SSGC | Sui Southern Gas Company Limited

PERSEVERE PROGRESS PROSPER

Un-Audited Condensed Interim Financial Information for the quarter ended September 30, 2021

SSGC

Sui Southern Gas Company Limited

Unconsolidated Condensed Interim Financial Information (Un-Audited)
for the quarter ended September 30, 2021

CORPORATE PROFILE

BOARD OF DIRECTORS

AS ON SEPTEMBER 30, 2021

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Mr. Faisal Bengali	Director
Ms. Nida Rizwan Farid	Director
Mr. Hassan Mehmood Yousufzai	Director
Dr. Ahmed Mujtaba Memon	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Zuhair Siddiqui	Director
Mr. Ayaz Dawood	Director
Mr. Mathar Niaz Rana	Director

MANAGING DIRECTOR
Mr. Imran Maniar

COMPANY SECRETARY
Mr. Shoaib Ahmed

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

LEGAL ADVISOR
M/s. Orr, Dignam & Co. Advocates

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

CONTACT DETAILS
Ph: 92-21-99021000
Fax: 92-21-99224279
Email: info@ssgc.com.pk
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

Board HR and Remuneration Committee

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Mr. Hassan Mehmood Yousufzai	Director
Dr. Ahmed Mujtaba Memon	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Mathar Niaz Rana	Director

Board Finance and Procurement Committee

Dr. Ahmed Mujtaba Memon	Chairman
Ms. Nida Rizwan Farid	Director
Mr. Ayaz Dawood	Director
Dr. Sohail Razi Khan	Director
Mr. Zuhair Siddiuqi	Director
Mr. Hassan Mehmood Yousufzai	Director

Board Audit Committee

Mr. Faisal Bengali	Chairman
Dr. Ahmed Mujtaba Memon	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Ayaz Dawood	Director

Board Risk Management, Litigation and HSEQA Committee

Mr. Muhammad Raziuddin Monem	Chairman
Ms. Nida Rizwan Farid	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Zuhair Siddiqui	Director
Mr. Ayaz Dawood	Director
Mr. Mather Niaz Rana	Director

Special Committee of Directors on UFG

Dr. Shamshad Akhtar	Chairperson
Mr. Faisal Bengali	Director
Mr. Nida Rizwan Farid	Director
Mr. Mather Niaz Rana	Director
Mr. Hassan Mehmood Yousufai	Director
Dr. Sohail Razi Khan	Director
Mr. Zuhair Siddiqui	Director

Board Nomination Committee

Dr. Shamshad Akhtar	Chairperson
Dr. Ahmed Mujtaba Memon	Director
Mr. Faisal Bengali	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Muhammad Raziuddin Monem	Director
Mr. Hassan Mehmood Yousufzai	Director

DIRECTORS' REVIEW

For three months period ended September 30, 2021

Financial Overview

During the period, the Company recorded a Net Profit after Tax of Rs. 736 Million after incorporating major disallowances by OGRA.

The summary of financial highlights of the period is given below:

	Sep 2021	Sep 2020	Variance
			Amount
	(Rupees in Million)		
Profit / (Loss) before	1,470	(111)	1,581
Taxation	(734)	(610)	(124)
Taxation	736	(721)	1,457
Profit / (Loss) after	0.84	(0.82)	1.66

SSGC Profitability is derived from the Guaranteed Return Formula prescribed by OGRA. Under this formula, SSGC was allowed 17.43% Return on its Average Net Operating Fixed Assets before Financial Charges and Taxes. However, OGRA makes disallowances/ adjustments while determining the revenue requirements based on efficiency related benchmarks viz a viz Un-accounted for Gas (UFG), Human Resource Benchmark Cost, Provision for Doubtful Debts and some other expenses/ charges. These disallowances/ adjustments affect the bottom-line of the Company.

In line with OGRA Determination on Final Revenue Requirement (DFRR) for FY 2020-21 issued on November 24, 2022, total disallowances absorbed/ credits allowed in these three month financial results amounted to Rs. 1,359 million against Return on Assets of Rs. 3,918 million. Finance cost for the period is Rs. 1,089 million.

As compared to the corresponding period of last year in which Loss after Tax of Rs. 721 million was reported, there is significant improvement in bottom line of current period with reported Net Profit after Tax of Rs. 736 Million. Improvement in bottom line is mainly attributed to the following factors:

Acceptance of UFG Allowance on RLNG Business

SSGC has been pursuing vigorously OGRA through the Ministry of Energy (Petroleum Division) as well as through Islamabad High Court to allow Actual UFG on RLNG

business in Distribution Network. As a result of IHC restraining Order, OGRA has allowed Actual UFG on RLNG Distribution business.

However, still high UFG disallowance is mainly due to the fact that OGRA is not accepting RLNG Volume Handling benefit allowed to SSGC vide a Summary approved by the Economic Coordination Committee (ECC) dated May 11, 2018. With vigorous follow-up of SSGC Management & Board of Directors, OGRA has engaged a Consultant to determine the extent of UFG on RLNG and its impact on each Sui Company, namely SSGC and SNGPL.

Provision against impaired debts

In past, OGRA had the practice to allow provision against impaired debts as operating expense related to disconnected customers only whereas, adoption of IFRS-9 requires provisioning on Expected Credit loss basis i. e. forward looking approach which also covers provisioning against Live Customers. Resultantly, bottom-line of the Company was significantly affected in last year comparative period.

In DFRR FY 2020-21, OGRA has allowed Provision against Impaired Debts as operating expense computed on the basis of average of last five year allowed provisions. Following the same principle, the provisions disallowed has been restricted to Rs. 46 million as compared to Rs. 648 million in last year comparative period.

Financial Cost

SSGC has to account for financial charges of Rs. 1,089 million against borrowing which is mainly due to the Long-Term Loan obtained to finance its Pipeline Infrastructure Project for transmission of RLNG from Karachi to Sawan delivering the RLNG volumes to SNGPL network for meeting the energy requirements of North.

An amount of Rs. 452 million to be allowed by OGRA as per past practice to compensate the impact of delay in Tariff Notifications.

Future Outlook

Moving forward, reduction in UFG is the key factor for keeping the Company operationally and financially viable. Further, it is critical that the Company be allowed to calculate UFG allowance based on RLNG handling on volumetric basis based on the decision of ECC of the Cabinet.

Acknowledgements

The Board wish to express their appreciation for the continued support received from the shareholders and its valued customers. The Board also acknowledges the dedication of all the employees who hard work on, despite number of challenges confronting the Company. The Board also thanks the Government of Pakistan, the Ministry of Energy and the Oil and Gas Regulatory Authority, for their continued guidance and support.

On behalf of the Board.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Dated: April 13, 2023
Place: Karachi

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

	Note	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	6	**138,321,022**	135,987,526
Intangible assets		**104,521**	110,920
Right of use assets	7	**151,364**	148,634
Deferred tax		**2,592,082**	2,592,082
Long term investments	8	**1,426,100**	1,458,681
Net investment in finance lease		**58,867**	73,321
Long term loans and advances		**1,728,882**	1,697,525
Long term deposits		**18,723**	18,733
Total non-current assets		**144,401,561**	142,087,422
Current assets			
Stores, spares and loose tools		**3,563,805**	3,454,702
Stock-in-trade		**1,774,989**	1,575,623
Current maturity of net investment in finance lease		**57,814**	57,814
Customers' installation work-in-progress		**230,813**	249,578
Trade debts	9	**94,028,646**	92,133,807
Loans and advances		**231,956**	508,152
Advances, deposits and short term prepayments		**758,818**	1,130,748
Interest accrued	10	**15,534,275**	15,153,952
Other receivables	11	**371,923,426**	359,967,952
Taxation - net		**17,840,155**	17,609,468
Cash and bank balances		**724,707**	573,696
Total current assets		**506,669,404**	492,415,492
TOTAL ASSETS		**651,070,965**	634,502,914

The annexed notes 1 to 31 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar	Imran Maniar	Muhammad Amin Rajput
Chairperson	Managing Director	Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

EQUITY AND LIABILITIES	Note	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
EQUITY			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000**	10,000,000
Issued, subscribed and paid-up capital		**8,809,163**	8,809,163
Reserves		**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI investments		**140,191**	172,772
Surplus on revaluation of property plant and equipment		**24,347,314**	24,347,314
Accumulated losses		**(59,671,718)**	(60,408,205)
Total equity		**(21,467,649)**	(22,171,555)
LIABILITIES			
Non-current liabilities			
Long term financing	12	**20,226,507**	21,259,499
Long term deposits		**23,451,452**	22,871,737
Employee benefits		**5,728,813**	5,603,105
Payable against transfer of pipeline		**738,568**	755,645
Deferred credit	13	**4,433,577**	4,592,823
Contract liabilities	14	**7,908,175**	7,786,074
Lease liability		**47,362**	42,894
Long term advances		**3,181,641**	3,155,496
Total non-current liabilities		**65,716,095**	66,067,273
Current liabilities			
Current portion of long term financing	12	**8,080,056**	8,080,662
Current portion of payable against transfer of pipeline		**66,073**	64,610
Current portion of deferred credit	13	**443,575**	442,114
Current portion of contract liabilities	14	**237,352**	232,352
Current portion lease liability		**58,861**	84,384
Short term borrowings	15	**22,489,500**	23,750,594
Trade and other payables	16	**558,253,529**	540,524,094
Unclaimed dividend		**285,426**	285,426
Interest accrued	17	**16,908,147**	17,142,960
Total current liabilities		**606,822,519**	590,607,196
Total liabilities		**672,538,614**	656,674,469
TOTAL EQUITY AND LIABILITIES		**651,070,965**	634,502,914
Contingencies and commitments	18		

The annexed notes 1 to 31 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the quarter ended September 30, 2021

	Note	Quarter ended September 30, 2021 (Un-Audited)	Quarter ended September 30, 2020 (Un-Audited)
		(Rupees in '000)	(Rupees in '000)
Sales	19	**93,657,767**	74,277,457
Sales tax	19	**(13,662,460)**	(11,115,365)
		79,995,307	63,162,092
Tariff adjustments	20	**13,046,716**	13,630,198
Net sales		**93,042,023**	76,792,290
Cost of sales	21	**(89,573,475)**	(77,470,436)
Gross profit / (loss)		**3,468,548**	(678,146)
Administrative and selling expenses		**(1,300,319)**	(1,125,343)
Other operating expenses	22	**(3,313,542)**	(60,414)
Impairment loss against financial assets		**(273,177)**	(1,136,504)
		(4,887,038)	(2,322,261)
		(1,418,490)	(3,000,407)
Other income	23	**3,977,595**	3,864,140
Operating profit		**2,559,105**	863,733
Finance cost		**(1,089,013)**	(974,334)
Profit / (loss) before taxation		**1,470,092**	(110,601)
Taxation	24	**(733,605)**	(610,341)
Profit / (loss) for the period		**736,487**	(720,942)
Earning / (loss) per share - basic and diluted		**0.84**	(0.82)

The annexed notes 1 to 31 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended September 30, 2021

	Quarter ended	
	September 30, 2021	'September 30, 2020
	(Un-Audited)	
	----------(Rupees in '000)----------	
Profit / (loss) for the period	**736,487**	(720,942)
Other comprehensive income		
Unrealised (loss) / profit on re-measurement of FVTOCI investments	**(32,581)**	41,645
Total comprehensive income / (loss) for the period	**703,906**	(679,297)

The annexed notes 1 to 31 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW

For the quarter ended September 30, 2021

	Note	Quarter ended September 30, 2021 (Un-Audited)	Quarter ended September 30, 2020 (Un-Audited)
CASH FLOW FROM OPERATING ACTIVITIES		--------(Rupees in '000)--------	
Profit / (loss) before taxation		**1,470,092**	(110,601)
Adjustments for non-cash and other items	25	**2,254,122**	4,411,889
Working capital changes	26	**3,684,922**	(10,350,512)
Financial charges paid		**(1,449,133)**	(560,494)
Employee benefits paid		**(28,858)**	(30,113)
Payment for retirement benefits		**(251,851)**	(483,795)
Long term deposits received - net		**579,725**	187,565
Loans and advances to employees - net		**244,839**	92,404
Interest income and return on term deposits received		**35,539**	17,470
Income taxes paid		**(964,292)**	(61,961)
Net cash generated from / (used in) operating activities		**5,575,105**	(6,888,148)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(3,044,647)**	(1,702,020)
Payments for intangible assets		**(4,620)**	(6,353)
Payments against transfer of pipeline		**(33,933)**	(33,933)
Proceeds from sale of property, plant and equipment		**1,447**	255
Dividend received		**10,642**	-
Net cash used in investing activities		**(3,071,111)**	(1,742,051)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(1,028,833)**	(500,773)
Repayment of customer finance		**(4,765)**	(5,009)
Repayment of lease liability		**(58,291)**	(69,286)
Net cash used in financing activities		**(1,091,889)**	(575,068)
Net increase / (decrease) in cash and cash equivalents		**1,412,105**	(9,205,267)
Cash and cash equivalents at beginning of the period		**(23,176,898)**	(14,279,863)
Cash and cash equivalents at end of the period		**(21,764,793)**	(23,485,130)
Cash and cash equivalent comprises:			
Cash and bank balances		**724,707**	717,969
Short term borrowings		**(22,489,500)**	(24,203,099)
		(21,764,793)	(23,485,130)

The annexed notes 1 to 31 form an integral part of these unconsolidated condensed interim financial

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the quarter ended September 30, 2021

	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, 2020 (Audited)	**8,809,163**	**234,868**	**4,672,533**	**143,490**	**24,347,314**	**(61,897,994)**	**(23,690,626)**
Total comprehensive loss for the quarter ended September 30, 2020							
Loss for the period	-	-	-	-	-	(720,942)	(720,942)
Other comprehensive income for the period	-	-	-	41,645	-	-	41,645
Total comprehensive loss for the period	-	-	-	41,645	-	(720,942)	(679,297)
Balance as at September 30, 2020	8,809,163	234,868	4,672,533	185,135	24,347,314	(62,618,936)	(24,369,923)
Balance as at July 1, 2021 (Audited)	**8,809,163**	**234,868**	**4,672,533**	**172,772**	**24,347,314**	**(60,408,205)**	**(22,171,555)**
Total comprehensive income for the quarter ended September 30, 2021							
Profit for the period	-	-	-		-	736,487	736,487
Other comprehensive loss for the period	-	-	-	(32,581)	-	-	(32,581)
Total comprehensive income for the period	-	-	-	(32,581)	-	736,487	703,906
Balance as at September 30, 2021	**8,809,163**	**234,868**	**4,672,533**	**140,191**	**24,347,314**	**(59,671,718)**	**(21,467,649)**

The annexed notes 1 to 31 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

1. STATUS AND NATURE OF BUSINESS

1.1 Sui Southern Gas Company Limited ("the Company") is a public limited Company incorporated in Pakistan and is listed on Pakistan Stock Exchange. 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 Suleman Road, Block 14, Gulshan e Iqbal, Karachi. The Company’s pipe coating plant is situated at Plot No. F-76 SITE Avenue Karachi (where 3/4", 1" & 2" pipe is coated for Distribution South Karachi) and the Company Khadeji P&C Base Camp M-9 Motorway Karachi.

