



**Sui Southern Gas
Company Limited**

PERSEVERE PROGRESS PROSPER



**Un-Audited Condensed
Interim Financial Statements
for the nine months period
ended March 31, 2022**



**Unconsolidated Condensed Interim Financial Information (Un-Audited)
for the nine months period ended March 31, 2022**

CORPORATE PROFILE

BOARD OF DIRECTORS

AS ON MARCH 31, 2022

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Mr. Faisal Bengali	Director
Mr. Hassan Mehmood Yousufzal	Director
Mr. Sajid Mehmood Qazi	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Zuhair Siddiqui	Director
Mr. Ayaz Dawood	Director
Mr. Mather Niaz Rana	Director

MANAGING DIRECTOR

Mr. Imran Manjar

COMPANY SECRETARY

Mr. Mateen Sadq

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

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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 Yousufzal	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director

Board Finance and Procurement Committee

Mr. Sajid Mehmood Qazi	Chairman
Mr. Ayaz Dawood	Director
Mr. Faisal Bengali	Director
Mr. Zuhair Siddiqui	Director

Board Audit Committee

Mr. Faisal Bengali	Chairman
Mr. Sajid Mehmood Qazi	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
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. Mather Niaz Rana	Director
Mr. Hassan Mehmood Yousufzal	Director
Dr. Sohail Razi Khan	Director
Mr. Zuhair Siddiqui	Director

DIRECTORS' REVIEW

For Nine Months Period Ended March 31, 2022

We are pleased to share the Company's results for nine months' period ended March 31, 2022.

Financial Overview

The Company recorded Loss after Tax of Rs. 5,696 million after incorporating major disallowances by OGRA. The summary of financial highlights of the period is given below:

	March 2022	March 2021	Variance
	Amount		
	(Rupees in Million)		
Loss before Taxation	(3,592)	(494)	(3,098)
Taxation	(2,104)	(1,755)	(349)
Loss after Taxation	(5,696)	(2,249)	(3,447)
Loss Per Share (Rs.)	(6.47)	(2.55)	(3.92)

SSGC Profitability is derived from the Guaranteed Return Formula prescribed by OGRA. Under this formula, SSGC is 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 financial bottom-line of the Company.

In line with OGRA Determination on Final Revenue Requirement (DFRR) for FY 2020-21 issued on November 24, 2022 net disallowances, after adjusting allowable finance cost of Rs. 1,455 million, absorbed in these nine months' financial results amounted to Rs. 11,814 million against Return on Assets of Rs. 11,952 million. Aggregate Finance cost for the period is Rs. 3,730 million.

As compared to the corresponding period of last year in which Loss after Tax of Rs. 2,249 million was reported, the financial position of current period is affected due to reasons as under:

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. It is expected that after Consultant report this issue will be resolved in SSGC favor.

Provision against Impaired Debts

OGRA in its decision on FRR 2020-21 has allowed ECL provision as operating cost based on average of last five years' provision allowed. Current period provision has been treated following the principle of FRR FY 2020-21 Thus disallowance for the current period stands at Rs. 740 million whereas there was no disallowance in last year comparative period as total ECL provision was based on disconnected customers which was allowed in full by OGRA in the FY 2019-20.

High Financial Cost

SSGC has to account for financial charges of Rs. 3,730 million against borrowing which is mainly due to the Long-Term Loan obtained to finance its Pipeline Infrastructure for transmission of RLNG from Karachi Port Qassim to Sewan CTS delivering the RLNG volumes to SNGPL network for meeting the energy requirements of North.

Out of above, an amount of Rs. 1,455 million has been treated as allowable expense by OGRA as per past practice to compensate the Finance Cost of Short Term Borrowing incurred mainly due to significant delay in Tariff Notifications.

Future Outlook

Moving forward, reduction in UFG is the key to 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 worked hard, 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

Date: June 13, 2023

Place: Karachi



Imran Maniar
Managing Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

	Note	March 31, 2022 (Un-audited) ————(Rupees in '000)————	June 30, 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	143,356,984	135,987,526
Intangibles		111,418	110,920
Right of use assets	5	104,305	148,634
Deferred tax		2,592,082	2,592,082
Long term investments	6	1,382,194	1,458,681
Net investment in finance lease		29,960	73,321
Long term loans and advances		1,607,377	1,697,525
Long-term deposits		18,708	18,733
Total non-current assets		149,203,028	142,087,422
Current assets			
Stores, spares and loose tools		3,964,334	3,454,702
Stock-in-trade		2,074,890	1,575,623
Current maturity of net investment in finance lease		57,814	57,814
Customers' installation work-in-progress		236,842	249,578
Trade debts	7	93,598,726	92,133,807
Loans and advances		367,088	508,152
Advances, deposits and short term prepayments		475,994	1,130,748
Interest accrued	8	16,286,232	15,153,952
Other receivables	9	423,857,597	359,967,952
Taxation - net		17,594,483	17,609,468
Cash and bank balances		4,515,575	573,696
Total current assets		563,029,575	492,415,492
TOTAL ASSETS		712,232,603	634,502,914

The annexed notes 1 to 30 form an integral part of these unconsolidated condensed interim financial statements.



Dr. Shamshad Akhtar
Chairperson



Imran Manlar
Managing Director



Muhammed Amin Rajput
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

	Note	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
		(Rupees in '000)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital:		10,000,000	10,000,000
1,000,000,000 ordinary shares of Rs. 10 each			
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 securities		96,285	172,772
Surplus on revaluation of property, plant and equipment		24,347,314	24,347,314
Accumulated losses		(66,103,997)	(60,408,205)
		(27,943,834)	(22,171,555)
LIABILITIES			
Non-current liabilities			
Long term financing	10	17,066,514	21,259,499
Long term deposits		24,250,377	22,871,737
Employee benefits		6,013,722	5,603,105
Payable against transfer of pipeline		703,245	755,645
Deferred credit	11	4,257,253	4,592,823
Contract liabilities	12	8,930,472	7,786,074
Lease liability		27,237	42,894
Long term advances		3,167,667	3,155,496
Total non-current liabilities		64,416,487	66,067,273
Current liabilities			
Current portion of long term financing	10	8,318,697	8,080,662
Current portion of payable against transfer of pipeline		69,099	64,610
Current portion of deferred credit	11	452,376	442,114
Current portion of contract liabilities	12	245,329	232,352
Current portion of lease liability		59,738	84,384
Short term borrowings	13	22,481,383	23,750,594
Trade and other payables	14	626,682,510	540,524,094
Unclaimed dividend		285,372	285,426
Interest accrued	15	17,165,446	17,142,960
Total current liabilities		675,759,950	590,607,196
Total liabilities		740,176,437	656,674,469
TOTAL EQUITY AND LIABILITIES		712,332,603	634,502,914
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 30 form an integral part of these unconsolidated condensed interim financial statements.


