt. Management's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

In response to the Company's above request, the MP & NR vide their letter dated January 3, 2017 has supported the contention of the Company that it will not recognize LPS expense payable to the Government Controlled E&P Companies (OGDCL, PPL and GHPL), effective from July 1, 2012, till the time Company receives payment for LPS income from KE and PSML and it would be settled simultaneously subject to fulfilment of all the codal formalities. Based on the letter received from MP & NR, and the legal opinion, the Company has reversed the LPS expense on delayed payments on gas supplies effective from July 1, 2012. Further it has been decided that the Company will record and pay such expense in the period only when it receives LPS income from KE and PSML.

Based on the aforesaid letter and legal opinion obtained by the Company, the aggregate unrecognized accrued markup up to September 30, 2023 stands at Rs. 200,513 million (2023: Rs. 176,291 million).

18. CONTINGENCIES AND COMMITMENTS

18.1 Detailed below are contingencies primarliy in the nature of tax and other legal disputed matters;

18.1.1 Jamshoro Power Company Limited (JPCL) lodged an aggregate claim amounting to Rs. 144,120 million (2023: Rs.144,120 million) which includes Rs. 44,990 million on account of the short supply of gas, utilization of alternate fuel amounting to Rs. 99,130 million, and for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Company amounting to Rs. 5.79 million under the provisions of an agreement dated April 10, 1995, between the Company and JPCL.

The ministry of Petroleum and Natural Resources (the ministry) vide its letter dated April 24, 2017 directed that the outstanding issues pertaining to the claims by JPCL shall be resolved and the ministry has proposed that a committee be constituted comprising of members from two companies and the other concerned Ministries to resolve the matter as it involves parties who represent/relate to the Government of Pakistan (GoP). Furthermore, this matter was also pending in the Public Accounts Committee (PAC).

Pursuant to the directives of PAC, urgent meeting of the Secretaries Committee was held on 8 May 2023 and the Committee directed JPCL and the Company to submit data regarding actual loss suffered by the Companies.

Both parties had submitted their reports, wherein JPCL reduced its claim from 144,000 million to 5,838 million and the Company revised its Take or pay claim from 2,828 million up to April 2023 to 2,114 million considering the difference between industrial and domestic tariff, whereas, the amount pertaining to gas bills remains at Rs. 2,778 million which is outstanding balance up to April 2023, and late payment surchage (LPS) amounting to Rs. 3,615 million which stands outstanding up to June 2022. As a result, the claims summary stands as follows:

JPCL claims = Rs 5,838 million
Company claims = Rs 4,892 million

As at September 30, 2023, the Company has made further increase in LPS receivable to Rs. 4,129 million against non-payment of gas bills. The Company is of the view that if the settlement is made on the aforesaid claims as mentioned above including LPS receivable, remaining LPS would stand at Rs. 3,010 million. Accordingly, no provisions has been made in the unconsolidated financial statements.

18.1.2 The Company had agreement with Jamshoro Joint Venture Limited (JJVL) regarding LPG / NGL business. Subsequently, the Company had incurred negative margins while doing business with Jamshoro Joint Venture Limited (JJVL) in financial year 2015-16 due to decline in oil prices and consequent decline in margins in LPG / NGL business, and decided to terminate the agreement. In this aspect, the Company sent termination notices to JJVL dated May 4, 2016, against which JJVL obtained a stay order from the Sindh High Court.

The net receivable balance from JJVL amounts to Rs. 2,502 million other than interest accrued.

The Honorable Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018, upheld such termination by the Company and stated that the termination was validly done and the Company was well within its legal and contractual right to do so and appointed the firm of Chartered Accountants to determine the amount claimed by the Company and JJVL. Based on the Court Order, the Company shut down the supply of gas to the JJVL plant accordingly.

Subsequently, SCP through its order dated November 16, 2018, based on the report by the firm of Chartered Accountants, determined that Rs. 1,500 million is net admitted liability that had to be paid within 8 weeks by JJVL, which was accordingly received by the Company along-with the interest accrued thereon. However, with respect to the GIDC and other matters, SCP will settle the same and an appropriate order to be passed in this regard.

After cancellation of MoUs by SCP on June 13, 2018, JJVL submitted a proposal based on profit sharing to SCP which was forwarded to the Company by SCP. The SCP was also informed that the Company is in the process of hiring a consultant for providing professional advice on the best option available with respect to the LPG/NGL extraction business.

The Company after concurrence of its Board informed SCP that it does not accept the proposal submitted by JJVL and asked SCP to appoint a firm of Chartered Accountants to come up with an agreement mutually beneficial for both the parties. After considering all the points, SCP appointed a firm of Chartered Accountants which shall deemed to be the receivers of the Court and would supervise the project. In addition, firm is to determine an appropriate revenue sharing arrangement for both parties which shall be final, subject to the approval of the SCP.

Subsequently, the firm of Chartered Accountants after consultation with both parties came up with a mechanism of revenue sharing of 57% to the Company and 43% to JJVL on ad-hoc basis. An agreement was signed among both parties and submitted the same to SCP for its approval, SCP vide its order dated December 29, 2018 had validated the agreement. SCP also directed the Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement. The agreement was valid for 1.5 years from the date of agreement and unless renewed by the parties through mutual written consent it shall stand terminated automatically.

Accordingly, in June 2020 the said agreement was expired and since then no gas has been supplied to JJVL plant. However, as per the agreement the firm of Chartered Accountants has to submit a final determination report to SCP in order to finalize the revenue sharing percentage between the Company and JJVL, which was submitted in December 2020. In this respect, the Company and JJVL have submitted their comments / objections on the report to SCP and the case is now pending with SCP for its decision.

Moreover, as per order dated January 09, 2009, in respect of royalty on freight charges matter, SCP directed JJVL to deposit Rs. 249 million as JJVL's admitted liability for freight charges for the period from 2005 to 2013. The Company has received such amount as directed by SCP on February 24, 2020, and the remaining disputed amount shall be determined / settled by SCP in due course.

Further, both the parties took up the disputed matters to Arbitration under the Pakistan Arbitration Act, 1940, where certain claims and counter claims have been filed. Both the parties have filed amended pleadings / claims & counter claims considering the revision in cut off dates which were earlier filed for period upto June 2016 have now been revised till June 2018 on account of principal amounts and August 2023 in respect of Markups.

18.1.3 The Company has discontinued the gas supply to Habibullah Coastal Power Company Limited (HCPCL) after the expiry of 20 years Gas Sales Agreement. In order to secure the outstanding gas receivables amounting to Rs. 1,113 million, the Company has opted for encashment of HCPCL bank guarantees which are sufficient, as of the reporting date, to recover the same. In response, HCPCL filed a suit 1570 of 2019 and obtained stay from the Honorable High Court of Sindh (SHC) regarding encashment of bank guarantees by the Company. In view of the available bank guarantee, no provision has been made in these unconsolidated financial statements.

18.1.4 The Income Tax Appellate Tribunal (ITAT) had decided an Appeal in favor of Income Tax Department on the issue of capital gain made on disposal of LPG business in the financial year ended June 30, 2001 resulting in tax impact of Rs. 143 million. Management has filed an appeal before Honorable Sindh High Court (SHC). The management is of the view that sale of LPG business being in nature of slump transaction was not chargeable to tax under the provisions of Income Tax Ordinance, 2001.

Accordingly, no provision regarding the said claim has been made in these unconsolidated financial statements as the management, based on its legal advisor's opinion, are confident that the matter would be resolved in favor of the Company.

18.1.5 The income tax authorities have passed orders for the Tax Years 2007, 2008, 2009, 2013, 2014, 2015 & 2017 disallowing tax depreciation on fixed assets held under musharaka arrangement.

All the Orders were contested before Commissioner (Appeals) who decided the case in Company's favor.

The legal counsel is confident that the outcome of the case will be in favor of the Company. Therefore, no provision has been made in these unconsolidated financial statements.

18.1.6 Income tax authorities have passed Orders disallowing Cost of Gas purchased but lost as UFG (in excess of OGRA Benchmark) for Financial Year (FY) 2008-09, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21.

All the Orders were contested before Commissioner (Appeals) who decided the cases in Company's favor. However, the said orders had been challenged by the tax authorities before the Appellate Tribunal Inland Revenue except for the appellate order for FY-2019-20 which has been remanded back by the Commissioner Appeals, while case for FY 2020-21 is being defended before Appellate forum.

Since the said issue had already been decided in favor of SNGPL by Lahore Bench of Appellate Tribunal Inland Revenue and thus a legal precedent is in field which was also been upheld by Commissioner (Appeals) in Company’s case.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated financial statements.

18.1.7 The Tax Authorities’ passed order for FY 2009-10 against the Company disallowing input sales tax credit on gas purchased but lost as Unaccounted for Gas (UFG), among other observations. The said order was contested to Appellate Tribunal Inland Revenue (ATIR) who decided the case in the Company's favor thus setting a legal principle.

The tax authorities had passed two different Orders for FY 2010-11 to 2014-15 & for FY 2015-16 to 2016-17 disallowing input sales tax on gas purchased but lost as UFG (in excess of OGRA Benchmark) however the Company contested the matter before Commissioner (Appeals) who decided the cases in Company’s favor.

The tax department has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the aforesaid orders of Commissioner (Appeals) for FY 2010-11 to 2016-17.

The tax authorities also issued a notice for FY 2017-18 confronting the same issue of disallowance of input tax claimed on excess UFG on which the company filed detailed reply, however, no adverse decision was drawn in light of binding precedent set by ATIR for FY 2009-10.

The Company is confident that based on the advice of the tax advisor, the legal merits and legal grounds as set by ATIR and upheld by Commissioner Appeals, no provision has been made in these unconsolidated financial statements.

18.1.8 The Additional Commissioner Inland Revenue (ACIR) passed an order against the Company by creating demand along with default surcharge and penalty for incorrect adjustment of withholding sales tax against input invoices for the period July 2017 – April 2018 . The principal tax demand of Rs. 1,235 million was recovered by the authority. However, the Company filed a reference with Honorable High Court of Sindh (SHC) for waiver of default surcharge and penalty, which is currently pending.

The Honorable High Court of Sindh (SHC) has also stayed the recovery of the additional tax and penalties.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated financial statements.

18.1.9 The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company by creating a demand of Rs. 432 million. The demand is mainly in respect of adjustment of carry forward of minimum tax for financial years 2005-06 and 2007-08 claimed in the Income Tax Return for the financial year 2009-10.

The issue of minimum tax for 2007-08 was decided against the Company which is now pending adjudication before the Honorable Sindh High Court (SHC) while matter of minimum tax for 2005-06 was remanded back to DCIR for rectification.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated financial statements.

18.1.10 The tax authorities had passed an order for FY 2014-15 to 2020-21 based on the fact that the Company had not recorded interest income on the outstanding balance receivable from KE and PSML. An appeal against the said orders was filed before Commissioner (Appeals) by the Company. The Commissioner appeal had decided the case against the Company for its said appeals. However, the Company has filed before the Appellate Tribunal Inland Revenue (ATIR), except for case for FY 2020-21 which is being decided before Appellate forum.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated financial statements.

18.1.11 The tax authorities had passed an order for FY 2017-18 creating Federal Excise Duty (FED) demand on Re-gasification of LNG into RLNG, supply of RLNG to customers and supply of Natural Gas to customers (on which LPG / NGL extraction process was performed).

The Commissioner (Appeals) based on the appeals had passed an order by deciding the issues of re-gasification and supply of RLNG to customers against SSGC. The issue of supply of natural gas to customers was remanded back to tax authorities.

The Company has filed an appeal against the said order to Commissioner (Appeals) on RLNG, the Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.

The Company has also filed application with FBR for constitution of Alternative Dispute Resolution Committee (ADRC) on the matter of FED on LNG into RLNG which is yet to be constituted.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated financial statements.

18.1.12 The tax authorities had passed order for Tax Year 2015, disallowing interest expense on delayed payment to E&P Companies for gas purchases as well as taxing benefit of lower interest rate on loan from Government of Sindh, among other observations.

The matter was contested before Commissioner (Appeals) who decided the case in Company's favor. The tax department has filed an appeal before the Appellate Tribunal Inland Revenue against the aforesaid Order of Commissioner (Appeals), which is pending adjudication.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated financial statements.

18.1.13 Tax Authorities had passed sales tax order for FY 2017-18 on issues of non-charging of Sales Tax on RLNG – Indigenous Gas Swap, Gas Development Surcharge (GDS), RLNG transportation income among other observations.

The said order was contested before Commissioner (Appeals) who upheld LTO Order. Upon appeal, the Appellate Tribunal Inland Revenue (ATIR) decided the issue of GDS in favour of SSGC while other matters are still sub-judice before the Appellate Tribunal Inland Revenue.

The Company has also filed application with FBR for constitution of Alternative Dispute Resolution Committee (ADRC) on the matter of sales tax on RLNG – Indigenous Gas Swap which is yet to be constituted.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated financial statements.

18.1.14 The Company is subject to various other claims totaling Rs. 15,219 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

18.1.15 There are several other pending litigations in the nature of billing disputes, employees disputes and related matters in which the Company is defendant/ respondent. The management, based on the view of the in-house legal advisor, is of the view that the aggregate exposure in all the said cases is not material to the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

18.1.16 As of June 30, 2023, the Company has an aggregate net disputed difference of Rs. 60,820 million with Sui Northern Gas Pipelines Limited (SNGPL), mainly due to capacity and utilization charges, RLNG transportation income and withheld RLNG invoices. In order to sort out these differences prior to June 2020, OGRA has already appointed a consultant to address these disputes, whose preliminary report is under review and subject to extensive deliberations between aggrieved parties.