The addresses of other regional offices / business units of the Company are as follows:

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), the Company is provided a minimum annual return before taxation of 17.43% per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial and 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 or short of the above guaranteed return is payable to or 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. 736 million (September 2020: Loss after tax of Rs. 721 million) resulting in reduction in its accumulated losses by Rs. 736 million and improvement in its equity by Rs. 704 million. As at reporting date, current liabilities exceeded its current assets by Rs. 100,153 million (June 2021: Rs. 98,192 million).

To further improve the financial performance, the Company is pursuing actions for reduction in UFG / enhancement of UFG benchmark based on Key Monitoring Indicators (KMI) as well as implementation of Economic Coordination Committee of the Cabinet (ECC) decision on RLNG volume handling which will help in significant reduction in UFG disallowances.

Following are the Key points relating to financial sustainability of the Company:

- ECC in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Company was allowed UFG based on 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 on Final Revenue Requirement (FRR) for FY 2017-18 and there after till June 30, 2021, carrying financial impact aggregating to Rs 52,514 million as of the reporting date, OGRA did not consider implementing the aforementioned decision and advised to take up the matter with 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 of Secretaries of Petroleum & Finance. 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.

- Government of Pakistan (Finance Division) in its letter dated July 06, 2020, being majority shareholder has acknowledged the funding requirements of the Company and has shown commitment to extend all support to maintain the going concern status of the Company.

- The Company has devised a Board approved Strategy to control UFG and the same is under implementation.

- Banks have allowed waiver from the compliance of debt-to-equity covenants up to June 30, 2022. However, subsequent to period end, the Company has never defaulted in payment of any installment of principal and interest thereon.

Board / management believes that in view of above mentioned steps / plans, the Company's profitability and financial position will further improve in the next few years, hence no material uncertainty exist relating to going concern status of the Company.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" and the provisions and directives issued under the Companies Act, 2017. In case where the requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail. For the determination of Tariff Adjustments (Gas Development Surcharge), the directives of OGRA and the OGRA Ordinance, 2002 have been followed. Moreover, Tariff adjustments recorded in these unconsolidated condensed interim financial statements is based on Final Revenue Requirement determined by OGRA for the financial year ended June 30, 2021.

These unconsolidated condensed interim financial statements does not include all information required for annual audited unconsolidated financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

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, 2021.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of 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 that applied to the audited unconsolidated financial statements for the year ended June 30, 2021 except for the following

Estimated useful life of fixed assets with respect to Gas Distribution System (Meters), Computers and Ancillary equipments have been increased from 10 years to 20 years and from 3 years to 3-6.67 years respectively as per the directives of OGRA for FY 2021-22 onwards. Accordingly, this change have been made prospectively in accordance with IAS 8 "Accounting Policies, change in Accounting Estimates and Errors". Had the useful life of above mentioned fixed assets remained the same, the depreciation charge for the period would have increased from Rs. 834 million to Rs. 2,348 million.

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

5. FINANCIAL RISK MANAGEMENT

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

6. PROPERTY, PLANT AND EQUIPMENT	**September 30, 2021 (Un-audited)**	June 30, 2021 (Audited)
	--------(Rupees in '000)--------	
Operating assets	**124,467,354**	124,449,028
Capital work-in-progress	**13,853,668**	11,538,498
	138,321,022	135,987,526

Details of additions and disposals of property, plant and equipment are as follows:

	September 30, 2021		September 30, 2020	
	(Un-audited)			
	(Rupees in '000)			
	Cost of additions / transfers from CWIP	**Written down value of (transfers / disposals)**	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)
Operating assets				
Buildings on leasehold land	**23,748**	**-**	12,281	-
Gas distribution system	**654,795**	**(43,549)**	1,027,519	-
Gas transmission pipelines	**38,401**	**-**	113,900	-
Telecommunication	**-**	**-**	435	-
Plant and machinery	**52,303**	**-**	21,077	-
Tools and equipment	**2,865**	**-**	1,458	-
Motor vehicles	**93,525**	**(2,133)**	6,588	(1,502)
Furniture and fixtures	**290**	**-**	464	-
Office equipment	**15,970**	**-**	8,579	-
Computers and ancillary equipments	**1,333**	**-**	8,350	-
Compressor	**13,677**	**-**	35,176	-
	896,907	**(45,682)**	1,235,827	(1,502)

	Capital expenditure incurred	**Transfer to operating assets**	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:	**(Rupees in '000)**			
Projects:				
- Gas distribution system	**1,584,210**	**(654,795)**	1,513,342	(1,027,519)
- Gas transmission system	**-**	**(38,401)**	69,191	(113,900)
- Cost of buildings under construction	**16,625**	**(23,748)**	27,789	(12,281)
	1,600,835	**(716,944)**	1,610,322	(1,153,700)

During the period, there has been net increase in respect of stores and spares held for capital projects and others amounting to Rs. 1,124 million (September 30, 2020: Increase of Rs. 139 million).

7 RIGHT OF USE ASSETS	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
	-----------(Rupees in '000)-----------	
Cost	375,464	346,255
Accumulated depreciation	(224,100)	(197,621)
Net book value	151,364	148,634
Cost		
Opening balance	346,255	347,263
Additions during the period	35,194	50,056
Derecognition during the period	(5,985)	(51,064)
Ending balance	375,464	346,255
Accumulated depreciation		
Opening balance	197,621	125,911
Depreciation charge for the period	30,769	122,774
Derecognition during the period	(4,290)	(51,064)
Ending balance	224,100	197,621

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

8 LONG TERM INVESTMENTS	Note	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
Investment in related party- at cost		1,249,382	1,249,382
Other investment - at fair value through other comprehensive income		176,718	209,299
		1,426,100	1,458,681

9. TRADE DEBTS	Note		
Considered good			
secured		37,358,054	31,104,435
unsecured		78,409,332	82,494,935
	9.1 & 9.2	115,767,386	113,599,370
Provision against financial assets		(21,738,740)	(21,465,563)
		94,028,646	92,133,807

9.1 As 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, the Company effective from July 01, 2012 decided to account for LPS from KE on receipt basis as per International Accounting Standard IAS 18 "Revenue" supersede by international Financial Reporting Standards 15: "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 33,031 million (June 30, 2021: Rs. 30,931 million) as at September 30, 2021 receivables from KE against sale of indigenous gas. Out of this, Rs. 27,831 million (June 30, 2021: Rs. 29,652 million) are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 135,441 million (June 30, 2021: Rs. 132,424 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.

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 on the following grounds:

- 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 of:

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

- As per the above agreement and as per 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 case against the Company in the High Court of Sindh 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. However, 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 where it was agreed that the Company would make excess 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 excess quantity of natural gas as per terms of the agreement.

Management has consulted with its legal counsel, who is of the view that the Company has a strong case for recovery of the outstanding amount, hence, based on that management considers outstanding balance 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, management 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 till March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 1, 2016 till March 31, 2017. Currently, management is in a process to negotiate payment plan, which has not been finalised till the issues of these unconsolidated condensed interim financial statements but the supply of gas and payment is continuing as per old plan.

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 has been received from KE.

9.2 As 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 as per International Accounting Standard IAS 18 "Revenue" supersede by international Financial Reporting Standards 15: "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,631 million (June 30, 2021: Rs. 24,699 million) including overdue balance of Rs. 24,553 million (June 30, 2021: Rs. 24,622 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 76,032 million (June 30, 2021: Rs. 74,417 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.

The Company filed a suit in the High Court of Sindh 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 High Court of Sindh 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.

Although PSML's financial position is adverse, and it has no capacity to repay its obligations on its own, management is confident that the entire amount will be ultimately recovered because PSML is a Government-owned entity and is continuously being supported by the Government of Pakistan.

10. INTEREST ACCRUED

	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
	--------(Rupees in '000)--------	
Interest accrued on late payment of bills / invoices from:		
- Water and Power Development Authority (WAPDA)	**4,796,144**	4,717,577
- Sui Northern Gas Pipeleine Limieted (SNGPL)	**10,107,647**	9,821,347
- Jamshoro Joint Venture Limited (JJVL)	**239,689**	239,689
	15,143,480	14,778,613
Interest accrued on sales tax refund	**487,739**	487,739
Interest accrued on loan to SSGC LPG (Pvt.) limited	**15,456**	-
	15,646,675	15,266,352
Provision against impaired accrued income	**(112,400)**	(112,400)
	15,534,275	15,153,952

	Note	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
11. OTHER RECEIVABLES			
Tariff adjustments indigenous gas - receivable from GoP	11.1	**217,396,637**	207,762,067
Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
Receivable from HCPCL	11.2	**4,157,839**	4,157,839
Staff pension fund		**79,052**	79,052
Receivable for sale of gas condensate		**77,609**	42,949
Receivable from SNGPL	11.3	**104,435,916**	103,776,821
Receivable from JJVL	11.4, 11.5 & 11.6	**2,501,824**	2,501,824
SSGC LPG (Private) Limited		**7,655**	7,463
Sales tax receivable	11.7	**41,084,332**	39,451,549
Sindh sales tax receivable		**112,976**	112,976
Receivable against asset contribution	11.8	**337,643**	348,448
Dividend receivable		**5,836**	-
Miscellaneous receivable		**28,901**	29,758
		374,510,300	362,554,826
Provision against impaired receivables		**(2,586,874)**	(2,586,874)
		371,923,426	359,967,952

11.1 Tariff adjustments indigenous gas - receivable from GoP

Opening balance	**207,762,067**	178,411,641
Recognized during the period	**9,435,822**	28,557,632
Subsidy for LPG air mix operations	**198,748**	792,794
Ending balance	**217,396,637**	207,762,067

11.2 Receivable from Habibullah Coastal Power Company Private Limited (HCPCL)

Amount of LD Charges as per Arbitration Award	**3,938,382**	3,938,382
Subsequent LDs raised by HCPCL on Award Principle	**219,457**	219,457
Total Receivable	**4,157,839**	4,157,839

11.2.1 HCPCL initiated arbitral proceedings on November 30, 2015 in the International Chamber of Commerce Singapore (ICC) against the Company on account of short / non-supply of contractual gas volumes and disputed compounding of interest i.e. Late Payment Surcharge on gas bills thereon for the period from January 2009 to March 2017.

On April 30, 2018, ICC issued decision in favor of HCPCL and the Company was made liable to make payment to HCPCL as a final reward in the form of indemnity, liquidated damages (LD), interest on LD and legal and professional charges. The said final reward was adjusted by HCPCL against running gas bills issued by the Company.

Earlier in January 2018, the Company approached Ministry of Energy (Petroleum Division) regarding waiver of LDs claimed by WAPDA / CCPA-G from HCPCL against non-supply of Electricity to WAPDA which was being passed to the Company by HCPCL.

The matter was submitted to Economic Coordination Committee of the Cabinet (ECC) for consideration and ECC in its meeting held on February 07, 2018 approved in principle, the proposal regarding waiver of LDs with the direction to Petroleum Division to work out modalities in consultation with stakeholders. LDs adjusted by HCPCL against running gas bills are recoverable from HCPCL as per ECC aforementioned decision amounting to Rs. 3,626 million for the Award Period along with LPS amounting to Rs. 312 million and further LDs deducted by HCPCL following Award principles amounting to Rs. 162 million and Rs. 58 million upto June 30, 2018 and for the year ended June 30, 2019 respectively.

The 20 years GSA with HCPCL expired in September 2019. Prior to the expiry of GSA, MOE communicated SSGC to continue supplying gas to HCPCL in order to avoid suspension of electricity to national grid. In the month of October 2019, HCPCL carried out a set off of Rs. 586.5 Million from SSGC's outstanding bills on account of LDs imposed by WAPDA after the expiry of gas allocation on 31 December 2018. SSGC disconnected gas supply of HCPCL on 3rd October 2019. Subsequently securing gas receivables, SSGC opted for encashment of HCPCL Bank Guarantees. In response, HCPCL filed Suit 1570 of 2019 and obtained stay from the Honorable High Court of Sindh against SSGC regarding encashment of Bank Guarantees. HCPCL is in negotiations with the SSGC to finalize to modalities under ECC decision for waiver of LDs and sign a new GSA to resume gas supply.