Dr. Shamsah Akhtar
Chairperson


Imran Manjar
Managing Director


Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the period ended March 31, 2022

	Note	Nine months period ended		Quarter ended	
		March 31 2022	March 31 2021	March 31 2022	March 31 2021
		(Un-Audited)			
		(Rupees in '000)			
Sales		251,411,424	228,971,597	70,674,065	75,736,189
Sales tax		(37,449,183)	(33,282,664)	(10,697,537)	(10,962,912)
	17	213,962,241	195,688,933	59,976,528	64,773,277
Tariff adjustments	18	52,932,682	21,634,289	17,762,200	3,990,580
Net sales		266,894,923	217,323,222	77,738,728	68,763,857
Cost of sales	19	(266,595,908)	(223,480,120)	(79,500,726)	(71,926,827)
Gross profit / (loss)		299,015	(6,156,898)	(1,761,998)	(3,162,970)
Administrative and selling expenses		(3,554,916)	(3,430,587)	(1,259,897)	(1,164,331)
Other operating expenses	20	(6,587,918)	(173,680)	(1,310,118)	(62,710)
Impairment loss against financial assets		(1,428,147)	(2,057,166)	(758,596)	129,875
		(11,562,981)	(5,661,433)	(3,328,611)	(1,097,166)
		(11,263,966)	(11,818,331)	(5,090,609)	(4,260,136)
Other income	21	11,401,979	14,644,401	3,588,053	5,082,788
Operating Profit / (loss)		138,013	2,826,070	(1,502,556)	822,652
Finance cost		(3,730,063)	(3,320,113)	(1,510,740)	(846,267)
Loss before taxation		(3,592,050)	(494,043)	(3,013,296)	(23,615)
Taxation	22	(2,103,742)	(1,755,005)	(681,407)	(557,690)
Loss for the period		(5,695,792)	(2,249,048)	(3,694,703)	(581,305)
Basic and diluted loss per share (Rupees)	23	(6.47)	(2.55)	(4.19)	(0.66)

The annexed notes 1 to 30 form an integral part of these unconsolidated condensed interim financial statements.


Dr. Shamshad Akhtar
 Chairperson


Imran Manlar
 Managing Director


Muhammad Amin Rajput
 Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the period ended March 31, 2022

	Nine months period ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Un-Audited)			
	(Rupees in '000)			
Loss for the period	(5,695,792)	(2,249,048)	(3,694,703)	(581,305)
Other comprehensive income				
Unrealised loss on re-measurement of FVTOCI securities	(76,487)	10,960	(9,567)	(6,130)
Total comprehensive loss for the period	(5,772,279)	(2,238,088)	(3,704,270)	(587,435)

The annexed notes 1 to 30 form an integral part of these unconsolidated condensed interim financial statements.



Dr. Shamshad Akhtar
Chairperson



Imran Manjar
Managing Director




Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW

For the period ended March 31, 2022

	Note	Nine months period ended	
		March 31,	March 31,
		2022	2021
		(Un-Audited)	
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(3,592,050)	(494,043)
Adjustments for non-cash and other items	24	8,367,152	12,605,558
Working capital changes	25	18,950,486	(4,150,234)
Financial charges paid		(3,927,757)	(3,467,508)
Employee benefits paid		(125,922)	(115,003)
Payment for retirement benefits		(861,184)	(964,229)
Long term deposits received - net		1,378,640	1,088,831
Deposits paid - net		25	371
Loans and advances to employee - net		231,212	1,014,606
Interest income received		139,175	49,208
Income taxes paid		(2,088,757)	(943,939)
Net cash generated from operating activities		18,671,020	4,623,618
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(9,209,393)	(7,649,969)
Payments for acquisition of intangibles		(39,085)	(130,600)
Payment for payable against transfer of pipeline		(101,799)	(101,799)
Proceeds from sale of property, plant and equipment		68,528	50,398
Dividend received		22,492	4,828
Net cash used in investing activities		(9,259,257)	(7,827,142)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		21,000,000	-
Repayments of local currency loans		(25,100,000)	(4,407,832)
Repayment of customer finance		(13,615)	(14,264)
Repayment of lease liability		(87,004)	(132,062)
Dividend paid		(54)	(4)
Net cash used in financing activities		(4,200,673)	(4,554,162)
Net decrease in cash and cash equivalents		5,211,090	(7,757,686)
Cash and cash equivalents at beginning of the period		(23,176,898)	(14,279,863)
Cash and cash equivalents at end of the period		(17,965,808)	(22,037,549)
Cash and cash equivalent comprises:			
Cash and bank balances		4,515,575	623,108
Short term borrowings		(22,481,383)	(22,660,657)
		(17,965,808)	(22,037,549)

The annexed notes 1 to 30 form an integral part of these unconsolidated condensed interim financial statements.


Dr. Shamshad Akhtar
 Chairperson


Imran Manlar
 Managing Director


Muhammad Amin Rajput
 Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended March 31, 2022

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of FV/OCI securities	Surplus on revaluation of property, plant and equipment	Accumulated losses	Total
(Rupees in '000)							
Balance as at June 30, 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 period ended March 31, 2021							
Loss for the period	-	-	-	10,960	-	(2,249,048)	(2,249,048)
Other comprehensive income for the period	-	-	-	10,960	-	-	10,960
Balance as at March 31, 2021 (Un-Audited)	8,809,163	234,868	4,672,533	154,450	24,347,314	(64,147,042)	(25,928,714)
Balance as at June 30, 2021 (Audited)	8,809,163	234,868	4,672,533	172,772	24,347,314	(61,408,205)	(22,171,555)
Total comprehensive loss for the period ended March 31, 2022							
Loss for the period	-	-	-	-	-	(5,695,792)	(5,695,792)
Other comprehensive loss for the period	-	-	-	(76,487)	-	-	(76,487)
Balance as at March 31, 2022 (Un-Audited)	8,809,163	234,868	4,672,533	96,285	24,347,314	(66,103,997)	(27,943,834)

The annexed notes 1 to 30 form an integral part of these unconsolidated condensed interim financial statements.



Dr. Shamshad Akhtar
Chairperson



Imran Maniar
Managing Director



Muhammad Amin Rajput
Chief Financial Officer

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT

For the period ended March 31, 2022

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.

The addresses of other regional offices / business units of the 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.

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 incurred a loss after tax of Rs. 5,696 million (March 31, 2021 Rs.2,249 million) resulting in increase in its accumulated losses to Rs. 66,104 million and diminishing equity to Rs. 27,944 million. As at reporting date, current liabilities exceeded its current asset by Rs.112,730 million (June 30, 2021: Rs. 98,192).

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 Ra. 52,514 million, 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.

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 exists 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 accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

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 un-audited consolidated condensed interim financial statements are based on Final Revenue Requirement determined by OGRA for the financial year ended June 30, 2021. Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These unconsolidated condensed interim financial statements are prepared in Pakistani Rupees which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

3.1. Significant accounting policies and methods of computation applied for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in preparation of the annual unconsolidated audited financial statements of the Company for the year ended June 30, 2021.

3.2 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 annual 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 by Rs. 4,536 million.

Further, the charge in respect of staff retirement benefits has been recognised on the basis of Actuarial projection for FY 2021-22, hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

3.3 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on this condensed interim financial statements.