		September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
18.1.17	Claims against the Company not acknowledged as debt	**3,623,797**	3,623,797
18.2	**Commitments**		
18.2.1	Guarantees issued on behalf of the Company	**8,938,470**	8,938,470
18.2.2	Commitments for capital and other expenditure	**8,318,928**	7,565,788

		Note	Quarter ended September 30, 2023	September 30, 2022
			(Un-audited)	
19	**REVENUE FROM CONTRACTS WITH CUSTOMERS - GAS SALES**		-----------(Rupees in '000)------------	
	Sales			
	Indigenous gas		**50,251,334**	47,406,518
	RLNG		**33,658,801**	35,746,402
			83,910,135	83,152,920
	Less: Sales tax			
	Indigenous gas		**(7,888,553)**	(7,209,143)
	RLNG		**(5,099,762)**	(5,236,800)
			(12,988,315)	(12,445,943)
	Net sales		**70,921,820**	70,706,977
20	**TARIFF ADJUSTMENTS**			
	Indigenous gas	20.1	**46,996,735**	43,077,211
	RLNG		**(66,856)**	2,455,452
			46,929,879	45,532,663
20.1	**Tariff adjustment - indigenous gas**			
	Price increase adjustment for the period		**47,356,302**	43,335,069
	Subsidy for LPG air mix operations		**(359,567)**	(257,858)
			46,996,735	43,077,211
21	**COST OF SALES**			
	Cost of gas	21.1	**106,287,914**	108,073,377
	Transmission and distribution costs		**5,807,336**	5,477,562
			112,095,250	113,550,939
21.1	**Cost of gas**			
	Opening gas in pipelines		**1,945,446**	1,285,918
	RLNG purchases		**26,027,339**	32,382,520
	Indigenous gas purchases		**80,745,847**	76,568,757
			108,718,632	110,237,195
	Gas consumed internally		**(146,221)**	(487,274)
	Closing gas in pipelines		**(2,284,497)**	(1,676,544)
			(2,430,718)	(2,163,818)
			106,287,914	108,073,377

		Quarter ended	
		September 30, 2023	September 30, 2022
		(Un-audited)	
		-----------(Rupees in '000)------------	
22	**OTHER OPERATING EXPENSES**		
	Workers' profit participation Fund	**231,436**	-
	Auditors' remuneration	**2,120**	1,755
	Sports expenses	**5,711**	832
	Corporate social responsibility	**-**	1,180
	Loss on disposal of property, plant and equipment	**-**	97,248
	Provision against impaired stores and spares	**-**	15,094
	Exchange loss	**1,218,730**	7,355,150
		1,457,997	7,471,259
23	**OTHER INCOME**		
	Income from financial assets		
	Income for receivable against asset contribution	**8,217**	9,270
	Interest income on loan to related party	**34,992**	21,811
	Late payment surcharge	**609,192**	558,515
	Interest income on late payment of gas bills from SNGPL	**286,301**	286,301
	Liquidity damages recovered	**14,564**	31,567
	Income from net investment in finance lease from SNGPL	**-**	1,327
	Return on term deposits and profit and loss bank account	**35,469**	6,185
	Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)	**197,570**	137,213
	Dividend income	**1,305**	12,545
		1,187,610	1,064,734
	Income from other than financial assets		
	Sale of gas condensate - net	**22,359**	-
	Meter manufacturing division profit - net	**(32,738)**	2,094
	Meter rentals	**402,305**	405,661
	Fixed charges billed	**1,187,674**	-
	RLNG transportation income	**1,850,077**	1,537,008
	Recognition of income against deferred credit and contract liability	**193,782**	167,679
	Income from LPG air mix distribution - net	**61,654**	27,326
	Income from sale of tender documents	**1,843**	3,286
	Scrap sales	**31,730**	-
	Recoveries from customer	**24,660**	5,125
	Gain on disposal of property, plant and equipment	**27,993**	-
	Reversal against impaired stores and spares	**9,665**	-
	Amortization of government grant	**2,052**	3,461
	Rental income from SSGC LPG (Pvt) Limited	**362**	310
	LSA margins against RLNG	**426,005**	328,927
	Miscellaneous	**15,038**	6,889
		5,412,071	3,552,500

		Note	Quarter ended September 30, 2023 (Un-audited)	Quarter ended September 30, 2022 (Un-audited)
			--------(Rupees in '000)--------	
24	**TAXATION**			
	Current tax		**4,085,608**	903,823
	Deferred tax		**(3,846,779)**	-
			238,829	903,823
25	**EARNING / (LOSS) PER SHARE - BASIC AND DILUTED**			
	Earning / (loss) for the period		**4,158,464**	(5,594,650)
	Average number of ordinary shares		**880,916,309**	880,916,309
	Earning / (loss) per share - basic and diluted		**4.72**	(6.35)
26	**ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS**			
	Provisions	26.1	**1,096,666**	1,016,519
	Depreciation on owned assets		**2,053,266**	1,792,721
	Depreciation on right of use assets		**22,614**	21,886
	Amortization of intangibles		**32,859**	25,554
	Finance cost		**3,222,836**	1,628,143
	Amortization of transaction cost		**6,710**	6,802
	Amortization of government grant		**(2,052)**	(3,461)
	Recognition of income against deferred credit and contract liability		**(202,720)**	(180,628)
	Dividend income		**(1,305)**	(12,545)
	Interest income and return on term deposits		**(554,332)**	(438,969)
	Income from net investment in finance lease		**-**	(1,327)
	(Gain) / loss on disposal of property plant and equipment		**(27,993)**	99,667
	Decrease in long term advances		**(380,456)**	(20,140)
	Increase in deferred credit and contract liability		**492,300**	121,011
	Lease rental from net investment in finance lease		**-**	15,781
	Increase in payable against transfer of pipeline		**15,256**	16,856
	Investment at cost in subsidiary		**-**	185,674
	Finance cost on lease liability		**5,370**	3,913
			5,779,019	4,277,457
26.1	**PROVISIONS**			
	Provision against slow moving / obsolete stores		**(9,137)**	15,044
	Allowance for expected credit loss		**439,068**	432,433
	Provision for post retirement medical and free gas supply facilities		**319,136**	277,764
	Provision against retirement benefit		**347,599**	291,278
			1,096,666	1,016,519

27 WORKING CAPITAL CHANGES

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Un-audited)	
	--------(Rupees in '000)--------	
(Increase) / decrease in current assets		
Stores and spares	**(186,758)**	(35,570)
Stock-in-trade	**(409,579)**	(677,625)
Customers installation work-in-progress	**(5,185)**	11,368
Trade debts	**8,776,901**	(8,143,436)
Advances, deposits and short term prepayments	**48,159**	101,427
Other receivables	**(54,426,378)**	(52,742,421)
	(46,202,840)	(61,486,257)
Increase in current liabilities		
Trade and other payables	**41,983,452**	72,884,899
	(4,219,388)	11,398,642

28 CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD

	September 30, 2023	September 30, 2022
Cash and bank balances	**800,624**	3,556,368
Short term borrowings	**(39,880,072)**	(21,936,609)
	(39,079,448)	(18,380,241)

29 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Oil and Gas Regulatory Authority. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

The details of transactions with related parties not disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Un-audited)	
	--------------(Rupees in '000)--------------	
Government related entities		
- Purchase of fuel and lubricant	**26,845**	19,658
- Sale of gas and allied charges inclusive of sales tax	**19,166,148**	32,462,165
- Income from net investment in finance lease	**-**	1,327
- Gas purchases - Indigenous Gas	**44,380,682**	41,820,701

	Relationship	Quarter ended September 30, 2023 (Un-audited)	Quarter ended September 30, 2022 (Un-audited)
		--------------(Rupees in '000)--------------	
Government related entities			
- Gas purchases - RLNG		**26,027,339**	32,382,520
- Sale of condensate		**26,679**	-
- Sale of gas meters - spare parts		**349**	-
- Rent		**3,497**	4,112
- Insurance premium		**14,567**	9,438
- Royalty		**500**	523
- Licence fee		**34,200**	27,678
- Telecommunication		**417**	287
- Electricity expenses		**88,468**	62,314
- Interest income		**483,871**	423,514
- Markup expense on short term finance		**69,773**	55,792
- Markup expense on long term finance		**-**	8,131
- RLNG Transportation income		**1,850,077**	1,537,008
- LPG purchases		**246,432**	196,702
- Income against LNG service agreement		**426,005**	328,927
- Dividend income		**-**	12,071
Karachi Grammar School	Associate		
- Sale of gas and allied charges inclusive of sales tax		**15**	10
Key management personnel			
- Remuneration		**41,721**	45,059
Pakistan Institute of Corporate Governance	Associate		
- Subscription / trainings		**-**	494
* **Engro Fertilizers Limited**	Associate		
- Sale of gas and allied charges inclusive of sales tax		**2,265**	7,515
Indus Hospital	Associate		
- Sale of gas and allied charges inclusive of sales tax		**467**	545
Pakistan Stock Exchange Limited	Associate		
- Sale of gas and allied charges inclusive of sales tax		**25**	24
- Subscription		**1,986**	1,771
SSGC LPG (Private) Limited	Associate		
- Interest on loan		**34,992**	21,811
- Rental Income		**362**	310

		Quarter ended	
		September 30, 2023	September 30, 2022
		(Un-audited)	
		--------------(Rupees in '000)--------------	
Staff retirement benefit plans	Associate		
- Contribution to provident fund		**121,595**	90,416
- Contribution to pension fund		**289,963**	23,211
- Contribution to gratuity fund		**135,907**	268,067

* Current balances with these parties have been disclosed till the month of common directorship.

29.1 Sale of gas meters is made at cost plus method. The Company is the only manufacturer of gas meters in the country.

29.2 Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice.

29.3 Remuneration to the executive officers of the Company and loans and advances to them are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Company is received at rates prescribed by the Government of Pakistan.

29.4 Amount (due to) / receivable from / investment in related parties

The details of amount due with related parties not disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
Government related entities - various		
- Sale of gas and allied charges	**67,538,222**	87,003,454
- Investment	**47,943**	42,714
- Mark up accrued on borrowings	**(1,487,393)**	(1,499,874)
- Net investment in finance lease	**1,611,869**	1,611,868
- Gas purchases - Indigenous gas	**(632,687,930)**	(598,571,594)
- Gas purchases - RLNG	**(108,246,300)**	(106,680,422)
- Sale of gas condensate	**31,043**	4,365
- Gas meters and spare parts	**46,748**	47,014
- Uniform cost of gas	**15,818,845**	15,818,845
- Cash at bank	**322,035**	(19,957)
- Stock loan	**1,503**	-
- Payable to insurance	**(7,944)**	(7,893)
- Gas supply deposit	**(83,614)**	(81,226)

	Relationship	September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
- Interest expense accrued - late payment surcharge on gas bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**18,434,886**	17,951,015
- Contingent rent		**10,324**	10,338
- Differential tariff		**4,284,080**	4,284,080
- Capacity and utilisation charges of RLNG		**53,916,837**	54,076,191
- RLNG transportation income		**40,539,709**	40,276,357
- LSA margins		**3,148,318**	2,991,015
- Advance for sharing right of way		**(18,088)**	(18,088)
- Advance against LPG purchases		**103,463**	71,288
- Long term deposits		**11,041**	11,041
- Prepayment		**117,723**	8,443
- Dividend receivable		**-**	4,175
Karachi Grammar School	Associated undertaking		
- Sale of gas and allied charges		**5**	5
- Gas supply deposit		**(22)**	(22)
* **Engro Fertilizers Limited**	Associated company		
- Sale of gas and allied charges		**-**	541
- Gas supply deposit		**-**	(2,851)
Indus Hospital	Associated company		
- Sale of gas and allied charges		**117**	267
- Gas supply deposit		**(1,261)**	(1,261)
Pakistan Stock Exchange	Associated company		
- Sale of gas and allied charges		**8**	7
- Gas supply deposit		**(36)**	(36)
** **Pakistan Cables Ltd**	Associated company		
- Sale of gas and allied charges		**29,138**	-
- Gas supply deposit		**(1,189)**	-
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Long term investment		**1,063,708**	1,063,708
- Interest on loan		**34,992**	29,265
- Long term loan		**525,000**	550,000
- Current maturity of long term loan		**75,000**	75,000
- Short term loan		**711,430**	770,716
- LPG sales		**5,698**	5,698
- Rent on premises		**482**	494
- Receivable against management fees		**1,408**	1,408

	Relationship	September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
SSGC Alternate Energy (Private) Limited			
- Long term investment	Wholly owned subsidiary	**20,000**	20,000
- Receivable against administrative expenses		**6,945**	4,779

* Current balances with these parties have not been disclosed as they did not remain related parties as at period end.

** Comparative balances with these parties have not been disclosed as these parties were not related parties in last period.

30 OPERATING SEGMENTS

IFRS 8 - Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief operating decision maker in order to allocate resources to segments and to asses their performance. As a result, management has identified the following two segments:

1) Gas transmission and distribution (sale of gas); and
2) Meter manufacturing (manufacturing and sale of gas

Segment revenue and results

The following is analysis of the company's revenue and results by reportable segment.

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Un-audited)	
	--------------(Rupees in '000)--------------	
	Segment profit / (loss)	
Return on Assets net of UFG disallowance		
Gas transmission	**3,077,303**	2,105,894
Gas distribution and marketing		
- Lower Sindh	**2,816,666**	(2,614,493)
- Upper Sindh	**794,519**	(739,885)
- Balochistan	**(2,778,486)**	(2,939,038)
Meter manufacturing	**6,600**	1,783
Total segment results	**3,916,602**	(4,185,739)
Unallocated		
Finance cost	**(3,243,462)**	(1,648,912)
Other income - net	**3,724,153**	1,143,824
Profit / (loss) before tax	**4,397,293**	(4,690,827)

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
Segment assets and liabilities		
Segment assets		
Gas transmission	**256,626,898**	252,824,175
Gas distribution and marketing		
- Lower Sindh	**600,113,426**	566,143,988
- Upper Sindh	**131,892,567**	120,206,375
- Balochistan	**112,981,126**	108,273,978
Meter manufacturing	**1,829,266**	1,593,590
Total segment assets	**1,103,443,282**	1,049,042,106
Unallocated		
- Loans and advances	**1,654,720**	1,855,811
- Taxation - net	**10,119,677**	13,844,382
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**800,624**	384,019
	13,062,760	16,571,951
Total assets as per unconsolidated statement of financial position	**1,116,506,043**	1,065,614,057
Segment Liabilities		
Gas transmission	**136,603,339**	134,308,007
Gas distribution and marketing		
- Lower Sindh	**626,499,688**	600,142,869
- Upper Sindh	**136,484,858**	125,642,677
- Balochistan	**215,293,640**	208,028,372
Meter manufacturing	**127,275**	180,045
	978,405,461	933,993,963
Total liabilities as per unconsolidated statement of financial position	**1,115,008,800**	1,068,301,970

31 FAIR VALUE OF MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date.

31.1 Fair value of financial instruments

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The table below analyses financial instruments carried at fair value. The different levels has been defined as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the financial assets which are carried at fair value:

	As at September 30, 2023			
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**178,396**	**-**	**-**	**178,396**

	As at June 30, 2023			
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	151,704	-	-	151,704

The Company has not disclosed the fair values of all other financial assets and liabilities as their carrying amounts are reasonable approximation of their fair values.

31.2 Fair value of other assets

Freehold land and leasehold land are stated at revalued amount as at reporting date, the fair value hierarchy is as follows:

	As at September 30, 2023	
	Level 2	Fair Value
	-----Rupees in '000-----	
Freehold land	**43,452,760**	43,452,760
Leasehold land	**17,079,104**	17,079,104
	60,531,864	60,531,864

	As at June 30, 2023	
	Level 2	Fair Value
	-----Rupees in '000-----	
Freehold land	**43,452,760**	43,452,760
Leasehold land	**17,079,104**	17,079,104
	60,531,864	60,531,864

32 GENERAL

32.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

32.2 Corresponding figures have been rearranged and reclassified, wherever necessary.

33 DATE OF AUTHORISATION

These unaudited unconsolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on December 05, 2024 .