	Note	**September 30, 2021 (Un-audited)**	June 30, 2021 (Audited)
11.3 Receivable balance from SNGPL comprises of the following:		**--------(Rupees in '000)--------**	
Uniform cost of gas		**15,818,845**	15,818,845
Lease rentals		**1,009,922**	922,429
Contingent rent		**10,609**	10,405
LSA margins		**2,944,673**	2,945,502
Capacity and utilisation charges of RLNG	11.3.1	**52,682,249**	52,247,106
RLNG transportation income		**31,969,618**	31,832,534
		104,435,916	103,776,821

11.3.1 The Company has invoiced an amount of Rs. 137,824 million, including Sindh Sales Tax of Rs. 15,999 million, till September 30, 2021 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.

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 the new agreement dated January 25, 2021 it has been agreed by both Sui Companies and being followed strictly that from June 2020 onwards SSGC will pay invoices raised by SSGC on account of Terminal Charges, Cost of Supply and LSA Margin.

11.4 During the year 2013-14, the Supreme Court of Pakistan (SCP) passed an order dated December 04, 2013 with respect to the Constitution Petition No. 5 of 2011 and Human Rights Case No.15744 - P of 2009, whereby the Implementation Agreement of Badin gas field dated August 12, 2003 signed between the Company and Jamshoro Joint Venture Limited (JJVL) was declared void from the date of its inception. SCP constituted a committee to calculate royalty payments (on the LPG extracted to date) on the basis of the Saudi Aramco reference price plus freight charges instead of the "Local Producer Price" for the full period during which the Implementation Agreement had been operational. However, the freight amount is yet to be finalized for which SCP has appointed an Advocate of Supreme Court to determine the matter and accordingly the same has been submitted by him.

As per SCP order dated June 13, 2018 a firm of Chartered Accountants was appointed to determine the receivable / payable from / to JJVL wherein freight matter was also included and the report has been submitted by the firm. However the freight matter is still pending and SCP will settle the same and an appropriate order shall be passed in this respect. As per SCP order dated January 9, 2019, in respect of freight matter charges, SCP directed JJVL to deposit Rs. 249 million as JJVL's admitted liability for freight charges for the period 2005 to 2013. The Company has received such amount as directed by SCP on February 24, 2020 and further amount in this respect will be determined / settled once the matter is concluded by SCP in due course.

11.5 The Company had an arrangement in terms of MoUs with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields and provide the Company with total quantity of LPG extracted out of which 50% LPG was sold to JJVL as per the MoUs. The Company paid processing charges of $235/MT for the months in which JJVL's production share is below 53.55% and $220/MT if JJVL's production share is more than 53.55%.

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the termination by the Company and stated that the termination was validly done and the Company was within its legal and contractual right to do so and appointed a firm of Chartered Accountant to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the Company. Subsequently, JJVL paid Rs. 1.5 billion as per SCP Order dated November 16, 2018 based on the report submitted by Chartered Accountant firm.

As per the new agreement signed between the Company and JJVL pursuant to SCP order dated 4 December 2018, the Company shall supply gas to Jamshoro Joint Venture Limited (JJVL) Plant for the extraction of LPG and NGL from its related field. LPG and NGL is owned by JJVL to be sold at its discretion. JJVL shall pay to the Company a consideration which shall be a percentage the total value of extraction of LPG / NGL. The Company percentage shall be 57% of the total value extraction of LPG and NGL on ad-hoc basis which will be finalized by the firm of Chartered Accountants as per the Agreement in its determination report. The Company shall not pay any extraction charges to JJVL in respect of this agreement.

The new agreement was valid for 1.5 years and stands expired on June 20, 2020. After the expiry of the said agreement, the Company has not entered into any new arrangement with JJVL to date and hence, no gas has been supplied to JJVL plant since then.

11.6 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 JJVL and receivable from JJVL @ 57% value of LPG / NGL extraction as per new agreement signed between the Company and JJVL pursuant to SCP order dated December 04, 2018 amounting to Rs. (10) million (June 30, 2021: Rs. (10) million), Rs. 160 million (June 30, 2021: Rs. 160 million), Rs. 178 million (June 30, 2021: Rs. 178 million), Rs. 1,070 million (June 30, 2021: Rs. 1,070 million), Rs. 646 million (June 30, 2021: Rs. 646 million), Rs. 32 million (June 30, 2021: 32 million), Rs.6.6 million (June 30, 2021:Rs.6.6 million), Rs. 419 million (June 30, 2021: Rs.419 million) respectively.

11.7 Sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Sales Tax 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.

11.8 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. LONGTERM FINANCING	Note	**September 30, 2021 (Un-audited)**	June 30, 2021 (Audited)
		-----------(Rupees in '000)-----------	
Secured			
Loans from banking companies	12.1, 12.2, 12.3 & 12.4	**27,350,714**	28,382,272
Unsecured			
Front end fee of foreign currency loan		**23,950**	23,950
Customer finance		**146,522**	151,286
Government of Sindh loans		**785,377**	782,653
		955,849	957,889
Subtotal		**28,306,563**	29,340,161
Less: curent portion shown under current liabilities			
Loans from banking companies		**(7,875,000)**	(7,875,000)
Customer finance		**(18,389)**	(18,995)
Government of Sindh loans		**(186,667)**	(186,667)
		(8,080,056)	(8,080,662)
		20,226,507	21,259,499

12.1 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at September 30, 2021, the Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the period, repayment of Rs. 888 million has been made. The financial arrangements have been secured by GoP guarantee and first pari passu charge by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipment.

12.2 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks..

12.3 A long term finance facility amounting to Rs. 3000 million was sanctioned in August 2015 . During the period, repayment of Rs. 150 million has been made.

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

	Note	**September 30, 2021 (Un-audited)**	June 30, 2021 (Audited)
		-----------(Rupees in '000)-----------	
13. DEFERRED CREDIT			
Government of Pakistan contributions / grants			
Opening Balance		**2,968,896**	2,911,647
Additions / adjustments during the period		**-**	369,294
Transferred to unconsolidated statement of profit or loss	13.1	**(107,951)**	(312,045)
Ending balance		**2,860,945**	2,968,896
Government of Sindh (Conversion of loan into grant)			
Opening Balance		**1,952,841**	1,995,985
Additions during the period		**-**	78,250
Transferred to unconsolidated statement of profit or loss		**(45,521)**	(121,394)
Ending balance		**1,907,320**	1,952,841
Government of Sindh grants			
Opening Balance		**113,200**	129,125
Transferred to unconsolidated statement of profit or loss	13.2	**(4,313)**	(15,925)
Ending balance		**108,887**	113,200
		4,877,152	5,034,937
Less: Current portion of deferred credit		**(443,575)**	(442,114)
		4,433,577	4,592,823

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

13.2. Pipelines constructed / built under deferred credit arrangement are not given 17.43% minimum guaranteed return. However, Unaccounted for Gas ("UFG") losses on such pipelines are considered in the determination of the Company's guaranteed return.

	Note	**September 30, 2021 (Un-audited)**	June 30, 2021 (Audited)
		-----------(Rupees in '000)-----------	
14. Contract Liabilities			
Contribution from customers	14.1&14.2	**2,668,585**	2,508,518
Advance received from customers for laying of mains, etc.		**5,239,590**	5,277,556
		7,908,175	7,786,074

14.1. Contribution from customers	Note	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
		-----------(Rupees in '000)-----------	
Opening Balance		**2,740,870**	2,015,462
Additions / adjustments during the period		**224,405**	935,231
Transferred to unconsolidated statement of profit or loss		**(59,338)**	(209,823)
		2,905,937	2,740,870
Less: Current portion of contributions from consumers		**(237,352)**	(232,352)
Ending balance		**2,668,585**	2,508,518

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. 25,000 million (: Rs. 25,000 million) and carry mark-up ranging from 0.00% to 0.20% (June 30, 2021: 0.20%) 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.2,510 million (June 30, 2021: Rs. 1,249 million).

16. TRADE AND OTHER PAYABLES	Note	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
Creditors for:			
- Indegenious gas	16.1	**405,652,177**	387,937,266
- RLNG		**116,458,475**	112,319,360
		522,110,652	500,256,626
Tariff adjustments RLNG- payable to GoP	16.2	**14,735,143**	18,346,037
Service charges payable to EETPL		**2,122,273**	1,776,953
Accrued liabilities / bills payable		**6,037,315**	5,492,219
Provision for compensated absences - non executives		**239,113**	239,113
Payable to gratuity fund		**3,509,988**	3,509,988
Payable to provident fund		**62,335**	62,335
Deposits / retention money		**667,076**	659,851
Advance for sharing right of way		**18,088**	18,088
Withholding tax		**100,415**	82,313
Sales tax and Federal excise duty		**512,177**	354,379
Sindh sales tax payable		**260,135**	185,332
Gas infrastructure development cess payable		**7,002,735**	8,856,769
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Workers's profit participation fund (WPPF)	16.3	**361,323**	234,255
Others		**512,961**	448,036
		558,253,529	540,524,094

16.1 Creditors for indigenous gas supplies include Rs. 348,103 million (June 30, 2021: Rs. 327,858 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 30, 2021: Rs. 15,832 million) on their balances which have been presented in note 17.1 to these unconsolidated condensed interim financial statements.

	Note	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
16.2 Tariff adjustments RLNG - payable to GoP			
Opening balance		**18,346,037**	14,430,636
Recognized during the period		**(3,610,894)**	3,915,401
Closing balance		**14,735,143**	18,346,037
16.3 Workers' Profit Participation Fund (WPPF)			
Opening balance		**234,255**	174,515
Charge during the period		**77,373**	59,740
Interest on WPPF		**49,695**	-
Closing balance		**361,323**	234,255
17. INTEREST ACCRUED			
Long term financing - loans from banking companies		**557,823**	416,543
Long term deposits from customers		**130,574**	518,980
Short term borrowings		**283,230**	270,917
Late payment surcharge on processing charges		**99,283**	99,283
Late payment surcharge on tariff adjustments		**4,826**	4,826
Late payment surcharge on gas supplies	17.1.	**15,832,411**	15,832,411
		16,908,147	17,142,960

17.1 As disclosed in note 9.1 and 9.2, effective from July 1, 2012, the Company has been accounting for LPS from KE and PSML on receipt basis as per International Financial Reporting Standards 15: “Revenue from Contracts with Customers”. However, 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 set 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. The Company'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, 2021 stands at Rs. 109,956 million.

		September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
18.	**CONTINGENCIES AND COMMITMENTS**	-------- (Rupees in '000)	--------
18.1	Commitments for capital and other expenditures	**3,947,755**	5,921,855
18.2	Guarantees issued on behalf of the Company	**6,616,853**	7,386,119

18.3 Jamshoro Power Company Limited (JPCL) has lodged claims against the Company amounting to Rs. 144,120 million (June 30,2021: Rs. Rs. 144,120 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Company and JPCL. JPCL has raised another claim of Rs. 5.793 million (June 30,2021: Rs. 5.793 million) 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. The Ministry of Energy in its letter dated August 12, 2021, has decided that the matter will be referred to the Secretaries' Committee for deliberation and resolution.

Subsequent to the period end, the Company received letter dated 10th June 2022 from the Arbitrator to file its reply against JPCL's claim. The Company vide letter dated 15th June 2022 communicated MoE's letter dated 12th August 2021 and also informed MoE about the Arbitrator's letter. The Company vide its letter dated 15th June 2022 shared MoE letter dated 12th August 2022 and informed that MoE has referred the matter to Secretaries Committee for resolution of issue. In addition, the Company vide letter dated 20th June 2022 requested DG (Gas) to take up the matter with Power Division so that the necessary directions can be communicated to JPCL and Arbitrator. In response DG (Gas) vide letter dated 6th July 2022 requested the Company to provide legal opinion on the claim made by JPCL. Accordingly the Company submitted the legal opinion to DG (Gas).

In respect of JPCL major claim i.e. on account of short supply of gas following clause of the agreement is important which does not support JPCL claim.

"Subject to availability and the terms and conditions specified herein the Company agrees to sell and deliver to the customer and the customer agrees to buy and accept a quantity of not less than 62 MMCF of Quality Natural Gas per day at its power station at Jamshoro"

It is evident from foregoing clause of the agreement, that JPCL has raised a claim not supported by the agreement and that the supply of gas to the customer was subject to the availability and it is/was not any firm commitment on the part of the Company. No provision has been made against the said claims, as management is confident that ultimately these claims will not be payable. Further, management believes that in case matter is decided against the Company, the entire amount will be claimed from the OGRA in the determination of revenue requirements of the Company.

18.4 As disclosed in note 17.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021 and for the quarter ended September 30, 2021 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million,Rs. 26,335 million, Rs. 25,939 million and Rs. 5,889 million in these unconsolidated condensed interim financial statements. The Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

18.5 Arbitration proceedings between JJVL and the Company were initiated under the Pakistan Arbitration Act 1940 to settle the outstanding disputes between the parties. Accordingly, both the parties have appointed their respective arbitrators and filed their respective claims.

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the 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 a firm of Chartered Accountant to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the Company. Based on the Court order, the Company shut down the supply of gas to JJVL plant accordingly.

Subsequently, SCP through its order dated November 16, 2018, based on the report by a firm of Chartered Accountants, determined that Rs. 1,500 million is the undisputed amount that shall be paid within eight weeks by JJVL, which has been accordingly received by the Company along-with the interest accrued thereon. However, with respect to the GIDC, tax challans and other matters, SCP will settle the same and an appropriate order be passed in this regard. Management is of the view that once the matter is finalized by the SCP any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

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 third party 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 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 and an agreement was signed between the Company and JJVL and submitted to SCP for its approval and the same was validated by SCP in its order dated December 29, 2018. 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 is 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 stands expired and since then no gas has been supplied to JJVL plant.

Moreover, the firm has to submit the 'Determination Report' as per the agreement in order to finalize the revenue sharing percentage. Accordingly, the same has been submitted by the firm to SCP in December 2020 after having inputs / working from both the parties. Currently, the matter is pending in SCP and the final Company's consideration will be subject to conclusion of this matter at SCP.

Due to the ongoing freight case hearings by SCP, the arbitration under the Pakistan Arbitration Act, 1940 as amended from time to time is currently adjourned till the final order of the SCP and all the disputed matters taken to arbitration will be finalized once the SCP passes its order.