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

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

4 PROPERTY, PLANT AND EQUIPMENT

Operating assets	127,395,066	124,449,028
Capital work-in-progress	15,961,918	11,538,498
	<u>143,356,984</u>	<u>135,987,526</u>

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

	March 31, 2022		March 31, 2021	
	(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	25,208	-	26,060	-
Gas distribution system	3,691,702	(43,549)	4,100,758	(43,910)
Gas transmission pipelines	264,411	-	1,415,519	-
Telecommunication	1,206	(155)	36,511	(19)
Plant and machinery	158,033	(1,119)	89,861	(271)
Tools and equipment	25,369	(250)	4,512	-
Motor vehicles	138,966	(20,438)	49,557	(20,296)
Furniture and fixtures	9,028	-	2,655	-
Office equipment	30,300	-	29,119	-
Computers and ancillary equipments	56,092	-	86,351	-
Compressors	806,811	-	1,186,430	-
	5,207,126	(65,511)	7,027,333	(64,496)
	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
	(Un-audited)			
	(Rupees in '000)			
Capital work in progress:				
Projects:				
Gas distribution system	6,075,130	(3,691,702)	5,955,193	(4,100,758)
Gas transmission system	-	(264,411)	1,353,958	(1,415,519)
Cost of buildings under construction and others	3,182,874	(1,251,013)	2,039,245	(1,511,056)
	9,258,004	(5,207,126)	9,348,396	(7,027,333)

During the period, there has been net increase / (decrease) in respect of stores and spares held for capital projects and others amounting to Rs. 1,854 million (March 31, 2021: Rs. (1,363) million).

	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	(Rupees in '000)	
5 RIGHT OF USE ASSETS		
Cost	314,331	346,255
Accumulated depreciation	(210,026)	(197,621)
Net book value	<u>104,305</u>	<u>148,634</u>
Cost		
Opening balance	346,255	347,263
Additions during the period	39,038	50,056
Derecognition during the period	(70,962)	(51,064)
Ending balance	<u>314,331</u>	<u>346,255</u>
Accumulated depreciation		
Opening balance	197,621	125,911
Depreciation charge for the period	81,673	122,774
Derecognition during the period	(69,268)	(51,064)
Ending balance	<u>210,026</u>	<u>197,621</u>

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

	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	(Rupees in '000)	
6 LONG TERM INVESTMENTS	Note	
Investment at cost	1,249,382	1,249,382
Investments - fair value through other comprehensive income	132,812	209,299
	<u>1,382,194</u>	<u>1,458,681</u>
7 TRADE DEBTS		
Secured	31,665,841	31,104,435
Unsecured	84,818,595	82,494,935
	<u>116,484,436</u>	<u>113,599,370</u>
Provision against doubtful debts	7.1&7.2	(21,465,563)
	<u>93,598,776</u>	<u>92,133,807</u>

- 7.1 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 Contract with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 29,652 million (June 30, 2021: Rs. 30,931 million) as at March 31, 2022 receivables from KE against sale of indigenous gas., which is overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 146,215 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 in 2012, 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 advisor 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 advisor, 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 advisor 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 date but the supply of gas and payment is continued 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.

7.2 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" superseded by international Financial Reporting Standards 15: "Revenue from Contract with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 25,084 million (June 30, 2021: Rs. 24,699 million) including overdue balance of Rs. 25,013 million (June 30, 2021: Rs. 24,622 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 80,078 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 advisor 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.

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.

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

8 INTEREST ACCRUED

Interest accrued on late payment of bills / invoices from:

Water and Power Development Authority (WAPDA)	4,980,350	4,717,577
Sui Northern Gas Pipelines Limited (SNGPL)	10,674,025	9,821,347
Jamshoro Joint Venture Limited (JJVL)	239,689	239,689
	15,894,073	14,778,613
Interest accrued on sales tax refund	487,739	487,739
Interest accrued on loan to related party	16,820	-
	16,398,632	15,266,352
Provision against impaired accrued income	(112,400)	(112,400)
	16,286,232	15,153,952

9	OTHER RECEIVABLES	Note	March 31, 2022 (Un-audited) <u>—————(Rupees In '000)—————</u>	June 30, 2021 (Audited)
	Tariff adjustment indigenous gas - receivable			
	Government of Pakistan (GoP)	9.1	260,848,404	207,762,067
	Receivable from SNGPL for differential tariff		4,284,080	4,284,080
	Receivable from Habibullah Coastal Power			
	Company Private limited (HCPCL)	9.2	4,157,839	4,157,839
	Receivable from staff pension fund		79,052	79,052
	Balance receivable for sale of gas condensate		120,127	42,949
	Receivable from SNGPL	9.3	105,459,869	103,776,821
	Receivable from JJVL	9.4, 9.5 & 9.6	2,501,824	2,501,824
	Receivable from SSGC LPG (Private) Limited		8,183	7,463
	Sales tax receivable	9.7	48,576,267	39,451,549
	Sindh sales tax		2,451	112,976
	Receivable against asset contribution	9.8	342,224	348,448
	Miscellaneous		64,151	29,758
			<u>426,444,471</u>	<u>362,554,826</u>
	Provision against impaired receivables		<u>(2,586,874)</u>	<u>(2,586,874)</u>
			<u>423,857,597</u>	<u>359,967,952</u>
9.1	Tariff adjustments indigenous gas - receivable from GoP			
	Opening Balance		207,762,067	178,411,641
	Recognized in statement of profit or loss		52,233,511	28,557,632
	Subsidy for LPG air mix operations		852,826	792,794
	Closing Balance		<u>260,848,404</u>	<u>207,762,067</u>
9.2	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
			<u>4,157,839</u>	<u>4,157,839</u>

9.2.1 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 charged by WAPDA to 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 the 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 Company's outstanding bills on account of LDs imposed by WAPDA after the expiry of gas allocation on 31 December 2018. The Company disconnected gas supply of HCPCL on 3rd October 2019. Subsequently securing gas receivables, the Company 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 the Company regarding encashment of Bank Guarantees. HCPCL is in negotiations with the the Company to finalize to modalities under ECC decision for waiver of LDs and sign a new GSA to resume gas supply.

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in '000)	
9.3 Receivable from SNGPL			
Uniform cost of gas		15,818,845	15,818,845
Lease rentals		1,182,671	922,429
Contingent rent		10,610	10,405
LSA margins		2,977,427	2,945,502
Capacity and utilisation charges of RLNG	9.3.1	53,193,967	52,247,106
RLNG transportation income		32,276,349	31,832,534
		105,459,869	103,776,821

9.3.1 The Company has invoiced an amount of Rs.153,077 million (June 30, 2021: Rs. 130,456 million), including Sindh Sales Tax of Rs.17,754 million (June 30, 2021: Rs.15,151 million) to SNGPL in respect of matters including 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 (MOE), 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 was decided from June 2020 onwards all the invoices will be paid on monthly basis by SNGPL, however, outstanding balances before June 2020 will be settled after finalization of OGRA consultant report.

- 9.4 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.

- 9.5 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 of 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 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.