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Wajeeh Uddin Sheikh**
Chairperson	Managing Director	Chief Financial Officer

SSGC | Sui Southern Gas Company Limited

Consolidated Condensed Interim Financial Information (Un-Audited)
for the quarter ended September 30, 2023

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**194,011,321**	190,958,742
Intangible assets		**162,898**	195,756
Right of use assets	6	**140,428**	87,343
Deferred tax	7	**12,217,980**	8,398,508
Long term investments	8	**178,396**	151,704
Long term loans and advances		**127,234**	141,249
Long term deposits		**21,136**	21,136
Total non-current assets		**206,859,393**	199,954,438
Current assets			
Stores, spares and loose tools		**3,851,808**	3,672,903
Stock-in-trade		**4,703,403**	4,465,329
Customers' installation work-in-progress		**271,497**	266,312
Trade debts	9	**109,090,864**	118,296,349
Loans and advances		**216,056**	318,846
Advances, deposits and short term prepayments		**721,469**	725,535
Interest accrued	10	**19,049,913**	18,566,043
Other receivables	11	**762,175,316**	707,804,709
Taxation - net		**11,539,599**	15,041,933
Short term investments		**129,223**	129,223
Cash and bank balances		**1,104,688**	553,746
Total current assets		**912,853,836**	869,840,928
TOTAL ASSETS		**1,119,713,229**	1,069,795,366

The annexed notes 1 to 33 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Managing Director

Wajeeh Uddin Sheikh
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

EQUITY AND LIABILITIES	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
Share capital and reserves			
Share capital		**8,809,163**	8,809,163
Reserves		**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI investments		**141,869**	115,177
Surplus on revaluation of property plant and equipment		**60,742,638**	60,742,638
Accumulated losses		**(71,049,944)**	(75,591,728)
Total equity		**3,551,127**	(1,017,349)
LIABILITIES			
Non-current liabilities			
Long term financing	12	**25,008,696**	27,335,388
Long term deposits		**28,761,666**	28,694,971
Employee benefits		**7,739,278**	7,479,525
Payable against transfer of pipeline		**587,269**	607,696
Deferred credit	13	**5,451,713**	5,199,216
Contract liabilities	14	**9,800,510**	9,766,898
Lease liability		**48,898**	33,559
Long term advances		**3,895,037**	3,337,572
Total non-current liabilities		**81,293,067**	82,454,825
Current liabilities			
Current portion of long term financing	12	**4,853,924**	4,853,924
Current portion of payable against transfer of pipeline		**79,035**	77,285
Current portion of deferred credit	13	**510,724**	510,445
Current portion of contract liabilities	14	**300,156**	296,964
Current portion lease liability		**84,298**	53,295
Short term borrowings	15	**39,980,072**	34,981,575
Trade and other payables	16	**970,287,999**	927,692,564
Short term deposits		**71,046**	96,324
Unclaimed dividend		**285,340**	285,340
Interest accrued	17	**18,416,441**	19,510,174
Total current liabilities		**1,034,869,035**	988,357,890
Total liabilities		**1,116,162,102**	1,070,812,715
Contingencies and commitments	18		
TOTAL EQUITY AND LIABILITIES		**1,119,713,229**	1,069,795,366

The annexed notes 1 to 33 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Wajeeh Uddin Sheikh**
Chairperson	Managing Director	Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the quarter ended September 30, 2023

	Note	Quarter ended September 30, 2023	Quarter ended September 30, 2022
		(Un-Audited)	
		------------(Rupees in '000)------------	
Revenue from Contracts with Customers - Gas Sales	19	**70,921,820**	70,706,977
Tariff adjustments	20	**46,929,879**	45,532,663
Net sales		**117,851,699**	116,239,640
Cost of sales	21	**(112,095,250)**	(113,550,939)
Gross profit		**5,756,449**	2,688,701
Administrative and selling expenses		**(1,721,784)**	(1,421,842)
Other operating expenses	22	**(1,458,256)**	(7,470,966)
Allowance for expected credit loss		**(401,466)**	(432,433)
		(3,581,506)	(9,325,241)
		2,174,943	(6,636,540)
Other income	23	**6,141,225**	3,670,720
Profit / (loss) before finance cost and taxation		**8,316,168**	(2,965,820)
Finance cost		**(3,310,062)**	(1,679,208)
Profit / (loss) before taxation		**5,006,106**	(4,645,028)
Taxation	24	**(464,322)**	(922,098)
Profit / (loss) for the period		**4,541,784**	(5,567,126)
Earning / (loss) per share - basic and diluted (Rupees)	25	**5.16**	(6.32)

The annexed notes 1 to 33 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Managing Director

Wajeeh Uddin Sheikh
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW

For the quarter ended September 30, 2023

	Note	Quarter ended September 30, 2023	Quarter ended September 30, 2022
		(Un-Audited)	
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		**5,006,106**	(4,645,028)
Adjustments for non-cash and other items	26	**6,862,722**	4,180,314
Working capital changes	27	**(3,395,124)**	11,322,528
Financial charges paid		**(3,811,548)**	(2,739,030)
Employee benefits paid		**(59,383)**	(49,398)
Payment for retirement benefits		**(375,647)**	(766,023)
Deposits received - net		**41,417**	880,154
Loans and advances to employees - net		**116,805**	(217,080)
Interest income and return on term deposits received		**35,470**	12,858
Income taxes paid		**(781,460)**	(394,209)
Net cash generated from operating activities		**3,639,358**	7,585,086
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(5,721,996)**	(2,709,012)
Payments against transfer of pipeline		**(33,933)**	(33,933)
Proceeds from sale of property, plant and equipment		**36,693**	1,219
Dividend received		**1,305**	12,545
Net cash used in investing activities		**(5,717,931)**	(2,729,181)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(2,333,333)**	(2,483,333)
Repayment of consumer finance		**(69)**	(4,222)
Repayment of lease liability		**(35,580)**	(36,773)
Net cash used in financing activities		**(2,368,982)**	(2,524,328)
Net (decrease) / increase in cash and cash equivalents		**(4,447,555)**	2,331,577
Cash and cash equivalents at beginning of the period		**(34,427,829)**	(20,593,501)
Cash and cash equivalents at end of the period	28	**(38,875,384)**	(18,261,924)

The annexed notes 1 to 33 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Wajeeh Uddin Sheikh**
Chairperson	Managing Director	Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended September 30, 2023

	Quarter ended	
	September 30, 2023	'September 30, 2022
	(Un-Audited)	
	-----------(Rupees in '000)-----------	
Profit / (loss) for the period	**4,541,784**	(5,567,126)
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods:		
Unrealised profit / (loss) on re-measurement of financial assets at fair value though other conmprehensive income.	**26,692**	(3,326)
Total comprehensive income / (loss) for the period	**4,568,476**	(5,570,452)

The annexed notes 1 to 33 form an integral part of these consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the quarter ended September 30, 2023

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of FVTOCI investments	Surplus on revaluation of property plant and equipment	Accumulated losses	Total
	------------------------------	-----------	-----------(Rupees in '000)-----------	-----------	-----------	-----------	-----------
Balance as at July 1, 2022 (Audited)	8,809,163	234,868	4,672,533	115,836	55,014,936	(72,421,784)	(3,574,448)
Total comprehensive income for the quarter ended September 30, 2022							
Loss for the period	-	-	-	-	-	(5,594,650)	(5,594,650)
Other comprehensive loss for the period	-	-	-	(3,326)	-	-	(3,326)
Total comprehensive loss for the period	-	-	-	(3,326)	-	(5,594,650)	(5,597,976)
Balance as at September 30, 2022	8,809,163	234,868	4,672,533	112,510	55,014,936	(78,016,434)	(9,172,424)
Balance as at July 1, 2023 (Audited)	**8,809,163**	**234,868**	**4,672,533**	**115,177**	**60,742,638**	**(75,591,728)**	**(1,017,349)**
Total comprehensive income for the quarter ended September 30, 2023							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**4,541,784**	**4,541,784**
Other comprehensive income for the period	**-**	**-**	**-**	**26,692**	**-**	**-**	**26,692**
Total comprehensive income for the period	**-**	**-**	**-**	**26,692**	**-**	**4,541,784**	**4,568,476**
Balance as at September 30, 2023	**8,809,163**	**234,868**	**4,672,533**	**141,869**	**60,742,638**	**(71,049,944)**	**3,551,127**

The annexed notes 1 to 33 form an integral part of these consolidated condensed interim financial statements.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
For the quarter ended September 30, 2023

1 THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company
- Sui Southern Gas Company Limited

	Percentage of holding	
	2023	**2022**
Subsidiary Company	%	%
- SSGC LPG (Private) Limited	100	100
- SSGC Alternate Energy (Private) Limited	100	-

Sui Southern Gas Company Limited

Sui Southern Gas Company Limited ("the Holding Company") is a public limited Company incorporated in Pakistan under the Companies Act, 2017 (repealed Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange. The Holding Company came into being on March 30, 1989 after the amalgamation of Karachi Gas Company, Indus Gas Company and Sui Gas Transmission Company. The main activity of the Holding Company is transmission and distribution of natural gas in Sindh and Balochistan. The Holding Company is also engaged in certain activities related to the gas business including the manufacturing and sale of gas meters and construction contracts for laying of pipelines.

The registered office of the Holding Company is situated at SSGC House, Sir Shah Muhammad Suleman Road, Block 14, Gulshan- e-Iqbal, Karachi, whereas, meter manufacturing plant is situated at its' registered office.

Region	Address
Karachi West	SITE office, Karachi, Plot No. F-36 & F-37 SITE area Karachi.
Karachi East	Plot # 21/1, Sector 22, Korangi Industrial area, Karachi.
Karachi Central	SSGC Karachi Terminal opposite Safari Park Main University Road, Karachi.
Hyderabad	SSGC Regional Office, Opp. New Eidgah, National Highway Qasimabad, Hyderabad.
Nawabshah	SSGC Regional Office, Near Sikandar Art Gallery Housing Society, Nawabshah.
Sukkur	SSGC Regional Office, Golimar Road, SITE Area Sukkur.
Larkana	SSGC Regional Office, Near Shaikh Zaid Women Hospital, Larkana.
Quetta	SSGC Office, Samungli Road, Quetta.

SSGC LPG (Private) Limited

SSGC LPG (Private) Limited ("the Subsidiary Company") is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office is situated at MDC Building Karachi Terminal Main University Road, Karachi.

The Subsidiary Company acquired the assets including:

- LPG import terminal, bulk storage at North West Industrial Zone, Port Qasim, Karachi and
- Bottling plants at Sara-e-Gadai Stop, Kot Najeebullah Road, Industrial Estate Hattar-22610 Haripur, KPK and Sheikhhupura Bedad Road, Muridke Punjab through the High Court of Sindh auction during October 2011.

The main activity of the Subsidiary Company is sourcing, marketing and sales of Liquefied Petroleum Gas (LPG) and providing of terminal and storage services.

SSGC Alternate Energy (Private) Limited

SSGC Alternate Energy (Private) Limited ("the Subsidiary Company") is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office of the is situated at SSGC House, Sir Shah Muhammad Suleman Road, Block 14, Gulshan- e-Iqbal, Karachi.

The main activity of the Subsidiary Company is production, storage, sale, supply and distribution of conventional and alternate energy. However, the subsidiary Company has not commenceits operations till the reporting period.

1.2 Basis of consolidation

These consolidated condensed interim financial statements include the condensed interim financial statements of the Holding Company and its Subsidiary.

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Holding Company obtains control and continue to be consolidated until the date when such.

Control is achieved when the company:

- has power over the investee;
- is exposed or has rights, to variable returns from involvement with the investee ; and
- has the ability to use its power to affect its returns.

The assets and liabilities of the subsidiary have been consolidated on a line by line basis and the carrying value of the investment held by the Holding Company has been eliminated against corresponding holding in subsidiary' shareholders' equity in the consolidated financial statements.

Inter-company transactions, balances and unrealized gain / (losses) on transactions between group are eliminated. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where the ownership of a subsidiary is less than hundred percent and therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance. However, there is no NCI is recorded, as the subsidiary is 100% owned by the Holding Company.

However, the Holding Company and its subsidiaries constitute a Group. Wherever a matter in these consolidated financial statements specifically pertains to the Holding Company or its subsidiary, the terms 'Holding Company' or 'the Subsidiary Company' are used. Otherwise, the term 'Group' is used to collectively refer to the Holding Company and the Subsidiary Company.

1.3 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA) under the OGRA Ordinance, 2002, the Holding Company is provided with a minimum annual return before taxation based on Weighted Average Cost of Capital ('WACC') on the average net operating assets excluding financial, other non-operating expenses and non-operating income.

The determination of annual required return is reviewed by OGRA, under the terms of the license for transmission, distribution and sale of natural gas, targets and parameters set by OGRA. Income earned in excess / short of the above guaranteed return is payable to / recoverable from the Government of Pakistan (GoP).

1.4 Status of the Company's Operations - Financial Performance

During the period, the Group has earned profit after tax of Rs. 4,542 million (September 2022: Loss after tax of Rs. 5,567 million) resulting in reduction in its accumulated losses by Rs. 4,542 million and improvement in its equity by Rs. 4,568 million. As at reporting date, current liabilities exceeded its current asset by Rs. 122,015 million (June 2023: Rs. 118,517 million).

Below enumerated matters are emphasising the financial performance and sustainability of the Holding Company:

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Holding Company was allowed Unaccounted For Gas (UFG) based on Regassified Liquefied Natural Gas (RLNG) handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. However, in its determination of Final Revenue Requirement (FRR) for the financial year June 30, 2018 and there after till June 30, 2023, carrying financial impact aggregating to Rs 91,790 million as of the reporting date, OGRA did not consider implementing the aforementioned decision and advised to take up the matter with Sui Northern Gas Pipelines Limited (SNGPL) in consultation with Ministry of Energy (Petroleum Division). The Holding Company has reiterated its earlier position of higher UFG due to RLNG, thus to sort out this issue, ECC constituted a Committee comprising Secretaries of Petroleum & Finance division. In line with Committee recommendations and having an independent view as requested by the Holding Company, OGRA hired the services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of indigenous gas as well as imported RLNG.

- The Holding Company has undertaken actions for reduction in UFG / enhancement of UFG benchmark based on Key Monitoring Indicators (KMI) as well as implementation of ECC decision on RLNG volume handling which will help in significant reduction in UFG disallowances.

- The Holding Company has devised a strategy to control UFG, duly approved by the Board of Directors and the same is under implementation.

- Government of Pakistan (GoP), being the majority shareholder has also been taking significant measures to resolve gas sector circular debt issues through tariff rationalization and gas pricing reforms. It has also been actively pursuing the Holding Company to devise a tangible and sustainable UFG reduction plan and bring down UFG losses to single digit or below OGRA allowed UFG benchmark to make it a viable business entity. Further GoP (Finance Division), vide its letter dated October 28, 2024 has shown commitment to extend all support to meet its working capital requirements.

The management is confident that, in view of the above-mentioned factors, the Holding Company's profitability and financial position will improve in the next few years and hence, believes that no material uncertainty exists and going concern basis of accounting is appropriate. Accordingly, these consolidated financial statements are prepared on a going concern basis.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements for the three months period ended September 30, 2023 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard 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 from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These consolidated condensed interim financial statements do not include all the statements and disclosures required for full annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group as at and for the year ended June 30, 2023 which have been prepared in accordance with accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

2.3 The comparative consolidated statement of financial position presented in these consolidated condensed interim statement of financial position has been extracted from the annual audited consolidated financial statements of the Group for the year ended June 30, 2023, whereas the comparative consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of cash flows and consolidated condensed interim statement of changes in equity are extracted from the unaudited consolidated condensed interim financial statements for the quarter ended September 30, 2022.

2.4 Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost convention unless stated otherwise.

2.5 Functional and presentation currency

These condensed interim consolidated financial statements have been presented in Pakistani Rupee, which is the functional and presentation currency of the Group.

3 MATERIAL ACCOUNTING POLICIES INFORMATION

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim consolidated financial statements are same as those for the preceding annual consolidated financial statements for the year ended June 30, 2023.