		Note	Quarter ended September 30, 2021 (Un-audited)	September 30, 2020
19.	**SALES**		-----------(Rupees in '000)-------------	
	Gross sales - Indigenous gas		**54,940,551**	62,246,299
	Gross sales - RLNG		**38,717,216**	12,031,158
			93,657,767	74,277,457
	Sales tax - Indigenous gas		**(8,168,454)**	(9,399,569)
	Sales tax - RLNG		**(5,494,006)**	(1,715,796)
			(13,662,460)	(11,115,365)
	Net Sales		**79,995,307**	63,162,092
20.	**TARIFF ADJUSTMENTS**			
	Indigenous gas	20.1.	**9,435,822**	11,150,639
	RLNG		**3,610,894**	2,479,559
			13,046,716	13,630,198
20.1.	**Tariff adjustment - indigenous gas**			
	GDS recovered during the period		**11,972,977**	(942,461)
	Price increase adjustment for the period		**(2,338,404)**	12,237,575
	Subsidy for LPG air mix operations		**(198,751)**	(144,475)
			9,435,822	11,150,639
21.	**COST OF SALES**			
	Cost of gas	21.1	**85,844,804**	72,296,260
	Transmission and distribution costs		**3,728,671**	5,174,176
			89,573,475	77,470,436
21.1	**Cost of gas**			
	Opening gas in pipelines		**1,105,599**	1,248,028
	RLNG purchases		**32,378,740**	12,510,704
	Indigenous gas purchases		**53,901,630**	60,020,333
			87,385,969	73,779,065
	Gas consumed internally		**(187,845)**	(285,716)
	Closing gas in pipelines		**(1,353,320)**	(1,197,089)
			(1,541,165)	(1,482,805)
			85,844,804	72,296,260
22.	**OTHER OPERATING EXPENSES**			
	Workers' profit participation fund		**77,373**	-
	Auditors' remuneration		**1,418**	1,743
	Sports expenses		**19,669**	31,089
	Corporate social responsibility		**3,639**	6,361
	Loss on disposal of property, plant and equipment		**44,235**	1,247
	Provision against impaired stores and spares		**8,284**	19,974
	Exchange loss		**3,158,924**	-
			3,313,542	60,414

	Quarter ended	
	September 30, 2021	September 30, 2020
	(Un-audited)	
	----------(Rupees in '000)----------	

23. OTHER INCOME

Income from financial assets		
Income for receivable against asset contribution	**8,618**	10,296
Interst income on loan to related party	**37,577**	38,294
Income from net investment in finance lease from SNGPL	**3,982**	9,063
Return on term deposits and profit and loss bank account	**4,800**	7,173
	54,977	64,826
Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)	**78,566**	91,851
Dividend income	**16,478**	-
Income from other than financial assets		
Late payment surcharge	**508,532**	620,118
Interest income on late payment of gas bills from SNGPL	**286,301**	286,301
Sale of gas condensate - net	**(13,353)**	(28,369)
Meter manufacturing division profit - net	**3,429**	5,706
Late payment surcharge	**472,538**	202,311
RLNG transportation income	**2,069,124**	1,809,310
Recognition of income against deferred credit and contract liability	**203,322**	141,835
Income from LPG air mix distribution - net	**30,979**	33,470
Income from sale of tender documents	**1,697**	697
Scrap sales	**32**	1,450
Recoveries from customer	**20,894**	10,610
Liquidity damages recovered	**6,935**	9,570
Amortization of Government grant	**4,313**	3,955
Exchange gain	**-**	360,868
Rental income from SSGC LPG (Pvt) Limited	**256**	193
LSA margins against RLNG	**224,995**	241,401
Miscellaneous	**7,580**	8,037
	3,977,595	3,864,140

24. TAXATION

- Current	**733,605**	610,341
- Deferred	**-**	-
	733,605	610,341

	Quarter ended September 30, 2021	Quarter ended September 30, 2020
	(Un-audited)	
	--------(Rupees in '000)--------	

25. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

Provisions	**688,070**	1,762,891
Depreciation on owned assets	**817,754**	1,980,773
Depreciation on right of use assets	**30,769**	31,324
Amortization of intangibles	**11,019**	1,640
Finance cost	**1,058,290**	948,483
Amortization of transaction cost	**8,667**	745
Amortization of Government grant	**(4,313)**	(3,955)
Recognition of income against deferred credit and contract liability	**(183,054)**	(134,315)
Dividend income	**(16,478)**	-
Interest income and return on term deposits	**(415,862)**	(433,915)
Income from net investment in finance lease	**(3,982)**	(9,063)
Loss on disposal of property plant and equipment	**44,235**	1,247
Increase / (decrease) in long term advances	**26,145**	(3,184)
Increase in deferred credit and contract liability	**152,370**	220,594
Lease rental from net investment in finance lease	**18,436**	23,517
Increase in obligation against transfer of pipeline	**18,319**	19,657
Finance cost on lease liability	**3,737**	5,450
	2,254,122	4,411,889

26. WORKING CAPITAL CHANGES

(Increase) / decrease in current assets		
Stores and spares	**(117,996)**	(312,710)
Stock-in-trade	**(199,559)**	(123,433)
Customers' installation work-in-progress	**18,765**	(12,748)
Trade debts	**(2,168,016)**	195,483
Advances, deposits and short term prepayments	**371,930**	(174,022)
Other receivables	**(11,949,637)**	(15,032,818)
	(14,044,513)	(15,460,248)
Increase in current liabilities		
Trade and other payables	**17,729,435**	5,109,736
	3,684,922	(10,350,512)

27. 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:

	Relationship	Quarter ended September 30, 2021 (Un-audited)	Quarter ended September 30, 2020 (Un-audited)
		--------(Rupees in '000)--------	
Government related entities			
- Purchase of fuel and lubricant		**6,177**	16,331
- Billable charges		**46,944,268**	24,370,444
- Income from net investment in finance lease		**3,982**	9,063
- Gas purchases - Indigenous gas		**28,953,832**	31,426,301
- Gas purchases - RLNG		**32,378,740**	-
- Sale of gas meters - spare parts		**4,197**	7,819
- Insurance premium		**12,044**	29,433
- Electricity expenses		**67,310**	59,644
- Interest income		**364,867**	378,152
- Markup expense on short term finance		**19,012**	7,843
- Markup expense on long term finance		**71,956**	94,698
- Professional charges		**-**	40
- Subscription		**2,052**	-
- RLNG transportation income		**2,069,124**	1,809,310
- LPG purchases		**153,117**	78,557
- Income against LNG service agreement		**224,995**	241,401
Karachi Grammar School	Associate		
- Billable charges		**15**	5
Key management personnel			
- Remuneration		**54,890**	48,466
Pakistan Institute of Corporate Governance	Associate		
- Subscription / Trainings		**284**	559
* **Engro Fertilizers Limited**	Associate		
- Billable charges		**8,078**	-
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Interest on loan		**37,577**	38,294
- Rental income		**256**	193
Staff retirement benefit plans	Associate		
- Contribution to provident fund		**84,222**	94,020
- Contribution to pension fund		**155,445**	302,979
- Contribution to gratuity fund		**96,406**	180,814

* Comparative transactions with ENGRO fertilizers limited has not been disclosed as it was not a related party last year.

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

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

27.3. 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.

27.4. 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:

	Relationship	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
Government related entities - various	Relationship		
- Billable charges		61,062,771	58,695,306
- Mark up accrued on borrowings		(4,748,617)	(4,782,380)
- Net investment in finance lease		1,009,922	922,429
- Gas purchases - Indigenous gas		(348,102,970)	(445,568,344)
- Gas purchases - RLNG		(116,458,475)	-
- Gas meters and spare parts		32,030	38,157
- Uniform cost of gas		15,818,846	15,818,845
- Cash at bank		27,556	6,942
- Stock loan		5,321	5,321
- Payable to insurance		(45,693)	(2,244)
- Gas supply deposit		(58,099)	(51,263)
- Interest expense accrued - late payment surcharge on gas bills		(15,832,411)	(15,832,411)
- Interest income accrued - late payment on gas bills		14,903,791	14,538,924
- Contingent rent		10,609	10,405
- Capacity and utilisation charges of RLNG		52,682,249	52,247,106
- RLNG transportation income		31,969,618	31,832,534
- LSA margins		2,944,673	2,945,502
- Advance for sharing right of way		(18,088)	(18,088)
- Professional charges		57	57
- LPG purchases		(89,508)	(55,190)
Karachi Grammar School	Associate		
- Billable charges		5	5
- Gas supply deposit		(22)	(22)
* **Engro Fertilizers Limited**			
- Billable charges		2,653	-
- Gas supply deposit		2,851	-
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Long term investment		1,249,382	1,249,382
- Long term loan		700,000	700,000
- Interest on loan		15,456	-
- Deferred markup on loan		791,217	822,185
- Current portion of deferred markup		116,846	114,150
- LPG sales		5,698	5,698
- Rental Income receivable		550	358
- Receivable of management fee		1,408	1,408

* Comparative transactions with ENGRO fertilizers limited has not been disclosed as it was not a related party last year.

28. 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 assets 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 Company's revenue and results by reportable segment.

	Quarter ended			
	Segment revenue		Segment Profit / (loss)	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
	(Un-audited)			
	---------------------- (Rupees in '000) ----------------------			
Gas transmission and distribution	**79,995,307**	63,162,092	**1,320,262**	(366,268)
Meter manufacturing	**316,072**	354,240	**3,429**	5,706
Total segment results	**80,311,379**	63,516,332	**1,323,691**	(360,562)
Unallocated				
- Other operating expenses			**(154,618)**	(60,414)
Unallocated				
- Other income			**301,019**	310,375
Profit / (loss) before tax			**1,470,092**	(110,601)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 315 million (September 30, 2020: Rs. 347 million).

Segment assets and liabilities

	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
	--------(Rupees in '000)--------	
Segment assets		
Gas transmission and distribution	**629,549,536**	613,074,073
Meter manufacturing	**507,990**	552,261
Total segment assets	**630,057,526**	613,626,334
Unallocated		
- Loans and advances	**1,960,838**	2,205,677
- Taxation - net	**17,840,155**	17,609,468
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**724,707**	573,696
	21,013,439	20,876,580
Total assets as per unconsolidated condensed interim statement of financial position	**651,070,965**	634,502,914
Segments liabilities		
Gas transmission and distribution	**672,376,799**	656,664,567
Meter manufacturing	**161,815**	9,902
Total segment liabilities	**672,538,614**	656,674,469
Total liabilities as per unconsolidated condensed interim statement of financial position	**672,538,614**	656,674,469

29. 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.

29.1. 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, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	--------Rupees in '000--------			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**176,718**	**-**	**-**	**176,718**

	As at June 30, 2021			
	Level 1	Level 2	Level 3	Total
	--------Rupees in '000--------			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	209,299	-	-	209,299

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.

29.2. 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, 2021	
	Level 2	**Fair Value**
	--------Rupees in '000--------	
Freehold land	**12,339,027**	**12,339,027**
Leasehold land	**12,698,111**	**12,698,111**
	25,037,138	**25,037,138**

	As at June 30, 2021	
	Level 2	Fair Value
	--------Rupees in '000--------	
Freehold Land	12,339,027	12,339,027
Leasehold Land	12,698,111	12,698,111
	25,037,138	25,037,138

30. GENERAL

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

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

31. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on April 13, 2023 .

Dr. Shamshad Akhtar Chairperson	**Imran Maniar** Managing Director	**Muhammad Amin Rajput** Chief Financial Officer

SSGC | Sui Southern Gas Company Limited

Consolidated Condensed Interim Financial Information (Un-Audited)
for the quarter ended September 30, 2021

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

	Note	**September 30, 2021 (Un-audited)**	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	6	**141,393,973**	139,097,127
Intangible assets		**107,067**	114,435
Right of use assets	7	**167,805**	165,466
Deferred tax		**2,723,474**	2,721,666
Long term investments	8	**176,718**	209,299
Net investment in finance lease		**58,867**	73,321
Long term loans and advances		**120,819**	175,339
Long term deposits		**19,731**	19,740
Total non-current assets		**144,768,454**	142,576,393
Current assets			
Stores, spares and loose tools		**3,568,019**	3,457,965
Stock-in-trade		**2,150,683**	1,602,452
Current maturity of net investment in finance lease		**57,814**	57,814
Customers' installation work-in-progress		**230,813**	249,578
Trade debts	9	**94,009,496**	92,141,613
Loans and advances		**231,956**	394,002
Advances, deposits and short term prepayments		**846,417**	1,231,858
Interest accrued	10	**15,518,819**	15,153,952
Other receivables	11	**372,075,735**	360,062,870
Taxation - net		**18,154,432**	17,890,333
Short term investment - term deposit receipt		**279,223**	479,223
Cash and bank balances		**1,098,097**	767,366
Total current assets		**508,221,504**	493,489,026
TOTAL ASSETS		**652,989,958**	636,065,419