- 9.6 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.6.8 million (June 30, 2021:Rs.6.8 million), Rs. 419 million (June 30, 2021: Rs.419 million) respectively.
- 9.7 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.
- 9.8 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	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
		————(Rupees in '000)————	
10	LONG-TERM FINANCING		
	Secured		
	Loans from banking companies	24,432,764	28,382,272
	Unsecured		
	Front end fee of foreign currency loan	23,950	23,950
	Customer financing	137,672	151,286
	Government of Sindh loans	790,825	782,653
		952,447	957,889
		25,385,211	29,340,161
	Less: Current portion shown under Current liabilities		
	Loans from banking companies	(8,116,667)	(7,875,000)
	Customer financing	(15,363)	(18,995)
	Government of Sindh loans	(186,667)	(186,667)
		(8,318,697)	(8,080,662)
		17,066,514	21,259,499

- 10.1 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at March 31, 2022, the Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the period, repayment of Rs. 23,150 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. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 1.10 % per annum.
- 10.2 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. During the period repayment of Rs 1,500 million has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.50 % per annum.
- 10.3 A long term finance facility amounting to Rs. 3,000 million was sanctioned in August 2015 . During the period, repayment of Rs. 450 million has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.50 % per annum.
- 10.4 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.

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
		(Rupees in '000)	
11	DEFERRED CREDIT		
	Government of Pakistan contributions / grants		
	Opening balance	2,968,896	2,911,647
	Additions / adjustments during the period / year	11,768	369,294
	Transferred to unconsolidated statement of profit or loss	(234,038)	(312,045)
	Closing balance	2,746,626	2,968,896
	Government of Sindh (Conversion of loan into grant)		
	Opening balance	1,952,841	1,995,985
	Additions during the period / year	2,206	78,250
	Transferred to unconsolidated statement of profit or loss	(92,306)	(121,394)
	Closing balance	1,862,741	1,952,841
	Government of Sindh grants		
	Opening balance	113,200	129,125
	Transferred to unconsolidated statement of profit or loss	(12,938)	(15,925)
	Closing balance	100,262	113,200
		4,709,629	5,034,937
	Less: Current portion of deferred credit	(452,376)	(442,114)
		<u>4,257,253</u>	<u>4,592,823</u>

- 11.1 This represents the benefit of lower interest rate on Government of Sindh Loan III, IV and V, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan III, IV and V and its initial fair value. The amount of Government of Sindh loan after conversion amounting to Rs 940 million and its initial fair value is amounting to Rs. 170 million based on Rs. 398 million. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in unconsolidated statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in '000)	
12 CONTRACT LIABILITIES			
Contribution from customers	12.1	2,726,867	2,508,518
Advance received from customers for laying of mains, etc.		6,203,605	5,277,556
		<u>8,930,472</u>	<u>7,786,074</u>
12.1 Contribution from customers			
Opening balance		2,740,870	2,015,462
Additions / adjustments during the period / year		415,323	935,231
Transferred to unconsolidated statement of profit or loss		(183,997)	(209,823)
		2,972,196	2,740,870
Less: Current portion of contributions from customers		(245,329)	(232,352)
Closing balance		<u>2,726,867</u>	<u>2,508,518</u>

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

13 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 (June 30, 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 Company.

The aggregate unavailed short term borrowing facilities amounted to Rs.2,519 million (June 30, 2021: Rs. 1,249 million).

14	TRADE AND OTHER PAYABLES	Note	March 31,	June 30,
			2022	2021
			(Un-audited)	(Audited)
			————(Rupees in '000)————	
	Creditors for:			
	Indigenous Gas	14.1	482,869,284	387,937,266
	RLNG		102,774,012	112,319,360
			585,643,296	500,256,626
	Tariff adjustments RLNG - payable to GoP	14.2	17,646,866	18,346,037
	Service charges payable to EETPL		2,378,244	1,776,953
	Accrued liabilities		7,903,169	5,492,219
	Provision for compensated absences - non executives		257,046	239,113
	Payable to staff gratuity fund		3,559,116	3,509,988
	Payable to provident fund		50,245	62,335
	Deposits / retention money		730,207	659,851
	Advance for sharing right of way		18,088	18,088
	Withholding tax payable		114,334	82,313
	Sales tax and FED payable		258,648	354,379
	Provincial sales tax on services		265,753	185,332
	Gas infrastructure development cess payable		7,053,920	8,856,769
	Unclaimed term finance certificate redemption profit		1,800	1,800
	Worker's profit participation fund	14.3	305,302	234,255
	Others		496,476	448,036
			626,682,510	540,524,094

14.1 Creditors for indigenous gas supplies include Rs. 400,713 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 15.1 to these unconsolidated condensed interim financial statements.

14.2	Tariff adjustments RLNG - payable to GoP	March 31,	June 30,
		2022	2021
		(Un-audited)	(Audited)
		————(Rupees in '000)————	
	Opening balance	18,346,037	14,430,636
	Recognized during the period	(699,171)	3,915,401
	Closing balance	17,646,866	18,346,037
14.3	Workers' Profit Participation Fund (WPPF)		
	Opening balance	234,255	174,515
	Charge during the period / year	-	59,740
	Interest on WPPF	71,047	-
	Closing balance	305,302	234,255

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Note	----- (Rupees in '000) -----	
15 INTEREST ACCRUED			
Long term financing - loans from banking companies		218,424	416,543
Long term deposits from customers		541,925	518,980
Short term borrowings		468,577	270,917
Late payment surcharge on processing charges		99,283	99,283
Late payment surcharge on gas development surcharge		4,826	4,826
Late payment surcharge on gas supplies	15.1	15,832,411	15,832,411
		17,165,446	17,142,960

15.1 As disclosed in note 7.1 and 7.2, 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 March 31, 2022 stands at Rs. 124,989 million (June 30, 2021: Rs.104,067 million)

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
		----- (Rupees in '000) -----	
16 CONTINGENCIES AND COMMITMENTS			
16.1 Commitments for capital and other expenditures		3,806,121	5,921,855
16.2 Guarantees issued on behalf of the Company		6,929,372	7,386,119

- 16.3** 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.

- 16.4** As disclosed in note 15.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2015 amounting to Rs. 17,571 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2016, June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021 and for the nine months period ended March 31, 2022 amounting to Rs. 8,651 million, Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million, Rs. 26,335 million, Rs. 25,939 million and Rs. 20,922 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.
- 16.5** 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.

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

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

- 16.7** Income tax authorities have passed Orders for the Tax Years 2007, 2008, 2009, 2013, 2014, 2015 & 2017 disallowing tax depreciation on fixed assets held under musharka arrangement.

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

No provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

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

All the Orders were contested before Commissioner (Appeals) who decided the cases in Company's favor. However, the said Commissioner (Appeals) Orders in SSGC favor have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue except for the appellate order for TY-2019-20 which has been remanded back by the Commissioner Appeals.

Since the said issue has already been decided in favor of SNGPL by Lahore Bench of Appellate Tribunal Inland Revenue and thus a Legal Principle is in field which has also been upheld by Commissioner (Appeals) in Company's case, therefore no provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

- 16.9** The Tax Authorities' passed Order for FY 2009-10 against the Company disallowing input Sales Tax credit on gas purchased but lost as UFG, among other observations. The said Order was contested till Appellate Tribunal Inland Revenue (ATIR) who decided the case in Company's favor thus setting a Legal Principle.