3.1 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2023, but are considered not to be relevant or expected to have any significant effect on the Group’s operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 1, 2023, but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these condensed interim financial statements.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 Significant accounting policies and methods of computation applied for the preparation of these consolidated condensed interim financial statements are the same as those applied in preparation of the annual consolidated audited financial statements of the Group for the year ended June 30, 2023.

4.2 The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended June 30, 2023.

Further, the charge in respect of staff retirement benefits has been recognised on the basis of Actuarial projection for FY 2022-23, hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

4.3 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Group's accounting period beginning on or after July 01, 2023. These standards, interpretations and amendments are either not relevant to the Group's operations or are not expected to have a significant effect on this condensed interim financial statements.

4.4 The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended June 30, 2023.

	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT		--------(Rupees in '000)--------	
Operating assets	5.1	**177,762,252**	178,316,370
Capital work-in-progress	5.3	**16,249,069**	12,642,372
		194,011,321	190,958,742

5.1 Following is the movement in property, plant and equipment during the period / year:

Operating fixed assets (WDV) - opening balance	**178,316,370**	163,318,855
Add: Additions (including transfers from CWIP) during the period / year	**1,561,571**	17,207,679
Add: Revaluation	**-**	5,727,702
	179,877,941	186,254,236
Less: Disposals during the period / year (WDV)	**(5,869)**	(691,618)
Less: Depreciation charge for the period / year	**(2,109,820)**	(7,246,248)
Operating fixed assets (WDV) - closing balance	**177,762,252**	178,316,370

5.2 Following additions / transfer and deletions were made during the period in operating fixed assets:

	September 30, 2023 (Un-audited)	
	--------(Rupees in '000)--------	
	Additions (Cost)	Deletion (Cost)
Buildings on leasehold land	**2,621**	**-**
Civil structure on Trestle and Jetty	**492**	
Gas transmission pipeline	**218,805**	**-**
Gas distribution system	**1,055,223**	**-**
Telecommunication	**4,251**	**-**
Plant and machinery	**69,146**	**-**
Tools and equipment	**7,219**	**-**
Motor vehicles	**86,580**	**(34,045)**
Furniture and fixture	**7,135**	**-**
Office equipment	**26,483**	**-**
Cylinders	**26,656**	
Spherical tanks	**323**	
Construction equipment	**56,636**	**-**
	1,561,570	**(34,045)**

5.3 Capital work in progress

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
Projects:		
Gas distribution system	**7,700,657**	4,875,960
Gas transmission system	**153,174**	173,363
Cost of buildings under construction and others	**876,225**	559,187
	8,730,056	5,608,510
Stores and spares held for capital projects	**7,710,969**	7,227,334
LPG air mix plant	**260,596**	259,080
	7,971,565	7,486,414
Impairment of capital work in progress	**(452,552)**	(452,552)
	16,249,069	12,642,372

5.3.1 Transfers from capital work in progress during the period amounting to Rs. 1,562 million (June 2023: Rs. 17,208 million).

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
6 RIGHT OF USE ASSETS	----------(Rupees in '000)----------	
Cost	**259,444**	187,929
Accumulated depreciation	**(119,016)**	(100,586)
Net book value	**140,428**	87,343
Cost		
Opening balance	**187,929**	264,249
Additions during the period	**77,637**	67,061
Derecognition during the period	**(6,122)**	(143,381)
Ending balance	**259,444**	187,929
Accumulated depreciation		
Opening balance	**100,586**	163,929
Depreciation charge for the period	**22,614**	80,038
Derecognition during the period	**(4,184)**	(143,381)
Ending balance	**119,016**	100,586

6.1 The rate of depreciation is based on the term of the respective agreement and ranges from 33% to 40% per annum.

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
7 DEFERRED TAX		
Opening	**8,398,508**	2,973,990
Recognized during the period	**3,819,472**	5,424,518
Closing	**12,217,980**	8,398,508

7.1 As at September 30, 2023, the Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 61,122 million (June 2023: Rs. 61,497 million) out of which deferred tax asset amounting to Rs.36,112 million has been recognised and remaining balance of Rs 25,010 million is unrecognised. As of the reporting date, the Company's minimum tax credit amounted to Rs.11,318 million (June 2023: Rs. 12,550 million) having expiry period ranging between 2023 and 2027.

		Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
			--------(Rupees in '000)--------	
8	**LONG TERM INVESTMENTS**			
	Investment - at fair value through other comprehensive income		**178,396**	151,704
9	**TRADE DEBTS**			
	Considered good			
	secured		**40,775,167**	28,678,542
	unsecured		**68,315,697**	89,617,807
		9.1 & 9.2	**109,090,864**	118,296,349
	Considered doubtful		**25,970,738**	25,531,670
			135,061,602	143,828,019
	Less: Allowance for expected credit loss	9.3	**(25,970,738)**	(25,531,670)
			109,090,864	118,296,349

9.1 The K-Electric Limited (KE) has been defaulting and not making payment of Late Payment Surcharge (LPS) and the Holding Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, and effective from July 01, 2012, the Holding Company decided to account for LPS from KE on receipt basis based on opinions from firms of Chartered Accountants.

The trade debts includes Rs. 26,289 million (June 2023: Rs. 26,289 million) as at September 30, 2023 receivables from KE against sale of indigenous gas excluding GIDC. The aggregate legal claim of the Holding Company from KE amounts to Rs. 181,177 million (June 2023: Rs. 173,049 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments. However, the balance of Rs. 26,289 (June 2023: Rs. 26,289 million) remains overdue as at September 30, 2023.

Considering that the Holding Company has valid legal claim for recovery of LPS together with outstanding principal amount, the Holding Company filed the aforementioned suit against KE amounting to Rs. 55,705 million. The above suit has been filed based as per the agreement dated June 30, 2009 which was entered between the Holding Company and KE for making outstanding payment in 18 installments. The Holding Company was entitled to charge LPS on outstanding principal amount at rate highest of:

a. OD rate being paid by the Holding Company; or
b. rate at which interest is payable on gas producer bills.

Further, as per the above agreement and the audited financial statements of KE as at June 30, 2010, KE, itself, acknowledged and recognized LPS till June 30, 2010, in its books of account which confirm management's assertion that the Holding Company has legal claim over KE for charging of LPS.

KE also filed a case against the Holding Company in the Honorable High Court of Sindh (SHC) for recovery of damages / losses of Rs. 61,614 million as KE claimed that the Holding Company had not supplied the committed quantity of natural gas to KE. The legal counsel of the Holding Company is of the view that claim of KE is not valid and is not as per terms of the agreement. It was later agreed that the Holding Company would make additional supply of natural gas if KE would make timely payments. As KE defaulted on many instances in making payments on due dates, the Holding Company was not bound to supply additional quantity of natural gas as per terms of the agreement.

In view of the legal counsel of the Holding Company, there is a strong case for recovery of the outstanding amount, hence, based on that management considers outstanding balance as good and recoverable. The legal counsel also viewed that the Holding Company has a good claim over LPS on outstanding balance, but considering that the matter is in dispute, as discussed above, the Holding Company has decided to recognize LPS from KE when either such claimed amounts are recovered or when these are decreed and their recovery is assured.

In March, 2014, the Holding Company signed a payment plan with KE in order to streamline the payment modalities in relation to current monthly bills and old outstanding principal amount, in which the issue of LPS was not addressed. The plan expired on March 31, 2015, and first addendum was included to the original payment plan effective from April 1, 2015 to March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 1, 2016 to March 31, 2017. Currently, management is in a process to negotiate payment plan, which has not been finalized till the filing of these consolidated financial statements but the supply of gas and payment is continuing as per old plan.

In June 2022, a Task Force was constituted by the then Prime Minister to resolve issues / disputes related to KE. Accordingly, after deliberations a Mediation Agreement has been initialed executed between the Holding Company & KE (the Stakeholders). The Federal Cabinet also ratified the decision and the Mediation Agreement was also cleared by Law & Justice Division. Parties have submitted their respective claims with the Mediator and the mediation proceedings have been started after taking necessary Board approvals. Recently, the Mediation Agreement has been signed by the stakeholders and the same has been pending for commencement of Mediation process. A formal letter from Federal Government is awaited.

It has been agreed during various meetings with KE and the Holding Company to appoint a firm of Chartered Accountants to reconcile the balances appearing in their respective books which is still pending. Term of reference has been signed and shared with KE however, no response received from KE.

9.2 The Pakistan Steel Mills Corporation (Private) Limited (PSML) has been defaulting and not making payment of Late Payment Surcharge (LPS), the Holding Company effective from July 01, 2012 decided to account for LPS from PSML on receipt basis based on opinions from a firm of Chartered Accountants.

The trade debts includes Rs. 22,549 million (June 2023: Rs. 22,272 million) as at september 30, 2023 recoverable from PSML excluding GIDC. The aggregate legal claim of the Holding Company from PSML amounts to Rs. 91,934 million (June 2023: Rs. 89,405 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments. However, the balance of Rs. 22,462 (June 2023: Rs. 22,181 million) remains overdue as at September 30, 2023.

The Holding Company filed a suit in the Honorable High Court of Sindh (SHC) in April 2016, for recovery of its aggregate claim amounting to Rs. 41,354 million balance upto February 2016, along with LPS. On April 6, 2016, the SHC passed an order restraining PSML from creating any third party interest in relation to its assets including but not limited to immovable assets owned by it.

PSML has filed its counter claim approximately of Rs. 38,660 million on account of losses due to low gas pressure provided to PSML from March 2015 to December 2016. Legal counsel of the Holding Company is of the view that due to vagaries of litigation nothing could be expressed with any degree of certainty in the contested matters.

Currently, PSML's financial position is adverse, and has no capacity to repay its obligations on its own. The management believes that in case the financial asset is not realised from PSML, the entire amount will be claimed from OGRA in the determination of revenue requirements of the Holding Company.

		September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
9.3	The movement in allowance for expected credit loss is as follows:		
	Opening balance	**25,531,670**	23,623,725
	Provision made during the period	**439,068**	1,907,945
	Ending balance	**25,970,738**	25,531,670
10	**INTEREST ACCRUED**		
	Interest accrued on late payment of bills / invoices from:		
	- Water and Power Development Authority (WAPDA)	**6,055,504**	5,857,934
	- Sui Northern Gas Pipeline Limited (SNGPL)	**12,379,381**	12,093,081
	- Jamshoro Joint Venture Limited (JJVL)	**239,689**	239,689
		18,674,574	18,190,704
	Interest accrued on sales tax refund	**487,739**	487,739
		19,162,313	18,678,443
	Provision against impaired accrued income	**(112,400)**	(112,400)
		19,049,913	18,566,043

	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	

11 OTHER RECEIVABLES

	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
Tariff adjustments indigenous gas - receivable from GoP	11.1	**546,119,910**	498,763,607
Receivable for sale of gas condensate		**73,149**	46,470
Receivable from gratuity fund		**-**	1,129
Receivable from SNGPL	11.2	**118,212,727**	118,058,521
Receivable from JJVL	11.3	**2,501,824**	2,501,824
Receivable from Pakistan LNG Limited		**1,117,255**	1,010,173
Gas infrastructure development cess receivable		**6,831,561**	6,834,735
Receivable from GPO against gas bill collection	11.4	**2,315,215**	2,315,215
Sales tax receivable	11.5	**87,179,234**	80,510,925
Sindh sales tax receivable		**2,451**	2,451
Receivable against asset contribution	11.6	**315,393**	337,646
Accrued Markup		**6,441**	1,845
Miscellaneous receivable		**87,030**	7,042
		764,762,190	710,391,583
Provision against impaired receivables		**(2,586,874)**	(2,586,874)
		762,175,316	707,804,709

11.1 Tariff adjustments indigenous gas - receivable from GoP

Opening balance		**498,763,608**	295,488,260
Recognized during the period		**46,996,735**	201,684,882
Subsidy for LPG air mix operations		**359,567**	1,590,465
Ending balance		**546,119,910**	498,763,607

11.2 Receivable balance from SNGPL comprises of the following:

	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
Differential tariff		**4,284,080**	4,284,080
Uniform cost of gas		**15,818,845**	15,818,845
Lease rentals		**1,611,869**	1,611,868
Contingent rent		**10,324**	10,338
LSA Margins		**3,148,318**	2,991,015
Capacity and utilisation charges of RLNG	11.2.1	**53,916,837**	54,076,191
RLNG transportation income		**39,422,454**	39,266,184
		118,212,727	118,058,521

11.2.1 Uptill September 30, 2023, the Holding Company has invoiced an amount of Rs. 212,186 million, including Sindh Sales Tax of Rs. 24,555 million, to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

In June 2016, the Economic Coordination Committee (ECC) approved the policy guidelines that all charges under LSA including, but not limited to capacity and utilization charges as well as retainage are to be included at actual. OGRA in its decision dated October 7, 2016 regarding determination of RLNG price, has allowed the terminal charges at actual.

In addition to the same, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015 has allocated 71 BCF RLNG volume to the Holding Company in order to resolve the matter of short supply, with the direction to enter into an agreement with SNGPL for RLNG allocated volumes with the condition that either the Holding Company will make payment to SNGPL for the RLNG sold in its franchise area or will return these volumes when dedicated pipeline is available.

OGRA, in its letter dated November 20, 2018, in pursuance of decision of the ECC, with the consent of SNGPL and the Holding Company, has determined the price mechanism for purchase and sale of allocated RLNG volumes.

Based on initialed agreement between the Holding Company and SNGPL dated January 25, 2021, in which it was decided that from June 2020 onwards all the invoices will be paid on a monthly basis by SNGPL, however, outstanding receivable balances before June 2020 amounting to Rs. 99,197 million included in the aggregate receivable balance of Rs. 118,213 million stands disputed as of the reporting date. OGRA appointed a consultant for technical, commercial and managerial audit to ascertain the accuracy of Unaccounted-for Gas (UFG) of gas companies, encompassing both indigenous gas and imported RLNG, and other matters. Subsequent to the year-end, the draft report has been submitted to OGRA by the appointed consultant. The management believes that the report is in the preliminary draft stage and is subject to extensive deliberations between the aggrieved parties. Upon finalization of same, adjustments resulting from it will be recognised in the financial records of both SUI companies, thereby facilitating the resolution of the underlying disputed balances.

11.3 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, federal excise duty, sindh sales tax on franchise services, fuel charges receivable against processing charges from Jamshoro Joint Venture Limited (JJVL) and receivable from JJVL at the rate of 57% value of LPG / NGL extraction as per new agreement signed between the Holding Company and JJVL pursuant to Honorable Supreme Court of Pakistan (SCP) order dated December 04, 2018 amounting to Rs. 150 million (June 2023: Rs. 150 million), Rs. 178 million (June 2023: Rs. 178 million), Rs. 1,070 million (June 2023: Rs. 1,070 million), Rs. 646 million (June 2023: Rs. 646 million), Rs. 32 million (June 2023: 32 million), Rs.6.6 million (June 2023:Rs.6.6 million) , Rs. 419 million (June 2023: Rs.419 million) respectively. However, litigation in this respect is fully described in detail in note 37.1.2 of these consolidated financial statements.

11.4 This represents receivable balance from Pakistan Post against gas bills collected from January 2022 to March 2022 and deposited in Government Treasury.