The annexed notes 1 to 31 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

	Note	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves		--------(Rupees in '000)--------	
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000**	10,000,000
Issued, subscribed and paid-up capital		**8,809,163**	8,809,163
Reserves		**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI investments		**140,191**	172,772
Surplus on revaluation of property plant and equipment		**25,254,815**	25,254,815
Accumulated losses		**(59,668,014)**	(60,441,466)
Total equity		**(20,556,444)**	(21,297,315)
LIABILITIES			
Non-current liabilities			
Long term financing	12	**20,226,507**	21,259,499
Long term deposits		**23,830,448**	23,241,015
Employee benefits		**5,728,813**	5,603,105
Payable against transfer of pipeline		**738,568**	755,645
Deferred credit	13	**4,433,577**	4,592,822
Contract liabilities	14	**7,908,175**	7,786,074
Lease liability		**68,313**	63,845
Long term advances		**3,181,641**	3,155,496
Total non-current liabilities		**66,116,042**	66,457,501
Current liabilities			
Current portion of long term financing	12	**8,080,056**	8,080,662
Current portion of payable against transfer of pipeline		**66,073**	64,610
Current portion of deferred credit	13	**443,575**	442,114
Current portion of contract liabilities	14	**237,352**	232,352
Current portion lease liability		**59,853**	84,493
Short term borrowings	15	**22,489,500**	23,750,594
Trade and other payables	16	**558,821,963**	540,782,773
Short term deposits		**38,415**	39,249
Unclaimed dividend		**285,426**	285,426
Interest accrued	17	**16,908,147**	17,142,960
Total current liabilities		**607,430,360**	590,905,233
Total liabilities		**673,546,402**	657,362,734
TOTAL EQUITY AND LIABILITIES		**652,989,958**	636,065,419
Contingencies and commitments	18		

The annexed notes 1 to 31 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the quarter ended September 30, 2021

	Note	**Quarter ended September 30, 2021**	Quarter ended September 30, 2020
		(Un-Audited)	
		-----------(Rupees in '000)-----------	
Sales	19	**93,657,767**	74,277,457
Sales tax	19	**(13,662,460)**	(11,115,365)
		79,995,307	63,162,092
Tariff adjustments	20	**13,046,716**	13,630,198
Net sales		**93,042,023**	76,792,290
Cost of sales	21	**(89,573,475)**	(77,470,436)
Gross profit / (loss)		**3,468,548**	(678,146)
Administrative and selling expenses		**(1,339,274)**	(1,160,931)
Other operating expenses	22	**(3,313,829)**	(60,828)
Impairment loss against financial assets		**(273,177)**	(1,136,504)
		(4,926,280)	(2,358,263)
		(1,457,732)	(3,036,409)
Other income	23	**4,069,132**	3,981,873
Operating profit		**2,611,400**	945,464
Finance cost		**(1,090,387)**	(975,367)
Profit / (loss) before taxation		**1,521,013**	(29,903)
Taxation	24	**(747,561)**	(635,201)
Profit / (loss) for the period		**773,452**	(665,104)
Earning / (loss) per share - basic and diluted		**0.88**	(0.76)

The annexed notes 1 to 31 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended september 30, 2021

	Quarter ended	
	September 30, 2021	'September 30, 2020
	(Un-Audited)	
	----------(Rupees in '000)----------	
Profit / (loss) for the period	**773,452**	(665,104)
Other comprehensive income		
Unrealised (loss) / profit on re-measurement of FVTOCI investments	**(32,581)**	41,645
Total comprehensive income / (loss) for the period	**740,871**	(623,459)

The annexed notes 1 to 31 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW

For the quarter ended September 30, 2021

	Note	Quarter ended September 30, 2021 (Un-Audited)	Quarter ended September 30, 2020 (Un-Audited)
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		**1,521,013**	(29,903)
Adjustments for non-cash and other items	25	**2,350,573**	4,507,977
Working capital changes	26	**3,605,234**	(10,249,952)
Financial charges paid		**(1,509,793)**	(1,697,566)
Employee benefits paid		**(28,858)**	(30,113)
Payment for retirement benefits		**(251,851)**	(485,724)
Long term deposits received - net		**589,443**	188,618
Deposits - net		**(833)**	174
Loans and advances to employees - net		**244,839**	92,404
Interest income and return on term deposits received		**50,995**	1,137,985
Income taxes paid		**(1,013,451)**	(100,570)
Net cash generated from / (used in) operating activities		**5,557,311**	(6,666,670)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(3,046,181)**	(1,733,841)
Payments for intangible assets		**(4,756)**	(6,353)
Short term investment		**129,233**	(223)
Payment against transfer of pipeline		**(33,933)**	(33,933)
Proceeds from sale of property, plant and equipment		**1,503**	255
Dividend received		**10,642**	-
Net cash used in investing activities		**(2,943,492)**	(1,774,095)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(1,028,833)**	(500,773)
Repayment of customer finance		**(4,765)**	(5,009)
Repayment of lease liability		**(59,173)**	(71,803)
Net cash used in financing activities		**(1,092,771)**	(577,585)
Net increase / (decrease) in cash and cash equivalents		**1,521,048**	(9,018,350)
Cash and cash equivalents at beginning of the period		**(22,633,228)**	(13,428,869)
Cash and cash equivalents at end of the period		**(21,112,180)**	(22,447,219)
Cash and cash equivalent comprises:			
Cash and bank balances		**1,098,097**	1,755,880
Term deposit receipts (TDR)		**279,223**	-
Short term borrowings		**(22,489,500)**	(24,203,099)
		(21,112,180)	(22,447,219)

The annexed notes 1 to 31 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the quarter ended September 30, 2021

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of FVTOCI investments	Surplus on revaluation of property, plant and	Accumulated losses	Total
	--(Rupees in '000)--						
Balance as at July 1, 2020 (Audited)	**8,809,163**	**234,868**	**4,672,533**	**143,490**	**25,254,815**	**(62,242,789)**	**(23,127,920)**
Total comprehensive loss for the quarter ended September 30, 2020							
Loss for the period	-	-	-	-	-	(665,104)	(665,104)
Other comprehensive income for the period	-	-	-	41,645	-	-	41,645
Total comprehensive loss for the period	-	-	-	41,645	-	(665,104)	(623,459)
Balance as at September 30, 2020	8,809,163	234,868	4,672,533	185,135	25,254,815	(62,907,893)	(23,751,379)
Balance as at July 1, 2021 (Audited)	**8,809,163**	**234,868**	**4,672,533**	**172,772**	**25,254,815**	**(60,441,466)**	**(21,297,315)**
Total comprehensive income for the quarter ended September 30, 2021							
Profit for the period	-	-	-	-	-	773,452	773,452
Other comprehensive loss for the period	-	-	-	(32,581)	-	-	(32,581)
Total comprehensive income for the period	-	-	-	(32,581)	-	773,452	740,871
Balance as at September 30, 2021	**8,809,163**	**234,868**	**4,672,533**	**140,191**	**25,254,815**	**(59,668,014)**	**(20,556,444)**

The annexed notes 1 to 31 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company
- Sui Southern Gas Company Limited

	Percentage of Holding	
	September 30, 2021	June 30, 2021
Subsidiary Companies		
- SSGC LPG (Private) Limited	**100**	100

The Group is principally engaged in transmission and distribution of natural gas and liquefied petroleum gas in Sindh and Balochistan. Brief profiles of the Holding Company and subsidiaries are as follows:

Sui Southern Gas Company Limited

Sui Southern Gas Company Limited ("the Holding Company") is a public limited Company incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges (now Pakistan Stock Exchange). 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 Suleman Road, Block 14, Gulshan e Iqbal, Karachi. The Holding Company's pipe coating plant is situated at Plot No. F-76 SITE Avenue Karachi (Here 3/4", 1" & 2" pipe is coated for Distribution South Karachi) and Khadeji P&C Base Camp M-9 Motorway Karachi.

The addresses of other regional offices / business units of the Holding Company are as follows:

<u>Region</u>	<u>Address</u>
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 of the Subsidiary Company is situated at LDC building Karachi terminal main university road, Karachi and its main activity is supply of liquefied petroleum gas and provision of terminal and storage services.

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 Panjab 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 provision of terminal and storage services.

1.2 Basis of consolidation

- The consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Company, together "the Group".
- The financial statements of the subsidiary are prepared for the same reporting year as the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiaries have been consolidated on a line by line basis.
- Minority interest represents the portion of the net results of operations and of net assets of subsidiaries attributable to interests which are not owned by the Holding Company.
- Material intra-group balances and transactions have been eliminated.

1.3 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA), the Holding Company is provided a minimum annual return before taxation of 17.43% per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial and 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 or short of the above guaranteed return is payable to or recoverable from the Government of Pakistan (GoP).

1.4 Status of the Group's Operations - Financial Performance

During the period the Group has earned profit after tax of Rs. 773 million (September 30, 2020: Loss after tax of Rs. (665) million) resulting in reduction in its accumulated losses by Rs. 773 million and improvement in its equity by Rs. 741 million. As at reporting date, current liabilities exceeded its current asset by Rs. 99,209 million (June 30, 2021: Rs. 97,416 million).

To further improve the financial performance, the Holding Company is pursuing actions for reduction in UFG / enhancement of UFG benchmark based on Key Monitoring Indicators (KMI) as well as implementation of Economic Coordination Committee of the Cabinet (ECC) decision on RLNG volume handling which will help in significant reduction in UFG disallowances.

Following are the Key points relating to financial sustainability of the Holding Company:

- ECC in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Holding Company was allowed UFG based on 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 on Final Revenue Requirement (FRR) for FY 2017-18 and there after till June 30, 2021, carrying financial impact aggregating to Rs 52,514 million as of the reporting date, OGRA did not consider implementing the aforementioned decision and advised to take up the matter with 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 of Secretaries of Petroleum & Finance. 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.

- Government of Pakistan (Finance Division) in its letter dated July 06, 2020, being majority shareholder has acknowledged the funding requirements of the Holding Company and has shown commitment to extend all support to maintain the going concern status of the Holding Company.

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

- Banks have allowed waiver from the compliance of debt-to-equity covenants up to June 30, 2022. However, subsequent to period end, the Holding Company has never defaulted in payment of any installment of principal and interest thereon.

Board / management believes that in view of above mentioned steps / plans, the Holding Company's profitability and financial position will further improve in the next few years, hence no material uncertainty exist relating to going concern status of the Holding Company.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" and the provisions and directives issued under the Companies Act, 2017. In case where the requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail. For the determination of Tariff Adjustments (Gas Development Surcharge), the directives of OGRA and the OGRA Ordinance, 2002 have been followed. Moreover, Tariff adjustments recorded in these Consolidated condensed interim financial statements is based on Final Revenue Requirement determined by OGRA for the financial year ended June 30, 2021.

These consolidated condensed interim financial statements does not include all information required for annual audited consolidated financial statements and should be read in conjunction with the annual audited Consolidated financial statements of the Holding Company for the year ended June 30, 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

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, 2021.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

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 that applied to the audited consolidated financial statements for the year ended June 30, 2021 except for the following

Estimated useful life of fixed assets with respect to Gas Distribution System (Meters), computers and Ancillary equipments have been increased from 10 years to 20 years and from 3 years to 3-6.67 years respectively as per the directives of OGRA for FY 2021-22 onwards. Accordingly, this change have been made prospectively in accordance with IAS 8 "Accounting Policies, change in Accounting Estimates and Errors". Had the useful life of above mentioned fixed assets remained the same, the depreciation charge for the period would have increased from Rs. 834 million to Rs. 2,348 million.

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

5 FINANCIAL RISK MANAGEMENT

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

	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
6. PROPERTY, PLANT AND EQUIPMENT	**--------(Rupees in '000)--------**	
Operating assets	**127,411,905**	127,408,805
Capital work-in-progress	**13,982,068**	11,688,322
	141,393,973	139,097,127

Details of additions and disposals of property, plant and equipment are as follows:

	September 30, 2021		September 30, 2020	
	(Un-audited)			
	-----(Rupees in '000)-----			
	Cost of additions / transfers from CWIP	**Written down value of (transfers / disposals)**	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)
Operating assets				
Buildings on leasehold land	**43,091**	**-**	49,546	-
Gas distribution system	**654,795**	**(43,549)**	1,027,519	-
Gas transmission pipelines	**38,401**	**-**	113,900	-
Telecommunication		**-**	435	-
Plant and machinery	**54,422**	**-**	42,315	-
Tools and equipment	**2,865**	**-**	2,613	-
Motor vehicles	**93,525**	**(2,133)**	16,633	(1,502)
Furniture and fixtures	**730**	**-**	679	-
Office equipment	**16,050**	**-**	10,771	-
Computers and ancillary equipments	**1,333**	**-**	10,684	(9)
Cylinder	**976**		71,120	
Compressor	**13,677**	**-**	35,176	-
	919,865	**(45,682)**	1,381,391	(1,511)

	Capital expenditure incurred	**Transfer to operating assets**	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:	-----(Rupees in '000)-----			
Projects:				
- Gas distribution system	**1,584,210**	**(654,795)**	1,513,342	(1,027,519)
- Gas transmission system	**-**	**(38,401)**	69,191	(113,900)
- Cost of buildings under construction	**16,625**	**(5,826)**	27,789	(12,281)
	1,600,835	**(699,022)**	1,610,322	(1,153,700)

During the period, there has been net increase in respect of stores and spares held for capital projects and others amounting to Rs. 1,123 million (September 30, 2020: Increase of Rs. 139 million).

	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
7 RIGHT OF USE ASSETS	-----------(Rupees in '000)-----------	
Cost	**396,661**	367,452
Accumulated depreciation	**(228,856)**	(201,986)
Net book value	**167,805**	165,466
Cost		
Opening balance	**367,452**	369,281
Additions during the period	**35,194**	50,055
Derecognition during the period	**(5,985)**	(51,884)
Ending balance	**396,661**	367,452
Accumulated depreciation		
Opening balance	**201,986**	128,161
Depreciation charge for the period	**31,160**	124,889
Derecognition during the period	**(4,290)**	(51,064)
Ending balance	**228,856**	201,986

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

	Note	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
8 LONG TERM INVESTMENTS		--------(Rupees in '000)--------	
Investment - at fair value through other comprehensive income		**176,718**	209,299
		176,718	209,299
9. TRADE DEBTS			
secured		**37,363,272**	31,108,796
unsecured		**78,421,563**	82,534,979
	9.1 & 9.2	**115,784,835**	113,643,775
Provision against financial assets		**(21,775,339)**	(21,502,162)
		94,009,496	92,141,613

9.1 As 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, the Holding Company effective from July 01, 2012 decided to account for LPS from KE on receipt basis as per International Accounting Standard IAS 18 "Revenue" supersede by international Financial Reporting Standards 15: "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 33,031 million (June 30, 2021: Rs. 30,931 million) as at September 30, 2021 receivables from KE against sale of indigenous gas. Out of this, Rs. 27,831 million (June 30, 2021: Rs. 29,652 million) are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 135,441 million (June 30, 2021: Rs. 132,424 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.