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

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

Tax authorities have also issued a notice for FY 2017-18 confronting the same issue of disallowance of input tax claimed on excess UFG on which the company has filed detailed reply but no adverse inference was drawn in light of Binding Precedent set by ATIR for FY 2009-10.

The Company and its legal counsel are of the opinion that the Company has a strong case on legal merits as well as on technical grounds since Legal Principle has been set by ATIR & upheld by Commissioner (Appeals) and thus No provision has been made in these unconsolidated financial statements as the Company and its legal counsel is confident that the outcome of the cases will be in favor of the Company.

- 16.10** The Additional Commissioner Inland Revenue passed an order against the Company with demand along with default surcharge and penalty for incorrect adjustment of withholding sales tax against input invoices for the period July 2017 – April 2018 . The principal tax demand of Rs. 1,235 Million was recovered by the authority. However, the Company has filed a reference with FBR for waiver of default surcharge and penalty, which is pending.

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

No provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

- 16.11** The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company with a demand of Rs. 432 million. The demand is in respect of disallowance of exchange loss, addition on account of gain on disposal of fixed assets, interest free loans to employees and addition under section 34(5) of the Ordinance. Further the DCIR has not allowed credit for taxes paid, refund adjustment relating to tax year 2009 and adjustment of carry forward of minimum tax for financial years 2005-06 and 2007-08 claimed in the Income Tax Return for the financial year 2009-10. The Commissioner (Appeals) has maintained the disallowances except for interest free loans and directed tax department that credit of taxes paid, and minimum tax adjustments for FY 2005-06 and FY 2007-08 be allowed after verification. The Commissioner (Appeals) has not given decision on addition under section 34(5) and refund adjustment.

Commissioner (Appeals) order was contested before Appellate Tribunal Inland Revenue (ATIR) remanded back the issue of exchange loss, decided interest free loans in SSGC favour while minimum tax adjustment for loss making year of 2007-08 was decided against SSGC. The said minimum tax disallowance has been challenged before the Sindh High Court and is currently sub-judice.

Pursuant to Commissioner (Appeals) decision, DCIR passed Order partially allowing benefit of minimum tax adjustment for FY 2005-06 while other verification matters were again decided against the Company. Upon appeal by the Company against DCIR Order, the Commissioner (Appeals) upheld the disallowance of minimum tax adjustment for FY 2007-08 whereas issues of refund adjustment for FY 2008-09, partial adjustment for minimum tax for FY 2005-06 and credit of tax deducted at source were again remanded back to DCIR.

No provision has been made in these unconsolidated condensed interim financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

- 16.12** As disclosed in Note 7 to these unconsolidated financial statements – Trade Debts, Interest Income from K-Electric (KE) and Pakistan Steel (PSML) is not being recognized in the Financial Statements, in accordance with requirements of International Accounting Standards as well as Legal and Accounting Opinions obtained by the Company. However, Tax Authorities have passed Orders for FY 2014-15 to 2019-20, on said unrecognized Interest Income from K-Electric (KE) and Pakistan Steel (PSML). Appeal against the said Orders have been filed before Commissioner (Appeals), who decided the case against the Company upon which Company has filed appeal before Appellate Tribunal Inland Revenue

No provision has been made in these unconsolidated condensed interim financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

- 16.13** Tax Authorities' have passed Federal Excise Duty (FED) Order for FY 2017-18 raising FED Demand on Re-gasification of LNG into RLNG, supply of RLNG to customers and supply of Natural Gas to customers (on which LPG / NGL extraction process was performed).

Upon appeal, the Commissioner (Appeals) decided the issues of re-gasification and supply of RLNG to customers against SSGC while issue of supply of natural gas to customers was remanded back to Tax Officer.

Against Commissioner (Appeals) Order on RLNG, SSGC has filed appeal before Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.

No provision has been made in these unconsolidated condensed interim financial statements as the Company and its legal advisor are confident that the outcome of the case will be in favor of the Company.

- 16.14** Tax Authorities have passed Order for Tax Year 2015 disallowing Interest Expense on delayed payment to E&P companies for gas purchases as well as taxing benefit of lower interest rate on Government of Sindh Loans, among other observations.

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

No provision has been made in these unconsolidated condensed interim financial statements as the Company and its legal advisor are confident that the outcome of the case will be in favor of the Company.

- 16.15** Tax Authorities have passed Sales Tax Order for FY 2017-18 on issues of non-charging of Sales Tax on RLNG – Indigenous Gas Swap, Gas Development Surcharge (GDS), RLNG Transportation Income among other observations.

Said Order was contested before Commissioner (Appeals) who upheld LTO Order. Company has challenged the matter before the Appellate Tribunal Inland Revenue which is pending adjudication.

No provision has been made in these unconsolidated condensed interim financial statements as the Company and its legal advisor are confident that the outcome of the case will be in favor of the Company.

- 16.16** The Company is subject to various other claims totaling Rs. 15,754 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

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

	Note	Nine months ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		(Un-audited) (Rupees in '000)			
17 SALES					
Sale of Indigenous gas		153,706,884	168,724,574	47,797,746	51,937,158
Sale of RLNG		97,705,340	60,247,023	22,876,319	23,799,031
		251,411,424	228,971,597	70,674,065	75,736,189
Less: Sales tax					
Indigenous gas		(23,259,839)	(25,123,776)	(7,327,851)	(7,794,611)
RLNG		(14,198,144)	(8,158,888)	(3,369,686)	(3,168,301)
		(37,449,183)	(33,282,664)	(10,697,537)	(10,962,912)
		213,962,241	195,688,933	59,976,528	64,773,277
18 Tariff Adjustments					
Indigenous gas	18.1	52,233,511	24,855,649	19,835,896	5,613,078
RLNG		699,171	(3,221,360)	(2,473,696)	(1,622,498)
		52,932,682	21,634,289	17,362,200	3,990,580
18.1 Indigenous Gas					
GDS recovered during the period		37,200,310	21,402,558	12,727,237	26,344,196
Price increase adjustment for the period		15,886,827	4,111,813	7,451,396	(20,423,169)
Subsidy for LPG air mix operations		(852,826)	(658,722)	(342,737)	(307,949)
		52,233,511	24,855,649	19,834,896	5,613,078
19 COST OF SALES					
Cost of gas	19.1	255,572,644	207,850,334	75,686,889	66,673,000
Transmission and distribution costs		11,023,264	15,629,786	3,813,837	5,253,827
		266,595,908	223,480,120	79,500,726	71,926,827
19.1 Cost of gas					
Opening gas in pipelines		1,105,599	1,248,028	1,261,719	1,258,734
RLNG purchases		83,929,539	47,662,458	17,229,347	18,465,089
Gas purchases		172,342,716	160,917,616	58,615,871	48,401,203
		257,377,854	209,828,102	77,106,937	68,125,026
Gas consumed internally		(551,482)	(741,372)	(166,320)	(215,630)
Closing gas in pipelines		(1,253,728)	(1,236,396)	(1,253,728)	(1,236,396)
		(1,805,210)	(1,977,768)	(1,420,048)	(1,452,026)
		255,572,644	207,850,334	75,686,889	66,673,000