11.5 This represents sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Theses refunds are processed through FBR's Sales Tax Automated Refund Repository (STARR) system. Due to several snags in the functioning of STARR, valid input sales tax claims of the Holding Company are deferred. Realising the problems of STARR, in August 2010, dispensation from processing of sales tax refunds through the STARR system was allowed by FBR through a letter and substantial refunds were released after issuance of this letter under corporate guarantee (subject to post refund audit). However, such dispensation was also withdrawn by FBR in May 2012. After withdrawal of said dispensation, the deferred refunds are issued to the Holding Company on the basis of manual verification of documents (third party vendor sales tax returns) by tax authorities. Management is making vigorous efforts for realisation of these refunds.

11.6 This represents receivable from Mari Gas Company Limited, Spud Energy Pty Limited, PKP Exploration Limited and Government Holdings (Private) Limited (referred as BJV) in respect of Zarghun gas transmission pipeline under pipeline contribution agreement. The receivable has been recognised using discounted cash flow technique.

12 LONG TERM FINANCING	Note	**September 30, 2023 (Un-audited)**	**June 30, 2023 (Audited)**
		-----------(Rupees in '000)-----------	
Secured			
Loans from banking companies	12.1 & 12.2 & 12.3	**28,941,093**	31,268,633
Unsecured			
Customer finance		**119,571**	119,640
Government of Sindh loans		**801,956**	801,039
		921,527	920,679
Subtotal		**29,862,620**	32,189,312
Less: current portion shown under current liabilities			
Loans from banking companies		**(4,666,667)**	(4,666,667)
Customer finance		**(590)**	(590)
Government of Sindh loans		**(186,667)**	(186,667)
		(4,853,924)	(4,853,924)
		25,008,696	27,335,388

12.1 A long term finance facility amounting to Rs. 21,000 million was sanctioned in March 2022 from a syndicate of banks. This financial arrangement has been secured by GoP guarantee. During the period repayment of Rs.2,339 million has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.10 % per annum.

12.2 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. During the period no repayment has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.50 % per annum.

12.3 These loans / financial arrangements are secured by pari passu charge by way of hypothecation on all present and future movable / fixed capital assets of the Holding Company comprising of compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

13 DEFERRED CREDIT	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		-----------(Rupees in '000)-----------	
Government of Pakistan contributions / grants			
Opening Balance		**3,840,646**	2,762,110
Additions / adjustments during the period		**374,363**	1,407,570
Transferred to consolidated statement of profit or loss	13.1 & 13.2	**(93,746)**	(329,034)
Ending balance		**4,121,263**	3,840,646
Government of Sindh (Conversion of loan into grant)			
Opening Balance		**1,784,919**	1,889,931
Additions during the period		**6,094**	22,052
Transferred to consolidated statement of profit or loss		**(31,883)**	(127,064)
Ending balance		**1,759,130**	1,784,919
Government of Sindh grants			
Opening Balance		**84,096**	96,124
Transferred to consolidated statement of profit or loss	13.3.	**(2,052)**	(12,028)
Ending balance		**82,044**	84,096
		5,962,437	5,709,661
Less: Current portion of deferred credit		**(510,724)**	(510,445)
		5,451,713	5,199,216

13.1 This represents amount received from the Government of Pakistan for supply of gas to new towns and villages and the same is recognised as grant when the conditions specified by the Government are met. This amount is amortised over the useful life of related projects.

13.2 Return on assets (ROA) is not allowed by OGRA on pipelines constructed / built under the deferred credit arrangements. However, Unaccounted for Gas ("UFG") losses on such pipelines are considered in the determination of the Holding Company's guaranteed return.

13.3 This represents the benefit of lower interest rate on Government of Sindh Loan III, IV and V, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan III, IV and V and its initial fair value. The amount of Government of Sindh loan after conversion amounts to Rs 940 million, is subsequently measured at its initial fair value of Rs. 170 million based on net of waiver. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in consolidated statement of profit or loss on the basis of pattern of recognition, as expenses (the cost the grant intends to compensate).

	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		-----------(Rupees in '000)-----------	
14 CONTRACT LIABILITIES			
Contribution from customers	14.1&14.2	**3,553,969**	3,544,995
Advance received from customers for laying of mains, etc.		**6,246,541**	6,221,903
		9,800,510	9,766,898
14.1 Contribution from customers			
Opening Balance		**3,841,959**	3,238,534
Additions / adjustments during the period		**87,205**	891,195
Transferred to consolidated statement of profit or loss		**(75,039)**	(287,770)
		3,854,125	3,841,959
Less: Current portion of contributions from consumers		**(300,156)**	(296,964)
Ending balance		**3,553,969**	3,544,995

14.2 The Holding Company has recognised the contract liabilities in respect of the amount received from the customer as contribution towards the cost of supplying and laying transmission, service and main lines.

15 SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 52,010 million (June 2023: Rs. 47,010 million) and carry mark-up ranging from 0.00% to 1.00% (June 2023: 0.00% to 1.00%) above the average one month KIBOR. These facilities are secured by first pari passu second amendment to the joint hypothecation agreement and ranking charge over present and future stock in trade and book debts of the Group.

The aggregate unavailed short term borrowing facilities amounted to Rs.12,030 million (June 2023: Rs. 12,028 million).

	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
16 TRADE AND OTHER PAYABLES			
Creditors for:			
- Indigenous gas	16.1	**809,371,402**	769,786,888
- RLNG		**108,246,300**	106,680,422
		917,617,702	876,467,310
Tariff adjustments RLNG- payable to GoP	16.2	**23,893,846**	23,826,990
Service charges payable to EETPL		**2,696,994**	3,272,567
Accrued liabilities / bills payable		**10,064,337**	8,530,795
Provision for compensated absences - non executives		**365,657**	365,657
Payable to gratuity fund		**5,166,965**	5,484,519
Payable to provident fund		**10,204**	10,204
Staff pension fund		**387,958**	107,986
Deposits / retention money		**970,882**	908,269
Advance for sharing right of way		**18,088**	18,088
Withholding tax payable		**34,409**	31,625
Sales tax and Federal Excise Duty		**528,951**	312,549
Sindh sales tax payable		**7,045**	26,936
Gas infrastructure development cess payable		**6,831,561**	6,834,735
Unclaimed Term Finance Certificate redemption profit		**1,800**	1,800
Workers' profit participation fund (WPPF)	16.3	**620,502**	376,347
Advance from customers and distributors		**307,166**	376,032
Transport and advertisement services		**66,982**	70,353
Provision		**-**	18,546
Others		**696,950**	651,256
		970,287,999	927,692,564

16.1 Creditors for indigenous gas supplies include Rs. 622,795 million (June 2023: Rs. 588,195 million) payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (June 2023: Rs. 15,832 million) on their balances which have been presented in note 17.1 to these consolidated condensed interim financial statements.

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
16.2 Tariff adjustments RLNG - payable to GoP	--------(Rupees in '000)--------	
Opening balance	**23,826,990**	28,923,211
Recognized during the period	**66,856**	(5,096,221)
Ending balance	**23,893,846**	23,826,990

16.3	Workers' Profit Participation Fund (WPPF)	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
			--------(Rupees in '000)--------	
	Opening balance		**376,347**	315,979
	Charge for the period		**231,436**	-
	Interest on WPPF		**12,719**	60,368
	Ending balance		**620,502**	376,347

17	INTEREST ACCRUED			
	Long term financing - loans from banking companies		**192,984**	1,039,407
	Long term deposits from customers		**924,887**	762,451
	Short term borrowings		**1,366,876**	1,768,584
	Late payment surcharge on processing charges		**99,283**	99,283
	Late payment surcharge on gas supplies	17.1	**15,832,411**	15,832,411
			18,416,441	19,502,136

17.1 As disclosed in note 9.1 and 9.2, effective from July 1, 2012, the Holding Company has been accounting for Late Payment Surcharge (LPS) from KE and PSML on receipt basis based on the opinions obtained from the firms of Chartered Accountants which is based on then applicable International Accounting Standards 18 “Revenue”. On adoption of IFRS-15: "Revenue from contract with customers" which supersedes IAS-18, the Holding Company has obtained an updated opinion from the firm of Chartered Accountants to recognise LPS income from KE and PSML on a receipt basis. Similarly, the Holding Company continued recognition of the LPS expenses payable on outstanding payables of the Government Controlled E&P Companies i.e. Oil and Gas Development Holding Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of accounting and reporting standards as applicable in Pakistan, as such standards do not allow the Holding Company to offset its LPS income against the mark-up expense in absence of legal right of setting off, despite the fact that the Holding Company has never paid such LPS to Government Controlled E&P Companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt. Management's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

In response to the Holding Company’s above request, the MP & NR vide their letter dated January 3, 2017 has supported the contention of the Holding Company that it will not recognize LPS expense payable to the Government Controlled E&P Companies (OGDCL, PPL and GHPL), effective from July 1, 2012, till the time Holding Company receives payment for LPS income from KE and PSML and it would be settled simultaneously subject to fulfilment of all the codal formalities. Based on the letter received from MP & NR, and the legal opinion, the Holding Company has reversed the LPS expense on delayed payments on gas supplies effective from July 1, 2012. Further it has been decided that the Holding Company will record and pay such expense in the period only when it receives LPS income from KE and PSML.

Based on the aforesaid letter and legal opinion obtained by the Holding Company, the aggregate unrecognized accrued markup up to September 30, 2023 stands at Rs. 200,513 million (June 2023: Rs. 176,291 million).

18 CONTINGENCIES AND COMMITMENTS

18.1 Detailed below are contingencies primarliy in the nature of tax and other legal disputed matters;

18.1.1 In respect of the Holding Company

18.1.1.1 Jamshoro Power Company Limited (JPCL) lodged an aggregate claim amounting to Rs. 144,120 million (June 2023: Rs.144,120 million) which includes Rs. 44,990 million on account of the short supply of gas, utilization of alternate fuel amounting to Rs. 99,130 million, and for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Company amounting to Rs. 5.79 million under the provisions of an agreement dated April 10, 1995, between the Company and JPCL.

The ministry of Petroleum and Natural Resources (the ministry) vide its letter dated April 24, 2017 directed that the outstanding issues pertaining to the claims by JPCL shall be resolved and the ministry has proposed that a committee be constituted comprising of members from two companies and the other concerned Ministries to resolve the matter as it involves parties who represent/relate to the Government of Pakistan (GoP). Furthermore, this matter was also pending in the Public Accounts Committee (PAC).

Pursuant to the directives of PAC, urgent meeting of the Secretaries Committee was held on 8 May 2023 and the Committee directed JPCL and the Company to submit data regarding actual loss suffered by the Companies.

Both parties had submitted their reports, wherein JPCL reduced its claim from 144,000 million to 5,838 million and the Company revised its Take or pay claim from 2,828 million up to April 2023 to 2,114 million considering the difference between industrial and domestic tariff, whereas, the amount pertaining to gas bills remains at Rs. 2,778 million which is outstanding balance up to April 2023, and late payment surchage (LPS) amounting to Rs. 3,615 million which stands outstanding up to June 2022. As a result, the claims summary stands as follows:

JPCL claims = Rs 5,838 million
Company claims = Rs 4,892 million

As at September 30, 2023, the Company has made further increase in LPS receivable to Rs. 4,129 million against non-payment of gas bills. The Company is of the view that if the settlement is made on the aforesaid claims as mentioned above including LPS receivable, remaining LPS would stand at Rs. 3,010 million. Accordingly, no provisions has been made in the financial statements.

18.1.1.2 The Company had agreement with Jamshoro Joint Venture Limited (JJVL) regarding LPG / NGL business. Subsequently, the Company had incurred negative margins while doing business with Jamshoro Joint Venture Limited (JJVL) in financial year 2015-16 due to decline in oil prices and consequent decline in margins in LPG / NGL business, and decided to terminate the agreement. In this aspect, the Company sent termination notices to JJVL dated May 4, 2016, against which JJVL obtained a stay order from the Sindh High Court.

The net receivable balance from JJVL amounts to Rs. 2,502 million other than interest accrued.

The Honorable Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018, upheld such termination by the Company and stated that the termination was validly done and the Company was well within its legal and contractual right to do so and appointed the firm of Chartered Accountants to determine the amount claimed by the Company and JJVL. Based on the Court Order, the Company shut down the supply of gas to the JJVL plant accordingly.

Subsequently, SCP through its order dated November 16, 2018, based on the report by the firm of Chartered Accountants, determined that Rs. 1,500 million is net admitted liability that had to be paid within 8 weeks by JJVL, which was accordingly received by the Company along-with the interest accrued thereon. However, with respect to the GIDC and other matters, SCP will settle the same and an appropriate order to be passed in this regard.

After cancellation of MoUs by SCP on June 13, 2018, JJVL submitted a proposal based on profit sharing to SCP which was forwarded to the Company by SCP. The SCP was also informed that the Company is in the process of hiring a consultant for providing professional advice on the best option available with respect to the LPG/NGL extraction business.

The Company after concurrence of its Board informed SCP that it does not accept the proposal submitted by JJVL and asked SCP to appoint a firm of Chartered Accountants to come up with an agreement mutually beneficial for both the parties. After considering all the points, SCP appointed a firm of Chartered Accountants which shall deemed to be the receivers of the Court and would supervise the project. In addition, firm is to determine an appropriate revenue sharing arrangement for both parties which shall be final, subject to the approval of the SCP.

Subsequently, the firm of Chartered Accountants after consultation with both parties came up with a mechanism of revenue sharing of 57% to the Company and 43% to JJVL on ad-hoc basis. An agreement was signed among both parties and submitted the same to SCP for its approval, SCP vide its order dated December 29, 2018 had validated the agreement. SCP also directed the Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement. The agreement was valid for 1.5 years from the date of agreement and unless renewed by the parties through mutual written consent it shall stand terminated automatically.

Accordingly, in June 2020 the said agreement was expired and since then no gas has been supplied to JJVL plant. However, as per the agreement the firm of Chartered Accountants has to submit a final determination report to SCP in order to finalize the revenue sharing percentage between the Company and JJVL, which was submitted in December 2020. In this respect, the Company and JJVL have submitted their comments / objections on the report to SCP and the case is now pending with SCP for its decision.

Moreover, as per order dated January 09, 2009, in respect of royalty on freight charges matter, SCP directed JJVL to deposit Rs. 249 million as JJVL's admitted liability for freight charges for the period from 2005 to 2013. The Company has received such amount as directed by SCP on February 24, 2020, and the remaining disputed amount shall be determined / settled by SCP in due course.

Further, both the parties took up the disputed matters to Arbitration under the Pakistan Arbitration Act, 1940, where certain claims and counter claims have been filed. Both the parties have filed amended pleadings / claims & counter claims considering the revision in cut off dates which were earlier filed for period upto June 2016 have now been revised till June 2018 on account of principal amounts and August 2023 in respect of Markups.

18.1.1.3 The Company has discontinued the gas supply to Habibullah Coastal Power Company Limited (HCPCL) after the expiry of 20 years Gas Sales Agreement. In order to secure the outstanding gas receivables amounting to Rs. 1,113 million, the Company has opted for encashment of HCPCL bank guarantees which are sufficient, as of the reporting date, to recover the same. In response, HCPCL filed a suit 1570 of 2019 and obtained stay from the Honorable High Court of Sindh (SHC) regarding encashment of bank guarantees by the Company. In view of the available bank guarantee, no provision has been made in these financial statements.