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 on the following grounds:

- 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 of:

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

- As per the above agreement and as per 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 case against the Holding Company in the High Court of Sindh 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. However, 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 where it was agreed that the Holding Company would make excess 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 excess quantity of natural gas as per terms of the agreement.

Management has consulted with its legal counsel, who is of the view that the Holding Company has a strong case for recovery of the outstanding amount, hence, based on that management considers outstanding balance 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, management 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 till March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 1, 2016 till March 31, 2017. Currently, management is in a process to negotiate payment plan, which has not been finalised till the issuence of these Consolidated condensed interim financial statements but the supply of gas and payment is continuing as per old plan.

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. Term of reference has been signed and shared with KE however no response has been received from KE.

9.2 As 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 as per International Accounting Standard IAS 18 "Revenue" supersede by international Financial Reporting Standards 15: "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,631 million (June 30, 2021: Rs. 24,699 million) including overdue balance of Rs. 24,553 million (June 30, 2021: Rs. 24,622 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 76,032 million (June 30, 2021: Rs. 74,417 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make

The Holding Company filed a suit in the High Court of Sindh 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 High Court of Sindh 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.

Although PSML's financial position is adverse, and it has no capacity to repay its obligations on its own, management is confident that the entire amount will be ultimately recovered because PSML is a Government-owned entity and is continuously being supported by the Government of Pakistan.

10. INTEREST ACCRUED	**September 30, 2021 (Un-audited)**	June 30, 2021 (Audited)
	--------(Rupees in '000)--------	
Interest accrued on late payment of bills / invoices from:		
- Water and Power Development Authority (WAPDA)	**4,796,144**	4,717,577
- Sui Northern Gas Pipeline Limited (SNGPL)	**10,107,647**	9,821,347
- Jamshoro Joint Venture Limited (JJVL)	**239,689**	239,689
	15,143,480	14,778,613
Interest accrued on sales tax refund	**487,739**	487,739
	15,631,219	15,266,352
Provision against impaired accrued income	**(112,400)**	(112,400)
	15,518,819	15,153,952

	Note	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
11. OTHER RECEIVABLES			
Tariff adjustments indigenous gas - receivable from GoP	11.1	**217,396,637**	207,762,067
Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
Receivable from HCPCL	11.2	**4,157,839**	4,157,839
Staff pension fund		**79,052**	79,052
Receivable for sale of gas condensate		**77,609**	42,949
Receivable from SNGPL	11.3	**104,435,916**	103,776,821
Receivable from JJVL	11.4,11.5 & 11.6	**2,501,824**	2,501,824
Sales tax receivable	11.7	**41,239,029**	39,548,675
Sindh sales tax receivable		**112,976**	112,976
Receivable against asset contribution	11.8	**337,643**	348,448
Dividend receivable		**5,836**	-
Accrued Markup		**5,202**	5,016
Miscellaneous receivable		**28,967**	29,997
		374,662,609	362,649,744
Provision against impaired receivables		**(2,586,874)**	(2,586,874)
		372,075,735	360,062,870

11.1 Tariff adjustments indigenous gas - receivable from GoP

Opening balance	**207,762,067**	178,411,641
Recognized during the period	**9,435,822**	28,557,632
Subsidy for LPG air mix operations	**198,748**	792,794
Ending balance	**217,396,637**	207,762,067

11.2 Receivable from Habibullah Coastal Power Company Private Limited (HCPCL)

Amount of LD charges as per Arbitration Award	**3,938,382**	3,938,382
Subsequent LDs raised by HCPCL on Award Principle	**219,457**	219,457
Total Receivable	**4,157,839**	4,157,839

11.2.1 HCPCL initiated arbitral proceedings on November 30, 2015 in the International Chamber of Commerce Singapore (ICC) against the Holding Company on account of short / non-supply of contractual gas volumes and disputed compounding of interest i.e. Late Payment Surcharge on gas bills thereon for the period from January 2009 to March 2017.

On April 30, 2018, ICC issued decision in favor of HCPCL and the Holding Company was made liable to make payment to HCPCL as a final reward in the form of indemnity, liquidated damages (LD), interest on LD and legal and professional charges. The said final reward was adjusted by HCPCL against running gas bills issued by the Holding Company.

Earlier in January 2018, the Holding Company approached Ministry of Energy (Petroleum Division) regarding waiver of LDs claimed by WAPDA / CCPA-G from HCPCL against non-supply of Electricity to WAPDA which was being passed to the Holding Company by HCPCL.

The matter was submitted to Economic Coordination Committee of the Cabinet (ECC) for consideration and ECC in its meeting held on February 07, 2018 approved in principle, the proposal regarding waiver of LDs with the direction to Petroleum Division to work out modalities in consultation with stakeholders.

LDs adjusted by HCPCL against running gas bills are recoverable from HCPCL as per ECC aforementioned decision amounting to Rs. 3,626 million for the Award Period along with LPS amounting to Rs. 312 million and further LDs deducted by HCPCL following Award principles amounting to Rs. 162 million and Rs. 58 million upto June 30, 2018 and for the year ended June 30, 2019 respectively.

The 20 years GSA with HCPCL expired in September 2019. Prior to the expiry of GSA, MOE communicated the Holding Company to continue supplying gas to HCPCL in order to avoid suspension of electricity to national grid. In the month of October 2019, HCPCL carried out a set off of Rs. 586.5 million from the Holding Company's outstanding bills on account of LDs imposed by WAPDA after the expiry of gas allocation on December 31, 2018. The Holding Company disconnected gas supply to HCPCL on October 3, 2019. Subsequently the Holding Company opted for encashment of HCPCL Bank Guarantees to recover outstanding recoverables. In response, HCPCL filed Suit 1570 of 2019 against the Holding Company and obtained stay from the honorable High Court of Sindh against encashment of Bank Guarantees. HCPCL is in negotiations with the Holding Company to finalize the modalities under ECC decision for waiver of LDs and sign a new GSA to resume gas supply.

11.3	**Receivable balance from SNGPL comprises of the following:**	Note	**September 30, 2021 (Un-audited)**	June 30, 2021 (Audited)
			--------(Rupees in '000)--------	
	Uniform cost of gas		**15,818,845**	15,818,845
	Lease rentals		**1,009,922**	922,429
	Contingent rent		**10,609**	10,405
	LSA margins		**2,944,673**	2,945,502
	Capacity and utilisation charges of RLNG	11.3.1	**52,682,249**	52,247,106
	RLNG transportation income		**31,969,618**	31,832,534
			104,435,916	103,776,821

11.3.1 The Holding Company has invoiced an amount of Rs. 137,824 million, including Sindh Sales Tax of Rs. 15,999 million, till September 30, 2021 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.

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 the new agreement dated January 25, 2021 it has been agreed by both Sui Companies and being followed strictly that from June 2020 onwards SSGC will pay invoices raised by SSGC on account of Terminal charges, cost of Supply and LSA margin.

11.4 During the year 2013-14, the Supreme Court of Pakistan (SCP) passed an order dated December 04, 2013 with respect to the Constitution Petition No. 5 of 2011 and Human Rights Case No.15744 - P of 2009, whereby the Implementation Agreement of Badin gas field dated August 12, 2003 signed between the Holding Company and Jamshoro Joint Venture Limited (JJVL) was declared void from the date of its inception. SCP constituted a committee to calculate royalty payments (on the LPG extracted to date) on the basis of the Saudi Aramco reference price plus freight charges instead of the "Local Producer Price" for the full period during which the Implementation Agreement had been operational. However, the freight amount is yet to be finalized for which SCP has appointed an Advocate of Supreme Court to determine the matter and accordingly the same has been submitted by him.

As per SCP order dated June 13, 2018 a firm of Chartered Accountants was appointed to determine the receivable / payable from / to JJVL wherein freight matter was also included and the report has been submitted by the firm. However the freight matter is still pending and SCP will settle the same and an appropriate order shall be passed in this respect. As per SCP order dated January 9, 2019, in respect of freight matter charges, SCP directed JJVL to deposit Rs. 249 million as JJVL's admitted liability for freight charges for the period 2005 to 2013. The Holding Company has received such amount as directed by SCP on February 24, 2020 and further amount in this respect will be determined / settled once the matter is concluded by SCP in due course.

11.5 The Holding Company had an arrangement in terms of MoUs with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields and provide the Holding Company with total quantity of LPG extracted out of which 50% LPG was sold to JJVL as per the MoUs. The Holding Company paid processing charges of $235/MT for the months in which JJVL's production share is below 53.55% and $220/MT if JJVL's production share is more than 53.55%.

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the termination by the Holding Company and stated that the termination was validly done and the Holding Company was within its legal and contractual right to do so and appointed a firm of Chartered Accountant to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the Holding Company. Subsequently, JJVL paid Rs. 1.5 billion as per SCP Order dated November 16, 2018 based on the report submitted by Chartered Accountant firm.

As per the new agreement signed between the Holding Company and JJVL pursuant to SCP order dated 4 December 2018, the Holding Company shall supply gas to Jamshoro Joint Venture Limited (JJVL) Plant for the extraction of LPG and NGL from its related field. LPG and NGL is owned by JJVL to be sold at its discretion. JJVL shall pay to the Holding Company a consideration which shall be a percentage the total value of extraction of LPG / NGL. The Holding Company percentage shall be 57% of the total value extraction of LPG and NGL on ad-hoc basis which will be finalized by the firm of Chartered Accountants as per the Agreement in its determination report. The Holding Company shall not pay any extraction charges to JJVL in respect of this agreement.

The new agreement was valid for 1.5 years and stands expired on June 20, 2020. After the expiry of the said agreement, the Holding Company has not entered into any new arrangement with JJVL to date and hence, no gas has been supplied to JJVL plant since then.

11.6 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 JJVL and receivable from JJVL @ 57% value of LPG / NGL extraction as per new agreement signed between the Holding Company and JJVL pursuant to SCP order dated December 04, 2018 amounting to Rs. (10) million (June 30, 2021: Rs. (10) million), Rs. 160 million (June 30, 2021: Rs. 160 million), Rs. 178 million (June 30, 2021: Rs. 178 million), Rs. 1,070 million (June 30, 2021: Rs. 1,070 million), Rs. 646 million (June 30, 2021: Rs. 646 million), Rs. 32 million (June 30, 2021: 32 million), Rs.6.6 million (June 30, 2021:Rs.6.6 million), Rs. 419 million (June 30, 2021: Rs.419 million) respectively.

11.7 Sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Sales Tax 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

Sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Sales Tax 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.

11.8 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.

	Note	**September 30, 2021 (Un-audited)**	June 30, 2021 (Audited)
12. LONG-TERM FINANCING		**-----------(Rupees in '000)-----------**	
Secured			
Loans from banking companies	12.1, 12.2, 12.3 & 12.4	**27,350,714**	28,382,272
Unsecured			
Front end fee of foreign currency loan		**23,950**	23,950
Customer finance		**146,522**	151,286
Government of Sindh loans		**785,377**	782,653
		955,849	957,889
Subtotal		**28,306,563**	29,340,161
Less: curent portion shown under current liabilities			
Loans from banking companies		**(7,875,000)**	(7,875,000)
Customer finance		**(18,389)**	(18,995)
Government of Sindh loans		**(186,667)**	(186,667)
		(8,080,056)	(8,080,662)
		20,226,507	21,259,499

12.1 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at September 30, 2021 the Holding Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the period repayment of Rs. 888 million has been made. The financial arrangements have been secured by GoP guarantee and ranking charge created by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Holding Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

12.2 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks..

12.3 A long term finance facility amounting to Rs. 3000 million was sanctioned in August 2015 . During the period, repayment of Rs. 150 million has been made.

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

	Note	**September 30, 2021 (Un-audited)**	June 30, 2021 (Audited)
		-----------(Rupees in '000)-----------	
13. DEFERRED CREDIT			
Government of Pakistan contributions / grants			
Opening Balance		**2,968,896**	2,911,647
Additions / adjustments during the period		**-**	369,294
Transferred to consolidated statement of profit or loss	13.1.	**(107,951)**	(312,045)
Ending balance		**2,860,945**	2,968,896
Government of Sindh (Conversion of loan into grant)			
Opening Balance		**1,952,840**	1,995,985
Additions during the period		**-**	78,249
Transferred to consolidated statement of profit or loss		**(45,522)**	(121,394)
Ending balance		**1,907,320**	1,952,840
Government of Sindh grants			
Opening Balance		**113,200**	129,125
Transferred to consolidated statement of profit or loss	13.2.	**(4,313)**	(15,925)
Ending balance		**108,887**	113,200
		4,877,152	5,034,936
Less: Current portion of deferred credit		**(443,575)**	(442,114)
		4,433,577	4,592,822

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

13.2. Pipelines constructed / built under deferred credit arrangement are not given 17.43% minimum guaranteed return. However, Unaccounted for Gas ("UFG") losses on such pipelines are considered in the determination of the Holding Company's guaranteed return.

	Note	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
		-----------(Rupees in '000)-----------	
14. CONTRACT LIABILITIES			
Contribution from customers	14.1&14.2	**2,668,585**	2,508,518
Advance received from customers for laying of mains, etc.		**5,239,590**	5,277,556
		7,908,175	7,786,074
14.1. Contribution from customers			
Opening Balance		**2,740,870**	2,015,462
Additions / adjustments during the period		**224,405**	935,231
Transferred to consolidated statement of profit or loss		**(59,338)**	(209,823)
		2,905,937	2,740,870
Less: Current portion of contributions from customers		**(237,352)**	(232,352)
Ending balance		**2,668,585**	2,508,518

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. 25,000 million (2021: Rs. 25,000 million) and carry mark-up ranging from 0.00% to 0.20% (June 30,2021: 0.20%) 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 Holding Company.