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Un-audited)			
	(Rupees in '000)			
20 OTHER OPERATING EXPENSES				
Auditors' remuneration	4,253	4,363	1,417	985
Sports expenses	54,998	84,502	8,761	22,847
Corporate social responsibility	6,995	10,478	976	3,493
Provision against impaired stores and spares	94,682	60,176	(12,504)	35,914
Exchange loss	6,426,990	-	1,311,468	-
Loss / (gain) on sale of property, plant and equipment	-	14,161	-	(529)
	6,587,918	173,680	1,310,118	62,710
21 OTHER INCOME				
Income from financial assets				
Income for receivable against asset contribution	25,487	28,750	8,302	8,951
Interest income on loan from SSGC LPG (Pvt) Limited	112,269	86,162	37,164	17,735
Income from net investment in finance lease	11,945	19,910	3,981	6,636
Return on saving bank accounts	18,239	20,458	4,224	4,863
Dividend income	22,492	4,828	711	-
	190,432	160,108	54,382	38,185
Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)	262,782	248,787	96,859	76,647
Income from other than financial assets				
Late payment surcharge	1,496,886	1,652,499	567,428	578,889
Income from late payment of gas bills from SNGPL	852,678	852,678	280,077	280,077
Sale of gas condensate - net loss	(2,839)	(56,384)	8,062	(15,159)
Meter manufacturing division profit - net	8,964	13,048	3,303	3,177
Meter rentals	1,280,608	706,539	405,102	300,522
RLNG transportation income	5,792,988	5,039,808	1,688,958	1,506,358
Recognition of income against deferred credit and contract liability	481,875	424,768	72,906	142,287
Income from LPG air mix distribution - net	91,628	98,437	30,091	32,413
Income from sale of tender documents	5,278	3,876	1,897	1,450
Scrap sales	13,117	63,939	10,730	(536)
Recoveries from customers	75,248	55,746	32,168	22,620
Liquidity damaged recovered	60,408	71,593	20,986	31,008
Exchange gain	-	4,578,675	-	1,856,314
Gain on sale of property, plant and equipment	1,052	-	45,203	-
Amortization of Government grant	12,938	12,031	4,313	4,043
Rental income from SSGC LPG (Pvt) Limited	769	620	256	235
LSA margins against RLNG	755,631	698,817	258,588	219,318
Miscellaneous	21,536	18,816	6,752	4,940
	11,401,979	14,644,401	3,588,053	5,082,788

		Nine months ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		(Un-audited)			
		(Rupees in '000)			
22	TAXATION				
	Current tax	2,103,742	1,755,005	681,407	557,690
	Deferred tax	-	-	-	-
		<u>2,103,742</u>	<u>1,755,005</u>	<u>681,407</u>	<u>557,690</u>

22.1 As at March 31, 2022, the Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 48,771 million (June 30, 2021: Rs. 39,736 million) out of which deferred tax asset amounting to Rs.15,173 million has been recognised and remaining balance of Rs 33,598 million is unrecognised. As at period end, the Company's minimum tax credit amounted to Rs.9,639 million (June 30, 2021: Rs. 5,161 million) having expiry period ranging between 2022 and 2026.

23 LOSS PER SHARE - BASIC AND DILUTED

Loss for the period	(5,695,792)	(2,249,048)	(3,694,703)	(581,305)
Average number of ordinary shares	880,916,309	880,916,309	880,916,309	880,916,309
Loss per share - basic and diluted	(6.47)	(2.55)	(4.19)	(0.66)

		Nine months ended	
		March 31, 2022	March 31, 2021
		(Un-audited)	
		(Rupees in '000)	
24	ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS		
	Provisions	2,979,388	3,259,189
	Depreciation on owned assets	2,159,744	6,289,399
	Depreciation on right of use assets	81,673	92,066
	Amortization of intangibles	38,587	10,673
	Finance cost	3,508,153.00	3,223,816
	Amortization of transaction cost	158,655	24,221
	Amortization of Government grant	(12,938)	(12,031)
	Recognition of income against deferred credit and contract liability	(510,341)	(464,938)
	Dividend income	(22,492)	(4,828)
	Interest income and return on term deposits	(1,271,455)	(1,236,835)
	Income from net investment in finance lease	(11,945)	(19,910)
	(Gain) / loss on disposal of property plant and equipment	(3,017)	14,098
	Decrease in long term advances	12,171	125,217
	Lease rental from net investment in finance lease	55,306	63,271
	Increase in deferred credit and contract liability	1,342,408	1,170,075
	Finance cost in respect of leases	9,367	14,083
	Finance cost on payable against transfer of pipeline	53,888	57,992
		<u>8,567,152</u>	<u>12,605,558</u>
24.1	Provision		
	Provision against slow moving / obsolete stores	94,457	56,728
	Impairment loss against financial assets	1,420,147	2,057,166
	Provision for compensated absences	90,773	-
	Provision for post retirement medical and free gas supply facilities	463,699	361,418
	Provision against retirement benefit	910,312	783,877
		<u>2,979,388</u>	<u>3,259,189</u>

25 WORKING CAPITAL CHANGES

	Nine months ended	
	March 31, 2022	March 31, 2021
	(Un-audited)	
	(Rupees in '000)	
Decrease / (increase) in current assets		
Stores and spares	(534,606)	(355,561)
Stock-in-trade	(499,042)	206,326
Customers' installation work-in-progress	12,736	(38,800)
Trade debts	(2,885,066)	(344,933)
Advances, deposits and short term prepayments	654,754	116,886
Other receivables	(63,889,645)	(26,002,883)
	(67,140,669)	(26,418,965)
Increase in current liabilities		
Trade and other payables	86,091,355	22,268,731
	18,950,486	(4,150,234)

26 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary company, 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 statement are as follows:

	Relationship	Nine months ended	
		March 31, 2022	March 31, 2021
		(Un-audited)	
		(Rupees in '000)	
Government related entities			
- Purchase of fuel and lubricant		35,424	57,626
- Sale of gas		96,515,125	60,023,631
- Mark-up expense on short term finance		86,504	41,860
- Mark-up expense on long term finance		253,794	265,375
- Income from net investment in finance lease		11,945	19,910
- Gas purchases		92,503,715	133,318,083
- Gas purchases - RLNG		83,929,539	-
- Sale of gas meters		7,629	12,142
- Rent		6,017	-
- Insurance premium		53,445	111,408
- Royalty		1,037	1,762
- Electricity expenses		143,841	120,777
- Interest income		1,115,460	1,101,465
- Subscription		2,052	-
- RLNG transportation income		5,792,988	5,039,808
- Income against LNG service agreement		755,631	698,817
- LPG Purchases		694,116	481,240
- Professional charges		-	40
Karachi Grammar School	Associate		
- Sale of gas		44	30

	Relationship	Nine months ended	
		March 31, 2022	March 31, 2021
		(Un-audited)	
		(Rupees in '000)	
Key management personnel			
- Remuneration		147,788	142,131
Pakistan Institute of Corporate Governance	Associate		
- Subscription / Trainings		284	998
* Engro Fertilizers Limited	Associate		
- Sale of Gas		26,335	-
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Interest on loan		112,269	86,162
- Rental Income		769	620
Staff retirement benefit plans	Associate		
- Contribution to provident fund		249,138	280,226
- Contribution to pension fund		551,698	411,671
- Contribution to gratuity fund		358,614	372,207

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

26.1 Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employment.