18.1.1.4 The Income Tax Appellate Tribunal (ITAT) had decided an Appeal in favor of Income Tax Department on the issue of capital gain made on disposal of LPG business in the financial year ended June 30, 2001 resulting in tax impact of Rs. 143 million. Management has filed an appeal before Honorable Sindh High Court (SHC). The management is of the view that sale of LPG business being in nature of slump transaction was not chargeable to tax under the provisions of Income Tax Ordinance, 2001.

Accordingly, no provision regarding the said claim has been made in these financial statements as the management, based on its legal advisor's opinion, are confident that the matter would be resolved in favor of the Company.

18.1.1.5 The income tax authorities have passed orders for the Tax Years 2007, 2008, 2009, 2013, 2014, 2015 & 2017 disallowing tax depreciation on fixed assets held under musharaka arrangement.

All the Orders were contested before Commissioner (Appeals) who decided the case in Company's favor.

The legal counsel is confident that the outcome of the case will be in favor of the Company. Therefore, no provision has been made in these financial statements.

18.1.1.6 Income tax authorities have passed Orders disallowing Cost of Gas purchased but lost as UFG (in excess of OGRA Benchmark) for Financial Year (FY) 2008-09, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21.

All the Orders were contested before Commissioner (Appeals) who decided the cases in Company's favor. However, the said orders had been challenged by the tax authorities before the Appellate Tribunal Inland Revenue except for the appellate order for FY-2019-20 which has been remanded back by the Commissioner Appeals, while case for FY 2020-21 is being defended before Appellate forum.

Since the said issue had already been decided in favor of SNGPL by Lahore Bench of Appellate Tribunal Inland Revenue and thus a legal precedent is in field which was also been upheld by Commissioner (Appeals) in Company's case.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these financial statements.

18.1.1.7 The Tax Authorities' passed order for FY 2009-10 against the Company disallowing input sales tax credit on gas purchased but lost as Unaccounted for Gas (UFG), among other observations. The said order was contested to Appellate Tribunal Inland Revenue (ATIR) who decided the case in the Company's favor thus setting a legal principle.

The tax authorities had passed two different Orders for FY 2010-11 to 2014-15 & for FY 2015-16 to 2016-17 disallowing input sales tax on gas purchased but lost as UFG (in excess of OGRA Benchmark) however the Company contested the matter before Commissioner (Appeals) who decided the cases in Company's favor.

The tax department has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the aforesaid orders of Commissioner (Appeals) for FY 2010-11 to 2016-17.

The tax authorities also issued a notice for FY 2017-18 confronting the same issue of disallowance of input tax claimed on excess UFG on which the company filed detailed reply, however, no adverse decision was drawn in light of binding precedent set by ATIR for FY 2009-10.

The Company is confident that based on the advice of the tax advisor, the legal merits and legal grounds as set by ATIR and upheld by Commissioner Appeals, no provision has been made in these financial statements.

18.1.1.8 The Additional Commissioner Inland Revenue (ACIR) passed an order against the Company by creating demand along with default surcharge and penalty for incorrect adjustment of withholding sales tax against input invoices for the period July 2017 – April 2018 . The principal tax demand of Rs. 1,235 million was recovered by the authority. However, the Company filed a reference with Honorable High Court of Sindh (SHC) for waiver of default surcharge and penalty, which is currently pending.

The Honorable High Court of Sindh (SHC) has also stayed the recovery of the additional tax and penalties.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these financial statements.

18.1.1.9 The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company by creating a demand of Rs. 432 million. The demand is mainly in respect of adjustment of carry forward of minimum tax for financial years 2005-06 and 2007-08 claimed in the Income Tax Return for the financial year 2009-10.

The issue of minimum tax for 2007-08 was decided against the Company which is now pending adjudication before the Honorable Sindh High Court (SHC) while matter of minimum tax for 2005-06 was remanded back to DCIR for rectification.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these financial statements.

18.1.1.10 The tax authorities had passed an order for FY 2014-15 to 2020-21 based on the fact that the Company had not recorded interest income on the outstanding balance receivable from KE and PSML. An appeal against the said orders was filed before Commissioner (Appeals) by the Company. The Commissioner appeal had decided the case against the Company for its said appeals. However, the Company has filed before the Appellate Tribunal Inland Revenue (ATIR), except for case for FY 2020-21 which is being decided before Appellate forum.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these financial statements.

18.1.1.11 The tax authorities had passed an order for FY 2017-18 creating Federal Excise Duty (FED) demand on Re-gasification of LNG into RLNG, supply of RLNG to customers and supply of Natural Gas to customers (on which LPG / NGL extraction process was performed).

The Commissioner (Appeals) based on the appeals had passed an order by deciding the issues of re-gasification and supply of RLNG to customers against SSGC. The issue of supply of natural gas to customers was remanded back to tax authorities.

The Company has filed an appeal against the said order to Commissioner (Appeals) on RLNG, the Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.

The Company has also filed application with FBR for constitution of Alternative Dispute Resolution Committee (ADRC) on the matter of FED on LNG into RLNG which is yet to be constituted.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these financial statements.

18.1.1.12 The tax authorities had passed order for Tax Year 2015, disallowing interest expense on delayed payment to E&P Companies for gas purchases as well as taxing benefit of lower interest rate on loan from Government of Sindh, among other observations.

The matter was contested before Commissioner (Appeals) who decided the case in Company's favor. The tax department has filed an appeal before the Appellate Tribunal Inland Revenue against the aforesaid Order of Commissioner (Appeals), which is pending adjudication.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these financial statements.

18.1.1.13 Tax Authorities had passed sales tax order for FY 2017-18 on issues of non-charging of Sales Tax on RLNG – Indigenous Gas Swap, Gas Development Surcharge (GDS), RLNG transportation income among other observations.

The said order was contested before Commissioner (Appeals) who upheld LTO Order. Upon appeal, the Appellate Tribunal Inland Revenue (ATIR) decided the issue of GDS in favour of SSGC while other matters are still sub-judice before the Appellate Tribunal Inland Revenue.

The Company has also filed application with FBR for constitution of Alternative Dispute Resolution Committee (ADRC) on the matter of sales tax on RLNG – Indigenous Gas Swap which is yet to be constituted.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these financial statements.

18.1.1.14 The Company is subject to various other claims totaling Rs. 15,219 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

18.1.1.15 There are several other pending litigations in the nature of billing disputes, employees disputes and related matters in which the Company is defendant/ respondent. The management, based on the view of the in-house legal advisor, is of the view that the aggregate exposure in all the said cases is not material to the Company. Accordingly, no provision has been made in these financial statements.

18.1.1.16 As of June 30, 2023, the Company has an aggregate net disputed difference of Rs. 60,820 million with Sui Northern Gas Pipelines Limited (SNGPL), mainly due to capacity and utilization charges, RLNG transportation income and withheld RLNG invoices. In order to sort out these differences prior to June 2020, OGRA had appointed a consultant to address these disputes, whose preliminary report is under review and subject to extensive deliberations between aggrieved parties.

		September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
18.1.1.17	Claims against the Company not acknowledged as debt	**3,623,797**	3,623,797
18.2	**Commitments**		
18.2.1	Guarantees issued on behalf of the Company	**8,938,470**	8,938,470
18.2.2	Commitments for capital and other expenditure	**8,318,928**	7,565,788

18.1.3 In respect of the Subsidiary

18.1.3.1 The Additional Commissioner Inland Revenue (ACIR) passed the order u/s 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 on the basis that sale of LPG is not covered by SRO 586 of 1991 and created a demand of Rs. 46.2 million. The Subsidiary had filed an appeal against the said order before Commissioner Inland Revenue, Appeals (CIR (A)). Later CIR (A) passed the order dated May 15, 2015 and remanded back the case to the ACIR for reassessment on various issues as per grounds of appeal. The Subsidiary has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR (A).

The ATIR in its order dated June 23, 2022 held that Subsidiary Company is not a manufacturer and upheld the order of the department, however the ATIR on certain points remanded back the issue with department and CIR(A) for detail findings after giving fair opportunity of being heard to the taxpayer. The department issued fresh order without giving fair opportunity of being heard to the taxpayer and created demand amount of Rs.46.2 million irrespective of the fact that main issue was whether chargeability of FTR is applicable on complete sale or otherwise. The taxpayer being aggrieved with in impugned order preferred an appeal before CIR (A) and hearing was fixed on December 14, 2022. On the day of hearing before learned CIR (A), the appellant submitted written arguments and argued about the scope of chargeability of FTR and NTR on the appellant.

The CIR (A) in its order dated December 29, 2022 remanded back the case to the department with directions to bifurcate sale revenue into FTR and NTR and allocation of expenses accordingly. No provision has been made due to the fact that CIR (A) has remanded back the case to the department with further directions to follow the order of the learned ATIR on "Manufacturer Status" of the Subsidiary Company, the Subsidiary Company is confident that decision will come in its favor, hence no provision has been recorded in these consolidated financial statements for the year ended June 30, 2023.

Meanwhile, the Subsidiary Company has filed rectification application before the learned ATIR on ground that in Case Reference NO: ITA 890/KB/2015: the Subsidiary Company Vs. ACIR for TY 2013, the learned ATIR did not consider or overlooked case reference number PTD 2018 of Hazara Efficient Gas which was binding on the learned ATIR while disposing off the case of the appellant. The ATIR has accepted the miscellaneous application and moved the application to larger bench. The ATIR has also granted stay against recovery of demand for tax year 2013 till the order of learned ATIR in miscellaneous application filed by the appellant.

However, the ACIR passed the fresh order on June 15. 2022 by ignoring the directions of the learned ATIR where it had been directed to the department quote “We direct the department not to initiate any proceedings or recovery of any demand outstanding against the taxpayer till the decision of full or larger bench". Unquote, the Subsidiary Company being aggrieved against the impugned order tax year 2013 preferred an appeal before the learned CIR (A) and waiting for the hearing of the same. No provision has been recorded against the impugned order as management is confident that outcome will come in favor the Subsidiary Company.

During the current period our tax lawyer has filed an application to the Chairman ATIR for formation of the larger bench, upon the application the registrar of ATIR has responded that the ATIR appeal has already been disposed off therefore the larger bench cannot be created once the appeal been disposed off. The Subsidiary Company's tax lawyer has filed rectification application in ATIR to reconsider the order in which on once side there is a direction of formation of larger bench and on the other side the appeal become disposed. The Subsidiary Company's lawyer is of the opinion that appeal will become alive if the order become rectified by the ATIR. The rectification application is under reviewed by the ATIR.

Subsequent to the year end, ATIR in its rectification order made the decision in Company's favor and held that Subsidiary Company is a manufacturer and engage in the manufacturing process.

18.1.3.1.2 For tax year 2014, under similar case, the Additional Commissioner Inland Revenue (ACIR) passed order dated January 11, 2017 and created demand of Rs.116.6 million. The Subsidiary Company filed an appeal before the CIR (A) against the said order. The CIR (A) passed the order dated March 21, 2017 and remanded back the case. To date, the tax department has not filed any appeal against the CIR (A) order with any appellate authority. As per tax advisor, the appeal is not filed within 60 days of decision of CIR (A), it will be considered as if the tax department has no objection against decision of CIR (A).

As per tax advisor, the decision of CIR(A) for tax year 2014 will support the pending appeal relating to tax year 2013 as issue involved is similar in nature. Hence, management is confident that the outcome of this case will be in favor of the Subsidiary Company and no provision is recorded in these consolidated financial statements.

18.1.3.1.3 The ACIR passed order dated July 11, 2014 and created demand of Rs. 5.91 million on account of input tax disallowed with reference to SRO 490/2004 pertaining to the tax year 2013 and 2014. The Subsidiary Company has filed an appeal before the Commissioner Appeals. During the process of appeal, the tax department issued a recovery notice and recovered entire demand amount from the Subsidiary Company’s bank account.

The Subsidiary Company's legal counsel is of the opinion that the case will be decided in favor of the Subsidiary Company and the entire amount will be refunded.

18.1.3.1.4 The Inland Revenue Department has also issued a show cause notice u/s 122(9) for amendment of assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2015 & 2016 on January 13, 2017 and required the Subsidiary Company to submit necessary documents for reassessment of tax liability. Against the said notice the Subsidiary Company filed petition in Sindh High Court (SHC). The SHC granted stay to the Subsidiary Company and link the case with the decision of Tribunal for tax period 2013. However, ATIR in its order dated June 23, 2022 regarding manufacturing status of the Subsidiary Company upheld the order of the department for tax year 2013 and remanded back some issues to the department and CIR(A) for further findings.

However, after the order of the learned ATIR, the ACIR issued fresh show cause notices to the Subsidiary Company for TY 2015-2022 and subsequently without giving fair opportunity of being heard to the appellant passed order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised demand amount of Rs. 1,352 million for TY 2015-2022.The Subsidiary Company being aggrieved with the impugned order passed by the learned ACIR preferred an appeal before learned CIR (A) for TY 2015-2022.

The Learned CIR(A) remanded back the impugned orders TY 2015 - 2020 and annulled order TY 2021 with directions to bifurcate the sales revenue into FTR and NTR and allocation of expenses for TY 2015-2020 and for TY 2021 on the basis of clause 46AA of part IV of second schedule of the Income Tax Ordinance, 2001 introduced through Finance Act, 2020 being exempt from applicability of withholding of the income tax u/s 153 of the Income Tax Ordinance, 2001 .The management has not record any provision as these orders have been set aside from CIR(A) and department has not issued fresh order under the direction of CIR(A), furthermore because of the fact that learned ATIR has accepted the rectification application u/s 221 of the Income Tax Ordinance, 2001 for TY 2013 and issue for TY 2015-2020 are connected with TY 2013.

18.1.3.1.5 On April 20, 2018, the Subsidiary Company has received the notice from SRB for alleged short payment of Sindh Sales Tax amounting to Rs. 7.39 million for the tax periods from July, 2016 to November, 2017 on account of royalty fee paid to Port Qasim Authority. Against the said notice, the Subsidiary Company has filed petition in SHC. On May 23, 2018, the SHC has granted stay to the Subsidiary Company and the final decision is pending before the learned SHC.

The Subsidiary Company's legal counsel is of the opinion that the case will be decided in favor of the Subsidiary Company and the entire amount will be refunded by the department to the Subsidiary Company.

18.1.3.1.6 In the year 2020, SRB has issued notice regarding payment of Sindh Workers Profit Participation Fund contribution. According to said notice, the Subsidiary Company fall under the definition of "Industrial Undertaking" mentioned in Sindh Workers Profit Participation Act, 2015. As a result of which the WPPF contribution of amounting Rs. 2.78 million and 9.24 million has been claimed by SRB for two immediate profitable years of 2017 and 2018 respectively.

The Subsidiary Company has filed a petition against the said notice and granted a stay from Sindh High Court on the basis that Sindh Workers Profit Participation Act, 2015 is not applicable due to trans-provincial operations. The management is confident, based on legal opinion that outcome of this case will be in favor of the Subsidiary Company.