The aggregate unavailed short term borrowing facilities amounted to Rs.2,510 million (June 30, 2021: Rs. 1.249 million).

	Note	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
16. TRADE AND OTHER PAYABLES			
Creditors for:			
- Indegenious gas	16.1	**405,652,177**	387,937,266
- RLNG		**116,458,475**	112,319,360
		522,110,652	500,256,626
Tariff adjustments RLNG- payable to GoP	16.2	**14,735,143**	18,346,037
Service charges payable to EETPL		**2,122,273**	1,776,953
Accrued liabilities / bills payable		**6,418,028**	5,610,706
Provision for compensated absences - non executives		**239,113**	239,113
Payable to gratuity fund		**3,509,988**	3,509,988
Payable to provident fund		**62,335**	62,335
Deposits / retention money		**667,076**	659,851
Advance for sharing right of way		**18,088**	18,088
Withholding tax		**100,415**	83,168
Sales tax and federal excise duty		**519,667**	360,133
Sindh sales tax payable		**262,982**	190,875
Gas infrastructure development cess payable		**7,002,735**	8,856,769
Unclaimed Term Finance Certificate redemption profit		**1,800**	1,800
Workers's profit participation fund	16.3	**361,323**	234,255
Advance from customers and distributors		**104,279**	94,571
Transport and advertisement services		**25,424**	13,607
Provision		**47,157**	14,933
Others		**513,485**	452,965
		558,821,963	540,782,773

16.1 Creditors for indigenous gas supplies include Rs. 348,103 million (June 30, 2021: Rs. 327,858 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 30, 2021: Rs. 15,832 million) on their balances which have been presented in note 17.1 to these consolidated condensed interim financial statements.

	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
	--------(Rupees in '000)--------	
16.2 Tariff adjustments RLNG - payable to GoP		
Opening balance	**18,346,037**	14,430,636
Recognized during the period	**(3,610,894)**	3,915,401
Closing balance	**14,735,143**	18,346,037

		Note	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
16.3	**Workers' Profit Participation Fund (WPPF)**		--------(Rupees in '000)--------	
	Opening balance		**234,255**	174,515
	Charge during the period		**77,373**	59,740
	Interest on WPPF		**49,695**	-
	Closing balance		**361,323**	234,255

17. INTEREST ACCRUED

	Note	September 30, 2021	June 30, 2021
Long term financing - loans from banking companies		**557,823**	416,543
Long term deposits from customers		**130,574**	518,980
Short term borrowings		**283,230**	270,917
Late payment surcharge on processing charges		**99,283**	99,283
Late payment surcharge on tariff adjustments		**4,826**	4,826
Late payment surcharge on gas supplies	17.1.	**15,832,411**	15,832,411
		16,908,147	17,142,960

17.1 As disclosed in note 9.1 and 9.2, effective from July 1, 2012, the Holding Company has been accounting for LPS from KE and PSML on receipt basis as per IFRS 15 “Revenue from Contract with Customers" based on opinion from firms of Chartered Accountants.. However, the Holding Company continued recognition of the LPS expense 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 the accounting 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 set 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.The Holding Company'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 its 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 fulfillment 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, 2021 stands at Rs. 109,956 million.

		September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
18.	**CONTINGENCIES AND COMMITMENTS**	-------- (Rupees in '000)--------	
18.1	Commitments for capital and other expenditures	**3,947,755**	5,999,668
18.2	Guarantees issued on behalf of the Holding Company	**6,616,853**	7,503,092

18.3 Jamshoro Power Holding Company Limited (JPCL) has lodged claims against the Holding Company amounting to Rs. 144,120 million (June 30,2021: Rs. Rs. 144,120 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Holding Company and JPCL. JPCL has raised another claim of Rs. 5.793 million (June 30,2021: Rs. 5.793 million) 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 Holding Company. The Ministry of Energy in its letter dated August 12, 2021, has decided that the matter will be referred to the Secretaries' Committee for deliberation and resolution.

Subsequent to the period end, the Holding Company received letter dated 10th June 2022 from the Arbitrator to file its reply against JPCL's claim. The Holding Company vide letter dated 15th June 2022 communicated MoE's letter dated 12th August 2021 and also informed MoE about the Arbitrator's letter. Holding Company vide its letter dated 15th June 2022 shared MoE letter dated 12th August 2022 and informed that MoE has referred the matter to Secretaries Committee for resolution of issue. In addition, the Holding Company vide letter dated 20th June 2022 requested DG (Gas) to take up the matter with Power Division so that the necessary directions can be communicated to JPCL and Arbitrator. In response DG (Gas) vide letter dated 6th July 2022 requested the Holding Company to provide legal opinion on the claim made by JPCL. Accordingly the Holding Company submitted the legal opinion to DG (Gas).

In respect of JPCL major claim i.e. on account of short supply of gas following clause of the agreement is important which does not support JPCL claim.

"Subject to availability and the terms and conditions specified herein the Holding Company agrees to sell and deliver to the customer and the customer agrees to buy and accept a quantity of not less than 62 MMCF of Quality Natural Gas per day at its power station at Jamshoro"

It is evident from foregoing clause of the agreement, that JPCL has raised a claim not supported by the agreement and that the supply of gas to the customer was subject to the availability and it is/was not any firm commitment on the part of the Holding Company. No provision has been made against the said claims, as management is confident that ultimately these claims will not be payable. Further, management believes that in case matter is decided against the Holding Company, the entire amount will be claimed from the OGRA in the determination of revenue requirements of the Holding Company.

18.4 As disclosed in note 17.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021 and for the quarter ended September 30, 2021 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million,Rs. 26,335 million, Rs. 25,939 million and Rs. 5,889 million in these unconsolidated condensed interim financial statements. The Holding Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

18.5 Arbitration proceedings between JJVL and the Holding Company were initiated under the Pakistan Arbitration Act 1940 to settle the outstanding disputes between the parties. Accordingly, both the parties have appointed their respective arbitrators and filed their respective claims.

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the termination by the Holding Company and stated that the termination was validly done and the Holding Company was well within its legal and contractual right to do so and appointed a firm of Chartered Accountant to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the Holding Company. Based on the Court order, the Holding Company shut down the supply of gas to JJVL plant accordingly.

Subsequently, SCP through its order dated November 16, 2018, based on the report by a firm of Chartered Accountants, determined that Rs. 1,500 million is the undisputed amount that shall be paid within eight weeks by JJVL, which has been accordingly received by the Holding Company along-with the interest accrued thereon. However, with respect to the GIDC, tax challans and other matters, SCP will settle the same and an appropriate order be passed in this regard. Management is of the view that once the matter is finalized by the SCP any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

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 Holding Company by SCP. The SCP was also informed that the Holding 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 Holding 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 third party 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 sharing arrangement for both parties which shall be final, subject to the approval of the Supreme Court of Pakistan.

Subsequently, the firm of Chartered Accountants after consultation with both parties came up with a mechanism of revenue sharing of 57% to the Holding Company and 43% to JJVL on ad-hoc basis and an agreement was signed between the Holding Company and JJVL and submitted to SCP for its approval and the same was validated by SCP in its order dated December 29, 2018. SCP also directed the Holding Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement. The agreement is 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 stands expired and since then no gas has been supplied to JJVL plant.

Moreover, the firm has to submit the 'Determination Report' as per the agreement in order to finalize the revenue sharing percentage. Accordingly, the same has been submitted by the firm to SCP in December 2020 after having inputs / working from both the parties. Currently, the matter is pending in SCP and the final Holding Company's consideration will be subject to conclusion of this matter at SCP.

Due to the ongoing freight case hearings by SCP, the arbitration under the Pakistan Arbitration Act, 1940 as amended from time to time is currently adjourned till the final order of the SCP and all the disputed matters taken to arbitration will be finalized once the SCP passes its order.

		Note	Quarter ended September 30, 2021 (Un-audited)	September 30, 2020
			-----------(Rupees in '000)--------------	
19.	**SALES**			
	Gross Sales - Indigenous gas		**54,940,551**	62,246,299
	Gross Sales - RLNG		**38,717,216**	12,031,158
			93,657,767	74,277,457
	Sales tax - Indigenous gas		**(8,168,454)**	(9,399,569)
	Sales tax - RLNG		**(5,494,006)**	(1,715,796)
			(13,662,460)	(11,115,365)
	Net Sales		**79,995,307**	63,162,092
20.	**TARIFF ADJUSTMENTS**			
	Indigenous gas	20.1.	**9,435,822**	11,150,639
	RLNG		**3,610,894**	2,479,559
			13,046,716	13,630,198
20.1.	**Tariff adjustment - indigenous gas**			
	GDS recovered during the period		**11,972,977**	(942,461)
	Price increase adjustment for the period		**(2,338,404)**	12,237,575
	Subsidy for LPG air mix operations		**(198,751)**	(144,475)
			9,435,822	11,150,639
21.	**COST OF SALES**			
	Cost of gas	21.1	**85,844,804**	72,296,260
	Transmission and distribution costs		**3,728,671**	5,174,176
			89,573,475	77,470,436

		Quarter ended	
		September 30, 2021	September 30, 2020
		(Un-audited)	
21.1	**Cost of gas**	**----------(Rupees in '000)----------**	
	Opening gas in pipelines	**1,105,599**	1,248,028
	RLNG purchases	**32,378,740**	12,510,704
	Indigenous gas purchases	**53,901,630**	60,020,333
		87,385,969	73,779,065
	Gas consumed internally	**(187,845)**	(285,716)
	Closing gas in pipelines	**(1,353,320)**	(1,197,089)
		(1,541,165)	(1,482,805)
		85,844,804	72,296,260
22.	**OTHER OPERATING EXPENSES**		
	Workers' Profit Participation Fund	**77,660**	-
	Auditors' remuneration	**1,418**	2,157
	Sports expenses	**19,669**	31,089
	Corporate social responsibility	**3,639**	6,361
	Loss on disposal of property, plant and equipment	**44,235**	1,247
	Provision against impaired stores and spares	**8,284**	19,974
	Exchange loss	**3,158,924**	-
		3,313,829	60,828
23.	**OTHER INCOME**		
	Income from financial assets		
	Income for receivable against asset contribution	**8,618**	10,296
	Income from net investment in finance lease from SNGPL	**3,982**	9,063
	Return on term deposits and profit and loss bank account	**14,722**	22,744
		27,322	42,103
	Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)	**78,566**	91,851
	Dividend income	**16,478**	-
	Income from other than financial assets		
	Late payment surcharge	**508,532**	620,118
	Sui Northern Gas Pipelines Limited (SNGPL)	**286,301**	286,301
	Sale of gas condensate - net	**(13,353)**	(28,369)
	Income from LPG / NGL - net	**107,414**	140,425
	Meter manufacturing division profit - net	**3,429**	5,706
	Meter rentals	**472,538**	202,311
	RLNG transportation income	**2,069,124**	1,809,310
	Recognition of income against deferred credit and contract liability	**203,322**	141,835
	Income from LPG air mix distribution - net	**30,979**	33,470
	Income from sale of tender documents	**1,697**	697
	Scrap sales	**11,553**	1,450
	Recoveries from customer	**20,894**	10,610
	Liquidity damaged recovered	**6,935**	9,570
	Amortization of Government grant	**4,313**	3,955
	Exchange gain	**-**	360,868
	LSA margins against RLNG	**224,995**	241,401
	Miscellaneous	**8,093**	8,261
		4,069,132	3,981,873

24. TAXATION

	Quarter ended September 30, 2021	Quarter ended September 30, 2020
	(Un-audited)	
	--------(Rupees in '000)--------	
- Current	**749,369**	624,926
- Deferred	**(1,808)**	10,275
	747,561	635,201

25. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

	September 30, 2021	September 30, 2020
Provisions	**728,235**	1,768,201
Depreciation on owned assets	**855,938**	2,016,700
Depreciation on right of use assets	**31,160**	31,324
Amortization of intangibles	**12,124**	1,640
Finance cost	**1,074,069**	1,002,418
Amortization of transaction cost	**8,667**	745
Amortization of Government grant	**(4,313)**	(3,955)
Recognition of income against deferred credit and contract liability	**(183,054)**	(134,315)
Dividend income	**(16,478)**	-
Interest income and return on term deposits	**(415,862)**	(433,915)
Income from net investment in finance lease	**(3,982)**	(9,063)
Loss on disposal of property plant and equipment	**44,179**	1,247
Increase / (decrease) in long term advances	**26,145**	(3,184)
Increase in deferred credit and contract liability	**152,370**	220,594
Lease rental from net investment in finance lease	**18,436**	23,517
Decrease in obligation against pipeline	**18,319**	19,657
Finance cost on lease liability	**4,620**	6,366
	2,350,573	4,507,977

26. WORKING CAPITAL CHANGES

	September 30, 2021	September 30, 2020
(Increase) / decrease in current assets		
Stores and spares	**(118,948)**	(313,193)
Stock-in-trade	**(548,423)**	(126,902)
Customers' installation work-in-progress	**18,765**	(12,748)
Trade debts	**(2,141,060)**	216,710
Advances, deposits and short term prepayments	**385,441**	(161,212)
Other receivables	**(12,005,752)**	(15,042,760)
	(14,409,977)	(15,440,105)
Increase in current liabilities	**-**	
Trade and other payables	**18,015,211**	5,190,153
	3,605,234	(10,249,952)

27. 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:

	Relationship	Quarter ended September 30, 2021 (Un-audited)	Quarter ended September 30, 2020 (Un-audited)
		-----(Rupees in '000)-----	
Government related entities			
- Purchase of fuel and lubricant		**6,177**	16,331
- Billable charges		**46,944,268**	24,370,444
- Income from net investment in finance lease		**3,982**	9,063
- Gas purchases		**28,953,832**	31,426,301
- Gas purchases - RLNG		**32,378,740**	-
- Sale of gas meters - spare parts		**4,197**	7,819
- Insurance premium		**12,044**	29,433
- Electricity expenses		**67,310**	59,644
- Interest income		**364,867**	378,152
- Markup expense on short term finance		**19,012**	7,843
- Markup expense on long term finance		**71,956**	94,698
- Professional charges		**-**	40
- Subscription		**2,052**	-
- RLNG transportation income		**2,069,124**	1,809,310
- LPG purchases		**153,117**	78,557
- Income against LNG service agreement		**224,995**	241,401
Karachi Grammar School	Associate		
- Billable charges		**15**	5
Key management personnel			
- Remuneration		**54,890**	48,466
Pakistan Institute of Corporate Governance	Associate		
- Subscription / Trainings		**284**	559

		Quarter ended	
		September 30, 2021	September 30, 2020
		(Un-audited)	
		------------(Rupees in '000)------------	
	Relationship		
* **Engro Fertilizers Limited**	Associate		
- Billable charges		**8,078**	-
Staff retirement benefit plans	Associate		
- Contribution to provident fund		**84,222**	94,020
- Contribution to pension fund		**155,445**	302,979
- Contribution to gratuity fund		**96,406**	180,814

* Comparative transactions with Engro fertilizers limited has not been disclosed as it was not a related party comparative period.