26.2 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 are received at rates prescribed by the Government of Pakistan.

26.3 Amount (due to) / receivable from related parties.

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

	March 31	June 30
	2022	2021
		(Audited)
		(Rupees in '000)
Government related entities		
- Receivable against sale of gas	61,128,053	58,695,306
- Investment	39,911	77,522
- Borrowings	(1,853,304)	(4,782,380)
- Net investment in finance lease	1,182,671	922,429
- Gas purchases - Indigenous gas	(407,198,571)	(445,568,344)
- Gas purchases - RLNG	(102,774,012)	-
- Gas meters & Spare parts	41,989	38,157
- Uniform cost of gas	15,818,846	15,818,846
- Cash at bank	2,055	6,942
- Stock loan	3,258	5,321
- Payable to insurance	(16,551)	(2,244)

		March 31 2022 (Un-audited)	June 30 2021 (Audited)
		(Rupees in '000)	
- Gas supply deposit		(51,263)	(51,263)
- Interest expense accrued - late payment surcharge on gas supplies bills		(15,832,411)	(15,832,411)
- Interest income		15,654,384	14,538,924
- Professional charges		57	57
- Contingent rent		10,610	10,405
- Capacity and utilisation charges of RLNG		53,193,967	52,247,106
- RLNG transportation income		32,276,349	31,832,534
- LSA margins		2,977,427	2,945,502
- Advance for sharing right of way		(18,088)	(18,088)
- LPG purchases		-	(55,190)
Karachi Grammar School	Associate		
- Receivable against sale of gas		5	5
- Gas supply deposit		(22)	(22)
* Engro Fertilizers Limited	Associate		
- Receivable against sale of gas		3,165	-
- 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
- Markup accrued on loan		16,820	-
- Deferred markup on loan		759,039	822,185
- Current portion of deferred markup		122,433	114,150
- LPG Sales		5,698	5,698
- Rental income receivable		1,078	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.

27 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 assess 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 AND REVENUE RESULTS

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

	Nine months ended			
	Segment revenue		Segment Profit / (loss)	
	March 31 2022	March 31 2021	March 31 2022	March 31 2021
	(Un-audited) (Rupees in '000)			
Gas transmission and distribution	213,962,241	195,688,933	(4,017,454)	(1,204,987)
Meter manufacturing	1,101,422	1,266,171	8,964	13,048
Total segment results	215,063,663	196,955,104	(4,008,490)	(1,191,939)
Unallocated				
- Other operating expenses			(160,928)	(173,680)
- Other income			577,368	871,576
Loss before tax			(3,592,050)	(494,043)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs 1,101 million (March 31, 2021: Rs. 1,266 million).

SEGMENT ASSETS AND LIABILITIES

	March 31 2022	June 30, 2021
	(Un-audited)	(Audited)
	(Rupees in '000)	
Segment assets		
Gas transmission and distribution	686,735,400	613,074,073
Meter manufacturing	924,941	552,261
Total segment assets	687,660,341	613,626,334
Unallocated		
Loans and advances	1,974,465	2,205,677
Taxation - net	17,594,483	17,609,468
Interest accrued	487,739	487,739
Cash and bank balances	4,513,573	573,696
	24,572,262	20,876,580
Total assets as per unconsolidated condensed interim statement of financial position	712,232,603	634,502,914
Segments liabilities		
Gas transmission and distribution	739,751,722	656,664,567
Meter manufacturing	424,715	9,902
Total liabilities as per unconsolidated condensed interim statement of financial position	740,176,437	656,674,469

28 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.

28.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the reporting 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, either 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 March 31, 2022			Total
	(Un-audited)			
	Level 1	Level 2	Level 3	
Rupees in '000				
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	132,812	-	-	132,812
	As at June 30, 2021			Total
	(Audited)			
	Level 1	Level 2	Level 3	
	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.

28.2 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 March 31, 2022 (Un-audited)			
Level 1	Level 2	Level 3	Total
Rupees in '000			
Freehold land	12,339,027		12,339,027
Leasehold land	12,698,111		12,698,111

As at June 30, 2021 (Audited)			
Level 1	Level 2	Level 3	Total
Rupees in '000			
Freehold Land	12,339,027		12,339,027
Leasehold Land	12,698,111		12,698,111

29 GENERAL

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

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

30 DATE OF AUTHORISATION

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



Dr. Shamshad Akhtar
Chairperson



Imran Manlar
Managing Director



Muhammed Amin Rajput
Chief Financial Officer



**Consolidated Condensed Interim Financial Information (Un-Audited)
for the nine months period ended March 31, 2022**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

	Note	March 31, 2022 (Un-audited) ————(Rupees in '000)————	June 30, 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	146,400,479	139,097,127
Intangibles		112,093	114,435
Right of use assets	5	119,965	165,466
Deferred tax		2,703,443	2,721,666
Long term investments	6	132,812	209,299
Net investment in finance lease		29,960	73,321
Long term loans and advances		148,338	175,339
Long-term deposits		19,716	19,740
Total non-current assets		149,666,806	142,576,393
Current assets			
Stores, spares and loose tools		3,969,255	3,457,965
Stock-in-trade		2,189,395	1,602,452
Current maturity of net investment in finance lease		57,814	57,814
Customers' installation work-in-progress		236,842	249,578
Trade debts	7	93,613,126	92,141,613
Loans and advances		244,655	394,002
Advances, deposits and short term prepayments		573,117	1,231,858
Interest accrued	8	16,269,412	15,153,952
Other receivables	9	423,967,488	360,062,870
Taxation - net		18,060,823	17,890,333
Short term investment - term deposit receipt		329,223	479,223
Cash and bank balances		4,908,842	767,366
Total current assets		564,419,992	493,489,026
TOTAL ASSETS		714,086,798	636,065,419

The annexed notes 1 to 30 form an integral part of these consolidated condensed interim financial statements.