18.1.3.1.7 The Inland Revenue Department also issued notice on selection in audit u/s 25 of the Sales Tax Act, 1990 and subsequent to the issuance of show cause notice and passed an order u/s 11 of the Sales Tax Act, 1990 and raised impugned demand amount of Rs. 55 million.The management being aggrieved with the impugned order preferred an appeal before the learned CIR(A) u/s 45 of the Sales Tax Act,1990.The CIR(A) has partially upheld the order of the department and partially annulled the demand raised by the department. Being aggrieved with the order of the Commissioner(A), the Subsidiary Company has filed appeal before the ATIR.

No provision has been made in these consolidated financial statements as the management is confident, based on legal opinion, that the outcome of the case will be in favor of the Subsidiary Company.

18.1.3.1.8 The Sindh Revenue Board passed an order amount Rs. 24 million on alleged violation of section 15,15A(1)(a) of the Sindh Sales Tax on Services Act, 2011 on account of inadmissible input tax for tax periods December 2016, February 2017, March 2017, April 2017, August 2017, November 2017, December 2017, January 2018 to May 2019 & July 2019.

Being aggrieved with the impugned order passed by the AC-SRB, the Subsidiary Company has preferred an appeal before the learned CIR(A)-SRB on the ground that input tax claimed on account of transportation and construction services are genuine as the taxpayer has not made any violation of relevant section of the Sindh Sales Tax on Services Act, 2011 because of the fact that if Form "I" has not been submitted by the service provider then it is a dispute between the service provider and SRB, whereas the Subsidiary Company has claimed input tax on account of sales tax invoices at the statutory rate of 13% issued by the service provider and payment has been made through banking channels.

No provision has been made in these consolidated financial statements as the management and tax advisors are confident that the outcome of the case will be in favor of the Subsidiary Company.

18.1.3.1.9 After assessment under section 122(9) read with section 124(2),122(4)(5A) for the tax year 2017, 2018, 2019 and 2020 raised a demand of Rs. 688.38 million on dated June 22, 2023 and June 23, 2023 for not considering the status of Subsidiary Company as manufacturer and deemed the LPG income under FTR. The Subsidiary Company had filed Appeals before Commissioner Inland Revenue (Appeals) against orders / notices. As per the view of the legal advisor, the Subsidiary Company has fair chance to succeed in the said case.

18.1.3.1.10 After assessment under section 122(9) read with section 124(2),122(4)(5A) for the tax year 2021, the ACIR has issued the order and decreased the tax refund for the tax year 2021 from 38.1 to 24.2 million on dated June 26, 2023 by not considering the status of Subsidiary Company as manufacturer. The Subsidiary Company had filed Appeal before Commissioner Inland Revenue (Appeals) against order. The cases are pending before this forum. Based on the advice of its tax counsel, management is confident that the outcome of the above appeals would be favorable, hence no provision has been made in these consolidated financial statements.

18.1.3.1.11 During the year ended June 30, 2023, The Subsidiary Company received an order from DCIR under section 161(1A) for tax year 2017 on dated June 26, 2023 whereby a tax demand of Rs. 13.5 million including a default surcharge under section 205(1) of Rs. 1.44 million was established. The Subsidiary Company has filed an appeal against aforesaid order before the Commissioner Inland Revenue (Appeals). The Subsidiary Company has fair chance to succeed in the said case.

	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
18.1.4 Commitments			
Guarantees issued on behalf of			
the Subsdiary Company		**104,970**	104,970
For Port Qasim Authority Customs	18.1.4.1	**12,003**	12,003
For Sindh High Court		**116,973**	116,973
Contracts for capital and other expenditure			
Opex		**27,761**	27,761
Capex		**244,284**	244,283
LPG purchase		**866,962**	866,962
		1,139,007	1,139,007

18.1.4.1 This represent the bank guarantee provided by the Subsidiary Company to Port Qasim Authority against the compliance of rules and regulations.

		Note	Quarter ended September 30, 2023	Quarter ended September 30, 2022
			(Un-audited)	
			-----------(Rupees in '000)------------	
19	**REVENUE FROM CONTRACTS WITH CUSTOMERS - GAS SALES**			
	Sales			
	Indigenous gas		**50,251,334**	47,406,518
	RLNG		**33,658,801**	35,746,402
			83,910,135	83,152,920
	Less: Sales tax			
	Indigenous gas		**(7,888,553)**	(7,209,143)
	RLNG		**(5,099,762)**	(5,236,800)
			(12,988,315)	(12,445,943)
	Net sales		**70,921,820**	70,706,977
20	**TARIFF ADJUSTMENTS**			
	Indigenous gas	20.1	**46,996,735**	43,077,211
	RLNG		**(66,856)**	2,455,452
			46,929,879	45,532,663
20.1	**Tariff adjustment - indigenous gas**			
	Price increase adjustment for the period		**47,356,302**	43,335,069
	Subsidy for LPG air mix operations		**(359,567)**	(257,858)
			46,996,735	43,077,211
21	**COST OF SALES**			
	Cost of gas	21.1	**106,287,914**	108,073,377
	Transmission and distribution costs		**5,807,336**	5,477,562
			112,095,250	113,550,939
21.1	**Cost of gas**			
	Opening gas in pipelines		**1,945,446**	1,285,918
	RLNG purchases		**26,027,339**	32,382,520
	Indigenous gas purchases		**80,745,847**	76,568,757
			108,718,632	110,237,195
	Gas consumed internally		**(146,221)**	(487,274)
	Closing gas in pipelines		**(2,284,497)**	(1,676,544)
			(2,430,718)	(2,163,818)
			106,287,914	108,073,377

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Un-audited)	
	-----------(Rupees in '000)-----------	

22 OTHER OPERATING EXPENSES

Workers' profit participation Fund	**231,436**	-
Auditors' remuneration	**2,379**	1,925
Sports expenses	**5,711**	832
Corporate social responsibility	**-**	1,180
Loss on disposal of property, plant and equipment	**-**	96,785
Provision against impaired stores and spares	**-**	15,094
Exchange loss	**1,218,730**	7,355,150
	1,458,256	7,470,966

23 OTHER INCOME

Income from financial assets		
Income for receivable against asset contribution	**8,217**	9,270
Late payment surcharge	**609,192**	558,515
Interest income on late payment of gas bills from SNGPL	**286,301**	286,301
Liquidity damages recovered	**23,707**	31,567
Income from net investment in finance lease from SNGPL	**-**	1,327
Return on term deposits and profit and loss bank account	**73,346**	17,527
Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)	**197,570**	137,213
Dividend income	**1,305**	12,545
	1,199,638	1,054,265
Income from other than financial assets		
Sale of gas condensate - net	**22,359**	-
Income from LPG / NGL - net	**696,625**	128,755
Meter manufacturing division profit - net	**(32,738)**	2,094
Meter rentals	**402,305**	405,661
Fixed charges billed	**1,187,674**	-
RLNG transportation income	**1,850,077**	1,537,008
Recognition of income against deferred credit and contract liability	**193,782**	167,679
Income from LPG air mix distribution - net	**61,654**	27,326
Income from sale of tender documents	**1,875**	3,286
Scrap sales	**31,730**	-
Recoveries from customer	**24,660**	5,125
Gain on disposal of property, plant and equipment	**30,824**	-
Reversal against impaired stores and spares	**9,665**	-
Amortization of government grant	**2,052**	3,461
LSA margins against RLNG	**426,005**	328,927
Liabilities written back	**17,348**	
Miscellaneous	**15,690**	7,133
	6,141,225	3,670,720

			Quarter ended	
			September 30, 2023	September 30, 2022
			(Un-audited)	
24	**TAXATION**	Note	--------(Rupees in '000)--------	
	Current tax		**4,283,794**	921,117
	Deferred tax		**(3,819,472)**	981
			464,322	922,098

25	**EARNING / (LOSS) PER SHARE - BASIC AND DILUTED**			
	Earning / (loss) for the period		**4,541,784**	(5,567,126)
	Average number of ordinary shares		**880,916,309**	880,916,309
	Earning / (loss) per share - basic and diluted		**5.16**	(6.32)

26	**ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS**			
	Provisions	26.1	**1,087,133**	1,019,260
	Depreciation on owned assets		**2,109,820**	1,835,005
	Depreciation on right of use assets		**22,614**	22,277
	Amortization of intangibles		**32,859**	25,684
	Finance cost		**3,288,583**	1,670,717
	Amortization of transaction cost		**6,710**	6,802
	Amortization of government grant		**(2,052)**	(3,461)
	Recognition of income against deferred credit and contract liability		**(202,720)**	(180,628)
	Dividend income		**(1,305)**	(12,545)
	Interest income and return on term deposits		**(519,340)**	(438,969)
	Income from net investment in finance lease		**-**	(1,327)
	(Gain) / loss on disposal of property plant and equipment		**(30,824)**	99,204
	Increase / (decrease) in long term advances		**557,465**	(20,140)
	Increase in deferred credit and contract liability		**492,300**	121,011
	Lease rental from net investment in finance lease		**-**	15,781
	Increase in payable against transfer of pipeline		**15,256**	16,856
	Finance cost on lease liability		**6,223**	4,787
			6,862,722	4,180,314

26.1	**PROVISIONS**			
	Provision against slow moving / obsolete stores		**(9,137)**	15,044
	Allowance for expected credit loss		**439,068**	432,433
	Provision for post retirement medical and free gas supply facilities		**319,136**	277,764
	Provision against retirement benefit		**338,066**	294,019
			1,087,133	1,019,260

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Un-audited)	
	--------(Rupees in '000)--------	

27 WORKING CAPITAL CHANGES

	September 30, 2023	September 30, 2022
(Increase) / decrease in current assets		
Stores and spares	**(184,230)**	(35,570)
Stock-in-trade	**(238,602)**	(677,625)
Customers' installation work-in-progress	**(5,185)**	11,368
Trade debts	**8,766,417**	(8,143,436)
Advances, deposits and short term prepayments	**4,066**	101,427
Other receivables	**(54,370,606)**	(52,742,421)
	(46,028,140)	(61,486,257)
Increase in current liabilities		
Trade and other payables	**42,633,016**	72,884,899
	(3,395,124)	11,398,642

28 CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD

	September 30, 2023	September 30, 2022
Cash and bank balances	**1,104,688**	3,674,685
Short term borrowings	**(39,980,072)**	(21,936,609)
	(38,875,384)	(18,261,924)

29 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Oil and Gas Regulatory Authority. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

The details of transactions with related parties not disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Un-audited)	
	-------------(Rupees in '000)-------------	
Government related entities		
- Purchase of fuel and lubricant	**26,845**	19,658
- Sale of gas and allied charges inclusive of sales tax	**19,166,148**	32,462,165
- Income from net investment in finance lease	**-**	1,327
- Gas purchases - Indigenous gas	**44,380,682**	41,820,701

	Relationship	Quarter ended September 30, 2023 (Un-audited)	September 30, 2022
		--------------(Rupees in '000)--------------	
Government related entities			
- Gas purchases - RLNG		**26,027,339**	32,382,520
- Sale of condensate		**26,679**	-
- Sale of gas meters - spare parts		**349**	-
- Rent		**3,497**	4,112
- Insurance premium		**14,567**	9,438
- Royalty		**500**	523
- Licence fee		**34,200**	27,678
- Telecommunication		**417**	287
- Electricity expenses		**88,468**	62,314
- Interest income		**483,871**	423,514
- Markup expense on short term finance		**69,773**	55,792
- Markup expense on long term finance		**-**	8,131
- RLNG Transportation income		**1,850,077**	1,537,008
- LPG Purchases		**246,432**	196,702
- Income against LNG service agreement		**426,005**	328,927
- Dividend income		**-**	12,071
Karachi Grammar School	Associate		
- Sale of gas and allied charges inclusive of sales tax		**15**	10
Key management personnel			
- Remuneration		**41,721**	45,059
Pakistan Institute of Corporate Governance	Associate		
- Subscription / trainings		**-**	494
* **Engro Fertilizers Limited**	Associate		
- Sale of gas and allied charges inclusive of sales tax		**2,265**	7,515
Indus Hospital	Associate		
- Sale of gas and allied charges inclusive of sales tax		**467**	545
Pakistan Stock Exchange Limited	Associate		
- Sale of gas and allied charges inclusive of sales tax		**25**	24
- Subscription		**1,986**	1,771
Staff retirement benefit plans	Associate		
- Contribution to provident fund		**121,595**	90,416
- Contribution to pension fund		**289,963**	23,211
- Contribution to gratuity fund		**135,907**	268,067

* Current balances with these parties have been disclosed till the month of common directorship.

29.1 Sale of gas meters is made at cost plus method. The Holding Company is the only manufacturer of gas meters in the country.

29.2 Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice.

29.3 Remuneration to the executive officers of the Holding Company and loans and advances to them are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Holding Company is received at rates prescribed by the

29.4 Amount (due to) / receivable from / investment in related parties

The details of amount due with related parties not disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

	September 30, 2023 (Un-audited)	**June 30, 2023 (Audited)**
	--------(Rupees in '000)--------	
Government related entities - various		
- Sale of gas and allied charges	**67,538,222**	87,003,454
- Investment	**47,943**	42,714
- Mark up accrued on borrowings	**(1,487,393)**	(1,499,874)
- Net investment in finance lease	**1,611,869**	1,611,868
- Gas purchases - Indigenous gas	**(632,687,930)**	(598,571,594)
- Gas purchases - RLNG	**(108,246,300)**	(106,680,422)
- Sale of gas condensate	**31,043**	4,365
- Gas meters and spare parts	**46,748**	47,014
- Uniform cost of gas	**15,818,845**	15,818,845
- Cash at bank	**322,035**	(19,957)
- Stock Loan	**1,503**	-
- Payable to insurance	**(7,944)**	(7,893)
- Gas supply deposit	**(83,614)**	(81,226)
- Interest expense accrued - late payment surcharge on gas bills	**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills	**18,434,886**	17,951,015
- Contingent rent	**10,324**	10,338
- Differential tariff	**4,284,080**	4,284,080
- Capacity and utilisation charges of RLNG	**53,916,837**	54,076,191
- RLNG transportation income	**40,539,709**	40,276,357
- LSA margins	**3,148,318**	2,991,015
- Advance for sharing right of way	**(18,088)**	(18,088)
- Advance against LPG purchases	**103,463**	71,288

		Relationship	September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
			--------(Rupees in '000)--------	
	- Long term deposits		**11,041**	11,041
	- Prepayment		**117,723**	8,443
	- Dividend receivable		**-**	4,175
	Karachi Grammar School	Associated undertaking		
	- Sale of gas and allied charges		**5**	5
	- Gas supply deposit		**(22)**	(22)
**	**Engro Fertilizers Limited**	Associated company		
	- Sale of gas and allied charges		**-**	541
	- Gas supply deposit		**-**	(2,851)
	Indus Hospital	Associated company		
	- Sale of gas and allied charges		**117**	267
	- Gas supply deposit		**(1,261)**	(1,261)
	Pakistan Stock Exchange	Associated company		
	- Sale of gas and allied charges		**8**	7
	- Gas supply deposit		**(36)**	(36)
*	**Pakistan Cables Ltd**	Associated company		
	- Sale of gas and allied charges		**29,138**	-
	- Gas supply deposit		**(1,189)**	-

* Comparative balances with these parties have not been disclosed as these parties were not related parties in last period.

** Current balances with these parties have not been disclosed as they did not remain related parties as at period end.

30. OPERATING SEGMENTS

IFRS 8 - Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief operating decision maker in order to allocate resources to segments and to asses their performance. As a result, management has identified the following two segments:

1) Gas transmission and distribution (sale of gas); and
2) Meter manufacturing (manufacturing and sale of gas meters)

Segment revenue and results

The following is analysis of the Group's revenue and results by reportable segment.