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

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

27.3. 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 Government of Pakistan.

27.4. 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, 2021	June 30, 2021
	(Unaudited)	(Audited)
	--------(Rupees in '000)--------	
Government related entities - various		
- Billable charges	**61,062,771**	58,695,306
- Mark up accrued on borrowings	**(4,748,617)**	(4,782,380)

	Relationship	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
Government related entities - various			
- Net investment in finance lease		**1,009,922**	922,429
- Gas purchases - Indigenous gas		**(348,102,970)**	(445,568,344)
- Gas purchases - RLNG		**(116,458,475)**	-
- Gas meters and spare parts		**32,030**	38,157
- Uniform cost of gas		**15,818,846**	15,818,845
- Cash at bank		**27,556**	6,942
- Stock loan		**5,321**	5,321
- Payable to insurance		**(45,693)**	(2,244)
- Gas supply deposit		**(58,099)**	(51,263)
- Interest expense accrued - late payment surcharge - on gas bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**14,903,791**	14,538,924
- Contingent rent		**10,609**	10,405
- Capacity and utilisation charges of RLNG		**52,682,249**	52,247,106
- RLNG transportation income		**31,969,618**	31,832,534
- LSA margins		**2,944,673**	2,945,502
- Advance for sharing right of way		**(18,088)**	(18,088)
- Professional charges		**57**	57
- LPG purchases		**(89,508)**	(55,190)
Karachi Grammar School	Associate		
- Billable charges		**5**	5
- Gas supply deposit		**(22)**	(22)
* **Engro Fertilizers Limited**			
- Billable charges		**2,653**	-
- Gas supply deposit		**2,851**	-

* Comparative transactions with Engro fertilizers limited has not been disclosed as it was not a related party comparative period.

28. 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 assets 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			
	Segment revenue		Segment Profit / (loss)	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
	(Un-audited)			
	---------------------- (Rupees in '000) ----------------------			
Gas transmission and distribution	**79,995,307**	63,162,092	**4,558,305**	(262,240)
Meter manufacturing	**316,072**	354,240	**3,429**	5,706
Total segment results	**80,311,379**	63,516,332	**4,561,734**	(256,534)
Unallocated - other expenses				
- Other operating expenses			**(3,313,829)**	(60,828)
Unallocated - other income				
- Non-operating income			**273,108**	287,459
Profit / (loss) before tax			**1,521,013**	(29,903)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 315 million (September 30, 2020: Rs. 347 million).

	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
Segment assets and liabilities	--------(Rupees in '000)--------	
Segment assets		
Gas transmission and distribution	**632,388,925**	615,798,379
Meter manufacturing	**507,990**	552,261
Total segment assets	**632,896,915**	616,350,640
Unallocated		
- Loans and advances	**352,775**	569,341
- Taxation - net	**18,154,432**	17,890,333
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**1,098,097**	767,366
	20,093,043	19,714,779
Total assets as per consolidated condensed interim statement of financial position	**652,989,958**	636,065,419
Segments liabilities		
Gas transmission and distribution	**673,384,587**	657,352,832
Meter manufacturing	**161,815**	9,902
Total liabilities as per consolidated condensed interim statement of financial position	**673,546,402**	657,362,734

29. 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.

29.1. 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, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rupees in '000			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**176,718**	**-**	**-**	**176,718**

	As at June 30, 2021			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	209,299	-	-	209,299

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.

29.2. 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, 2021	
	Level 2	**Fair Value**
	--------------**Rupees in '000**----------	
Freehold land	**12,733,793**	**12,733,793**
Leasehold land	**13,359,259**	**13,359,259**
	26,093,052	**26,093,052**

	As at June 30, 2021	
	Level 2	Fair Value
	--------------Rupees in '000-----------	
Freehold Land	12,733,793	12,733,793
Leasehold Land	13,359,259	13,359,259
	26,093,052	26,093,052

30. GENERAL

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

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

31. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on April 13, 2023.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

KEY DATA

FRANCHISE AREA	SINDH AND BALOCHISTAN	
	Three months period ended September 30,	
	2021	2020
GAS SALES VOLUME (MMCF)	**85,055**	85,316
NUMBER OF CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	**4,351**	4,281
COMMERCIAL	**22,997**	24,153
DOMESTIC	**3,199,460**	3,080,394
TOTAL	**3,226,808**	3,108,828
GAS METERS MANUFACTURED (NOS.)	**120,091**	92,917
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"	**26**	9
42"	**371**	371
	4,143	4,126
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" DIAMETER)	**37,435**	36,745
SERVICES	**11,219**	10,863
	48,654	47,608

NOTES

پیروی پراوگرا نے RLNG پر UFG کی حد اور ہر سوئی کمپنی، یعنی SSGC اور SNGPL پر اس کے اثرات کا تعین کرنے کے لیے ایک کنسلٹنٹ کو شامل کیا ہے۔

ناقابل وصول قرضوں کی فراہمی

ماضی میں، اوگرا کے پاس منقطع صارفین سے متعلق آپریٹنگ اخراجات کے طور پر ناقابل وصول قرضوں کی فراہمی کی اجازت دینے کا رواج تھا جبکہ، IFRS-9 کو اپنانے کے لیے متوقع کریڈٹ نقصان کی بنیاد پر فراہمی کی ضرورت ہوتی ہے۔ یعنی آگے دیکھنے کی صلاحیت کو مدنظر رکھتے ہوئے جو لائیو صارفین کے خلاف فراہمی کا بھی احاطہ کرتا ہے۔ نتیجتاً گزشتہ سال کے تقابلی مدت میں کمپنی کی نچلی سطح نمایاں طور پر متاثر ہوئی۔

مالی سال 21-2020 میں DFRR، اوگرا نے گزشتہ پانچ سالوں کی اوسط کی بنیاد پر آپریٹنگ اخراجات کے حساب سے ناقابل واپسی قرضوں کے خلاف پروویژن کی اجازت دی ہے۔ اسی اصول پر عمل کرتے ہوئے ناقابل واپسی قرضوں کو 46 ملین روپے تک محدود کردیا گیا ہے جبکہ گزشتہ سال کے تقابلی مدت میں یہ 648 ملین روپے تھی۔

مالی لاگت

ایس ایس جی سی کو قرض لینے پر 1,089 ملین روپے کے مالیاتی چارجز کا حساب دینا ہے جس کی بنیادی وجہ کراچی سے سیہون تک آر ایل این جی کی ترسیل کے پائپ لائن انفراسٹرکچر پروجیکٹ کی مالی اعانت کے لیے حاصل کردہ طویل مدتی قرض ہے جس سے شمال میں توانائی کی ضروریات کو پورا کرنے کے لیے ایس این جی پی ایل نیٹ ورک کو آر ایل این جی کی مقدار فراہم کی گئی ہے۔

ٹیرف نوٹیفکیشن میں تاخیر کے اثرات کو پورا کرنے کے لیے ماضی کی مشق کے مطابق اوگرا کی جانب سے 452 ملین روپے کی رقم کی اجازت دی گئی ہے۔

مستقبل کا نقطہ نظر

آگے بڑھنے کی سوچ رکھتے ہوئے UFG میں کمی کمپنی کو آپریشنل اور مالی طور پر قابل عمل رکھنے کا کلیدی عنصر ہے۔ مزید، یہ بہت اہم ہے کہ کمپنی کو کابینہ کی ای سی سی کے فیصلے پر والیومیٹرک بنیادوں پر RLNG ہینڈلنگ پر UFG الاؤنس کا حساب لگانے کی اجازت دی جائے۔

اعترافات

بورڈ حصص یافتگان اور اس کے قابل قدر صارفین کی جانب سے مسلسل تعاون کے لیے اپنی تعریف کا اظہار کرنا چاہتا ہے۔ بورڈ ان تمام ملازمین کی لگن کا بھی اعتراف کرتا ہے جو کمپنی کو درپیش چیلنجز کے باوجود سخت محنت کرتے ہیں۔ بورڈ مسلسل رہنمائی اور تعاون پر حکومت پاکستان، وزارت توانائی اور آئل اینڈ گیس ریگولیٹری اتھارٹی کا بھی شکریہ ادا کرتا ہے۔

بحکم بورڈ

ڈاکٹر شمشاد اختر
چیئر پرسن، بورڈ آف ڈائریکٹرز

عمران منیار
منیجنگ ڈائریکٹر

تاریخ: 13 اپریل 2023

ڈائریکٹرز کا جائزہ
برائے سہ ماہی مختتمہ 30 ستمبر 2021

مالی جائزہ

مذکورہ مدت کے دوران، کمپنی نے اوگرا کی جانب سے بڑے ڈس الاؤنسز کے باوجود بعداز ٹیکس خالص منافع 736 ملین روپے ریکارڈ کیا۔

مذکورہ مدت کی مالیاتی جھلکیوں کا خلاصہ ذیل میں دیا گیا ہے:

	ستمبر 2021	ستمبر 2020	تضاد
			رقم
	ملین روپے میں		
نقصان قبل از ٹیکسیشن	1,470	(111)	1,581
ٹیکسیشن	(734)	(610)	(124)
نقصان بعداز ٹیکسیشن	736	(721)	1,457
نقصان فی شیئر (روپے)	0.84	(0.82)	1.66

سوئی سدرن گیس کمپنی کا منافع اوگرا کے تجویز کردہ گارنٹیڈ ریٹرن فارمولے سے اخذ کیا جاتا ہے۔ اس فارمولے کے تحت ایس ایس جی سی کو مالیاتی چارجز اور ٹیکسوں سے قبل اس کے اوسط نیٹ آپریٹنگ فکسڈ اثاثوں پر 17.43 فیصد ریٹرن کی اجازت تھی۔ تاہم اوگرا کارکردگی سے متعلق معیارات یعنی گیس (یوایف جی)، انسانی وسائل کی بینچ مارک لاگت، مشتبہ قرضوں کی فراہمی اور کچھ دیگر اخراجات/ چارجز کی بنیاد پر محصولات کی ضروریات کا تعین کرتے ہوئے ڈس الاؤنسز/ ایڈجسٹمنٹ کرتا ہے۔ یہ ڈس الاؤنسز/ ایڈجسٹمنٹ کمپنی کی نچلی سطح کو متاثر کرتی ہیں۔

24 نومبر 2022 کو جاری کردہ مالی سال 21-2020 کے لیے اوگرا ڈیٹرمینیشن آن فائنل ریونیو ریکوائرمنٹ (DFRR) کے مطابق ان تین ماہ کے مالیاتی نتائج میں کل اجازت شدہ ڈس الاؤنسز/ کریڈٹس کی رقم 1,359 ملین روپے تھی۔ ایسٹس کے ریٹرن پر 3,918 ملین روپے ہوگئی، مالیاتی لاگت دی گئی مدت میں 1,089 ملین روپے تھی۔

گزشتہ سال کی اسی مدت کے مقابلے جس میں بعداز ٹیکس نقصان 721 ملین روپے ہوا۔ موجودہ مدت میں نچلی سطح پر بہتری سے بعداز ٹیکس 736 ملین روپے کا خالص منافع ہوا۔ نچلی سطح میں بہتری بنیادی طور پر درج ذیل عوامل کی وجہ سے ہوئی۔

RLNG کاروبار پر UFG الاؤنس کی منظوری

ایس ایس جی سی نے وزارت توانائی (پیٹرولیم ڈویژن) کے ساتھ ساتھ اسلام آباد ہائی کورٹ کے ذریعے اوگرا سے ڈسٹری بیوشن نیٹ ورک میں RLNG کے کاروبار پر حقیقی UFG کی اجازت لینے کے لیے بھرپور طریقے سے پیروی کی۔ جس کے نتیجے میں اسلام آباد ہائی کورٹ کے حکم پر اوگرا نے RLNG کی تقسیم کے کاروبار پر حقیقی UFG کی اجازت دے دی۔

تاہم، اب بھی زیادہ UFG ڈس الاؤنسز بنیادی طور پر اس حقیقت کی وجہ سے ہے کہ اوگرا 11 مئی 2018 کو اکنامک کوآرڈی نیشن کمیٹی (ECC) کی طرف سے منظور کردہ سمری کے ذریعے ایس ایس جی سی کو اجازت دی گئی RLNG والیوم ہینڈلنگ بینیفٹ قبول نہیں کر رہا ہے۔ ایس ایس جی سی مینجمنٹ اور بورڈ آف ڈائریکٹرز کی بھرپور

NOTES

SSGC
Sui Southern Gas
Company Limited

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