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Un-audited)	(Un-audited)
	(Rupees in '000)	(Rupees in '000)
	Segment profit / (loss)	Segment profit / (loss)
Return on Assets net of UFG disallowance		
Gas transmission	**3,077,303**	2,105,894
Gas distribution and marketing		
- Lower Sindh	**2,816,666**	(2,614,493)
- Upper Sindh	**794,519**	(739,885)
- Balochistan	**(2,778,486)**	(2,939,038)
Meter manufacturing	**6,600**	1,783
Total segment results	**3,916,602**	(4,185,739)
Unallocated		
Finance cost	**(3,310,062)**	(1,679,208)
Other income - net	**4,399,566**	1,219,919
Profit / (loss) before tax	**5,006,106**	(4,645,028)

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	(Rupees in '000)	(Rupees in '000)
Segment assets and liabilities		
Segment assets		
Gas transmission	**256,491,268**	252,824,176
Gas distribution and marketing		
- Lower Sindh	**603,100,996**	570,353,734
- Upper Sindh	**131,850,830**	120,206,375
- Balochistan	**112,965,554**	108,273,978
Meter manufacturing	**1,829,265**	1,593,590
Total segment assets	**1,106,237,913**	1,053,251,853

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
Unallocated		
- Loans and advances	**343,290**	460,095
- Taxation - net	**11,539,599**	15,041,933
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**1,104,688**	553,746
	13,475,316	16,543,513
Total assets as per consolidated statement of financial position	**1,119,713,229**	1,069,795,366
Segment Liabilities		
Gas transmission	**136,174,561**	134,914,345
Gas distribution and marketing		
- Lower Sindh	**628,218,849**	601,864,008
- Upper Sindh	**136,346,252**	125,799,502
- Balochistan	**215,295,165**	208,054,815
Meter manufacturing	**127,275**	180,045
	979,987,541	935,898,370
Total liabilities as per consolidated statement of financial position	**1,116,162,102**	1,070,812,715

31. FAIR VALUE OF MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date.

31.1. Fair value of financial instruments

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The table below analyses financial instruments carried at fair value. The different levels has been defined as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the financial assets which are carried at fair value:

	As at September 30, 2023			
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**178,396**	**-**	**-**	**178,396**

	As at June 30, 2023			
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	151,704	-	-	151,704

The Group has not disclosed the fair values of all other financial assets and liabilities as their carrying amounts are reasonable approximation of their fair values.

31.2 Fair value of other assets

Freehold land and leasehold land are stated at revalued amount as at reporting date, the fair value hierarchy is as follows:

	As at September 30, 2023	
	Level 2	Fair Value
	-----Rupees in '000-----	
Freehold land	**43,847,526**	43,847,526
Leasehold land	**17,740,254**	17,740,254
	61,587,780	61,587,780

	As at June 30, 2023	
	Level 2	Fair Value
	-----Rupees in '000-----	
Freehold land	**43,847,526**	43,847,526
Leasehold land	**17,740,254**	17,740,254
	61,587,780	61,587,780

32. GENERAL

32.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

32.2 Corresponding figures have been rearranged and reclassified, wherever necessary.

33. DATE OF AUTHORISATION

These unaudited consolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on December 05, 2024.

Dr. Shamshad Akhtar Chairperson	**Muhammad Amin Rajput** Managing Director	**Wajeeh Uddin Sheikh** Chief Financial Officer

KEY DATA

FRANCHISE AREAS	SINDH AND BALOCHISTAN	
	Three months period ended September 30,	
	2023	**2022**
GAS SALES VOLUME (MMCF)	**60,752**	68,044
NUMBER OF CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	**4,192**	4,510
COMMERCIAL	**21,327**	22,993
DOMESTIC	**3,210,452**	3,234,191
TOTAL	**3,235,971**	3,261,694
GAS METERS MANUFACTURED (NOS.)	**1,240**	109,100
TRANSMISSION NETWORK - CUMULATIVE (KM)		
DIAMETER		
6"	**36**	36
8"	**26**	26
12"	**591**	591
16"	**558**	558
18"	**940**	940
20"	**844**	844
24"	**751**	751
30"	**58**	26
42"	**371**	371
	4,175	4,143
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" DIAMETER)	**38,155**	37,835
SERVICES	**11,390**	11,364
	49,545	49,199

NOTES

آپریشنل اضافہ

SSGC نے اپ اسکلنگ، تربیت اور وسائل کے استعمال کو بہتر بنانے جیسے اقدامات کو لاگو کر کے اپنے تنظیمی ڈھانچے کو مسلسل بڑھایا ہے۔ اسمال بزنس یونٹ (SBU) ماڈل، جو پہلے سے کراچی اور بلوچستان میں کام کر رہا ہے، اب فرنچائز کے علاقے میں پھیلا دیا گیا ہے۔ ان تبدیلیوں کا مقصد آپریشنل کارکردگی اور کسٹمر سروس کو بہتر بنانا ہے۔

اثاثوں کی تاریخی قیمت (اثاثوں کی کیلکولیشن پر ریٹرن کیلیے استعمال) اور گیس کی ویٹڈ اوسط لاگت (WACOG) کے درمیان فرق، جو بڑی حد تک USD پر مبنی ہے، کمپنی کے مالی چیلنجوں میں ایک اہم عنصر رہا ہے۔ سہ ماہی کے دوران، WACOG میں 54 فیصد اضافہ ہوا، جو کہ 571.81 روپے فی ایم ایم سی ایف سے 881.88 روپے فی ایم ایم سی ایف ہو گیا۔ جس کے نتیجے میں 2871 ملین روپے کی اضافی UFG کی اجازت نہیں ہے۔

نقصاندہ قرضوں کی فراہمی

جب کہ اوگرا منقطع صارفین سے متعلق نقصاندہ قرضوں کی فراہمی کی اجازت دیتا ہے، ایس ایس جی سی کی جانب سے IFRS-9 کو اپنانے سے متوقع کریڈٹ نقصانات کی بنیاد پر فراہمی کی ضرورت ہوتی ہے، بشمول لائیو صارفین۔ مستقبل کے حوالے سے اس نقطہ نظر نے کمپنی کے منافع کو متاثر کیا۔ تاہم، اس سہ ماہی (ستمبر 2022: 83 ملین روپے) کے دوران کسی بھی ای سی ایل کی اجازت کو تسلیم نہیں کیا گیا۔

اہم منصوبے اور مستقبل کا آؤٹ لک

☆ SSGC آپریشنل اور مالی استحکام کے حصول کے لیے پرعزم ہے۔ کلیدی منصوبوں اور اقدامات درجہ ذیل ہیں:
☆ بالائی سندھ سے کراچی تک گیس کے اضافی حجم کی ترسیل کے لیے 30 انچ ٹرانسمیشن پائپ لائن کے 32 کلومیٹر کے حصے کی تکمیل۔
☆ گیس کی فراہمی کو بہتر بنانے اور UFG کو کم کرنے کے لیے کوئٹہ میں پائپ لائن منصوبوں کی کامیابی سے تکمیل۔
☆ کراچی میں سات ڈسٹری بیوشن پائپ لائن منصوبوں پر پیش رفت جس کا مقصد صنعتی اور گھریلو نیٹ ورک کو الگ کرنا ہے۔ دو پائپ لائنیں کام کر چکی ہیں، اور بقیہ جون 2024 تک مکمل ہونے کے لیے ٹریک پر ہیں۔
☆ میٹر مینوفیکچرنگ پلانٹ کی بہتر کارکردگی، 97 فیصد مقامی مینوفیکچرنگ نے پوسٹ ٹیکنالوجی ٹرانسفر حاصل کی۔
☆ کوئٹہ میں گھریلو صارفین، کراچی میں بلند و بالا عمارتوں اور فرنچائز ایریا میں کمرشل میٹروں کا احاطہ کرنے والے جامع سروے۔
☆ بحالی اور ری انفورسمنٹ منصوبوں کی فعال نگرانی کے ساتھ، HSE اور QA کے اقدامات کو مضبوط بنایا گیا۔
☆ سندھ اور بلوچستان میں ڈسٹری بیوشن مینز کے لیے بہتر کیتھوڈک تحفظ کی سطح بنائی گئی
☆ بھرپور کارروائیوں، قانونی ایکشن اور ریکوری کی کوششوں کے ذریعے گیس چوری پر کنٹرول میں اضافہ۔

اعترافات

بورڈ شیئر ہولڈرز، قابل قدر کسٹمرز اور ملازمین کا ان کی غیر متزلزل حمایت اور لگن کے لیے شکریہ ادا کرتا ہے۔ ہم حکومت پاکستان، وزارت توانائی (پیٹرولیم ڈویژن) اور اوگرا کی طرف سے کمپنی کو اپنے مقاصد حاصل کرنے کے قابل بنانے میں فراہم کردہ رہنمائی اور مدد کو بھی تسلیم کرتے ہیں۔

بحکم بورڈ

عمران منیار
مینجنگ ڈائریکٹر

ڈاکٹر شمشاد اختر
چیئرپرسن، بورڈ آف ڈائریکٹرز

تاریخ: 30 دسمبر 2023

ڈائریکٹرز کا جائزہ

برائے سہ ماہی مختتمہ 30 ستمبر 2023

مالیاتی جائزہ

SSGC کے بورڈ آف ڈائریکٹرز کو 30 ستمبر 2023 کو ختم ہونے والی مدت کے لیے سہ ماہی مالیاتی گوشوارے پیش کرنے پر خوشی ہے۔

مالی سال 2023-24 کی پہلی سہ ماہی کے دوران، SSGC نے آپریشنل کارکردگی اور مالیاتی بحالی میں غیر معمولی پیش رفت کا مظاہرہ کیا ہے۔ مالی سال 2022-23 کی آخری سہ ماہی میں قائم ہونے والی رفتار کو آگے بڑھاتے ہوئے کمپنی نے گزشتہ سال کی اسی مدت کے 18.85 فیصد سے اپنی ان کاؤنٹڈ فار گیس (UFG) کو نمایاں طور پر کم کر کے 10.14 فیصد کر دیا ہے۔ یہ خاطر خواہ بہتری آپریشنز، کاروباری عمل اور آرگنائزیشنل کلچر کو بڑھانے کے لیے ثابت قدم عزم کی عکاسی کرتی ہے۔

منافع پر UFG کے اہم اثرات کو تسلیم کرتے ہوئے بورڈ آف ڈائریکٹرز نے انتظامیہ کے ساتھ مل کر UFG کے نقصانات میں پائیدار طویل مدتی کمی کو حاصل کرنے کے لیے وقف UFG ڈویژن کی طرف سے شروع کیے گئے اقدامات کی فعال طور پر حمایت کی ہے۔ مالی سال 2023-24 میں 100 فیصد تعمیل حاصل کرنے کے مقصد کے ساتھ اوگرا کے کلیدی مانیٹرنگ انڈیکیٹرز (KMI) پر مرکوز کوششیں کی گئی ہیں۔

ملین میں روپے	ستمبر 2023	ستمبر 2022	فرق
ٹیکس سے قبل منافع / (نقصان)	4,397	(4,691)	9,088
ٹیکس	(239)	(904)	665
بعد از ٹیکس منافع / (نقصان)	4,158	(5,595)	9,753
آمدنی / (نقصان) فی شیئر (روپے)	4.72	(6.35)	11.07

چیلنجنگ آپریٹنگ ماحول کے باوجود، آپریشنل افادیت کو بڑھانے پر SSGC کی اسٹریٹجک توجہ UFG میٹرکس میں نمایاں بہتری کا باعث بنی ہے۔ مالی سال 2018-19 سے مالی سال 2022-23 کے دوران، SSGC نے آپریشنل چیلنجوں سے نمٹنے کے لیے مسلسل کوششوں کا مظاہرہ کرتے ہوئے UFG میں تقریباً BCF21 کی مجموعی کمی حاصل کی۔

مالیاتی گوشوارے ریگولیٹری فریم ورک کی تعمیل کو یقینی بناتے ہوئے، اوگرا کے فائنل ریونیو کی ضرورت کے تعین کے مطابق تیار کیے جاتے ہیں۔ کمپنی کا مستقبل پرامید ہے، جوائنٹ ورک کی بحالی، زونل مینجمنٹ کے نفاذ اور تکنیکی سرمایہ کاری جیسے مضبوط اقدامات کے ذریعے پرامید ہے۔ یہ اقدامات صارفین کی اطمینان کو بڑھاتے ہوئے گیس کی قابل اعتماد اور پائیدار فراہمی کی SSGC کی لگن کو تقویت دیتے ہیں۔

منافع اور مالیاتی ایڈجسٹمنٹ

SSGC کا منافع بنیادی طور پر OGRA کے تجویز کردہ گارنٹیڈ ریٹرن فارمولے سے حاصل ہوتا ہے، جو کہ سرمائے کی اوسط لاگت (WACC) پر مبنی ہے۔ اس مدت کے لیے، SSGC کو مالیاتی چارجز اور ٹیکسز (ستمبر 2022: 16.60%) سے پہلے اوسط نیٹ آپریٹنگ فکسڈ اثاثوں پر 23.45% ریٹرن کی اجازت دی گئی۔ تاہم، کارکردگی کے معیارات سے متعلق ایڈجسٹمنٹ، بشمول UFG، ہیومن ریسورس بینچ مارک لاگت، اور مشکوک قرضوں کی فراہمی، نچلی سطح کو متاثر کرتی ہے۔

2024 کو جاری کردہ مالی سال 2022-23 کے لیے اوگرا کے عزم کے مطابق، اس سہ ماہی میں جذب شدہ UFG ڈس الاؤنس کی رقم 2,134 ملین روپے (ستمبر 2022: 8,168 ملین روپے) تھی۔ اس مدت کے لیے مالیاتی اخراجات 3,243 ملین روپے (ستمبر 2022: روپے 1,649 ملین) تھے۔

کراچی میں، UFG کو مسلسل 6 فیصد سے نیچے رکھا گیا ہے، جو OGRA کے 7.6 فیصد کے بینچ مارک کے اندر ہے۔ اندرون سندھ اور بلوچستان میں بھی بہتری دیکھی گئی ہے، جس میں UFG فیصد بالترتیب 9.2 فیصد (16.7 فیصد سے) اور 48 فیصد (56 فیصد سے) رہ گیا ہے۔ بلوچستان میں اوگرا کے معیار کو حاصل کرنے کے لیے وفاقی سطح پر پالیسی فیصلے کی ضرورت ہے اور فعال ایڈووکیسی جاری ہے۔

کراچی میں، UFG کو مسلسل OGRA کے معیار کے اندر برقرار رکھا گیا ہے۔ اندرون سندھ اور بلوچستان میں بھی نمایاں بہتری دیکھی گئی ہے۔ اندرونی علاقوں میں، UFG کو ایک ہندسے کی سطح پر لایا گیا ہے اور بلوچستان میں OGRA کے معیار کو حاصل کرنے کے لیے وفاقی حکومت کی سطح پر پالیسی فیصلے کی ضرورت ہے اور فعال ایڈووکیسی جاری ہے۔

NOTES

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Printed at: The Times Press (Pvt.) Ltd.