Dr. Shamehad Akhtar
Chairperson


Imran Maniar
Managing Director


Muhammad Amin Rajput
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

		March 31, 2022	June 30, 2021
	Note	(Un-audited)	(Audited)
		(Rupees in '000)	
EQUITY AND LIABILITIES			
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 securities		96,285	172,772
Surplus on revaluation of property, plant and equipment		25,254,815	25,254,815
Accumulated losses		(65,986,427)	(60,441,466)
		(26,918,763)	(21,297,315)
LIABILITIES			
Non-current liabilities			
Long term financing	10	17,066,514	21,259,499
Long term deposits		24,655,664	23,241,015
Employee benefits		6,013,722	5,603,105
Payable against transfer of pipeline		703,245	755,645
Deferred credit	11	4,257,253	4,592,822
Contract liabilities	12	8,930,472	7,786,074
Lease liability		46,971	63,845
Long term advances		3,167,667	3,155,496
Total non-current liabilities		64,841,508	66,457,501
Current liabilities			
Current portion of long term financing	10	8,318,697	8,080,662
Current portion of payable against transfer of pipeline		69,099	64,610
Current portion of deferred credit	11	452,376	442,114
Current portion of contract liabilities	12	245,329	232,352
Current portion of lease liability		60,093	84,493
Short term borrowings	13	22,481,383	23,750,594
Trade and other payables	14	627,041,311	540,782,773
Short term deposits		44,947	39,249
Unclaimed dividend		285,372	285,426
Interest accrued	15	17,165,446	17,142,960
Total current liabilities		676,164,053	590,905,233
Total liabilities		741,005,561	657,362,734
TOTAL EQUITY AND LIABILITIES		714,086,798	636,065,419
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 30 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 PROFIT OR LOSS

For the period ended March 31, 2022

	Note	Nine months period ended		Quarter ended	
		March 31	March 31	March 31	March 31
		2022	2021	2022	2021
(Un-Audited)					
(Rupees in '000)					
Sales		251,411,424	228,971,597	70,674,065	75,736,189
Sales tax		(37,449,183)	(33,282,664)	(10,697,537)	(10,962,912)
	17	213,962,241	195,688,933	59,976,528	64,773,277
Tariff adjustments	18	52,932,682	21,634,289	17,762,200	3,990,580
Net sales		266,894,923	217,323,222	77,738,728	68,763,857
Cost of sales	19	(266,595,908)	(223,480,120)	(79,500,726)	(71,926,827)
Gross profit / (loss)		299,015	(6,156,898)	(1,761,998)	(3,162,970)
Administrative and selling expenses		(3,668,649)	(3,551,246)	(1,296,141)	(1,208,275)
Other operating expenses	20	(6,588,056)	(174,402)	(1,309,831)	(62,867)
Impairment loss against financial assets		(1,420,147)	(2,057,166)	(758,596)	129,875
		(11,676,852)	(5,782,814)	(3,364,568)	(1,141,267)
		(11,377,837)	(11,939,712)	(5,126,566)	(4,304,237)
Other income	21	11,758,469	15,178,047	3,675,894	5,183,266
Operating Profit / (loss)		380,632	3,238,335	(1,450,672)	879,029
Finance cost		(3,734,513)	(3,323,578)	(1,512,122)	(847,713)
Loss before taxation		(3,353,881)	(85,243)	(2,962,794)	31,316
Taxation	22	(2,191,080)	(1,885,902)	(702,672)	(577,577)
Loss for the period		(5,544,961)	(1,971,145)	(3,665,466)	(546,261)
Basic and diluted loss per share (Rupees)	23	(6.29)	(2.24)	(4.16)	(0.62)

The annexed notes 1 to 30 form an integral part of these consolidated condensed interim financial statements.


Dr. Shameshad Akhtar
 Chairperson


Imran Maniar
 Managing Director


Muhammad Amin Rajput
 Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended March 31, 2022

	Nine months period ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Un-Audited)			
	(Rupees in '000)			
Loss for the period	(5,544,961)	(1,971,145)	(3,665,466)	(546,261)
Other comprehensive income				
Unrealised loss on re-measurement of FVTOCI securities	(76,487)	10,960	(9,567)	(6,130)
Total comprehensive loss for the period	(5,621,448)	(1,960,185)	(3,675,033)	(552,391)

The annexed notes 1 to 30 form an integral part of these consolidated condensed interim financial statements.



Dr. Shahzad Akhtar
Chairperson



Imran Maniar
Managing Director



Muhammad Amin Rajput
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW

For the period ended March 31, 2022

		Nine months period ended	
		March 31, 2022	March 31, 2021
		(Un-Audited)	
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
	Note		
Loss before taxation		(3,353,881)	(85,243)
Adjustments for non-cash and other items	24	8,845,045	12,816,148
Working capital changes	25	18,949,007	(4,064,277)
Financial charges paid		(4,131,052)	(4,638,916)
Employee benefits paid		(125,922)	(116,387)
Payment for retirement benefits		(861,640)	(1,011,672)
Long term deposits received - net		1,414,649	1,095,919
Deposits paid - net		5,723	14,500
Loans and advances to employee - net		231,212	314,604
Interest income received		139,175	1,217,592
Income taxes paid		(2,343,512)	(1,058,522)
Net cash generated from operating activities		18,768,804	4,483,746
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(9,257,401)	(7,738,978)
Payments for acquisition of intangibles		(38,585)	(131,302)
Payment for payable against transfer of pipeline		(101,799)	(101,799)
Proceeds from sale of property, plant and equipment		68,820	50,398
Short term investment		-	(223)
Dividend received		22,492	4,828
Net cash used in investing activities		(9,306,473)	(7,917,076)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		21,000,000	-
Repayments of local currency loans		(25,100,000)	(4,407,832)
Repayment of customer finance		(13,615)	(14,264)
Repayment of lease liability		(87,975)	(132,062)
Dividend paid		(54)	(4)
Net cash used in financing activities		(4,201,644)	(4,554,162)
Net decrease in cash and cash equivalents		5,260,687	(7,987,492)
Cash and cash equivalents at beginning of the period		(22,504,005)	(13,428,869)
Cash and cash equivalents at end of the period		(17,243,318)	(21,416,361)
Cash and cash equivalent comprises:			
Cash and bank balances		4,908,842	1,244,296
Term deposit receipts (TDR)		329,223	-
Short term borrowings		(22,481,383)	(22,660,657)
		(17,243,318)	(21,416,361)

The annexed notes 1 to 30 form an integral part of these consolidated condensed interim financial statements.


Dr. Shamshad Akhtar
 Chairperson


Imran Manlar
 Managing Director


Muhammad Amin Rajput
 Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the period ended March 31, 2022

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re- measurement of FVTOCI securities	Surplus on revaluation of property, plant and equipment	Accumulated losses	Total
	(Rupees in '000)						
Balance as at June 30, 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 period ended March 31, 2021	-	-	-	-	-	(1,971,145)	(1,971,145)
Loss for the period	-	-	-	-	-	(1,971,145)	(1,971,145)
Other comprehensive income for the period	-	-	-	10,960	-	-	10,960
Balance as at March 31, 2021 (Un-Audited)	8,809,163	234,868	4,672,533	154,450	25,254,815	(64,213,934)	(23,088,103)
Balance as at June 30, 2021 (Audited)	8,809,163	234,868	4,672,533	172,772	25,254,815	(60,441,466)	(21,297,315)
Total comprehensive loss for the period ended March 31, 2022	-	-	-	-	-	(5,544,961)	(5,544,961)
Loss for the period	-	-	-	-	-	(5,544,961)	(5,544,961)
Other comprehensive loss for the period	-	-	-	(76,487)	-	-	(76,487)
Balance as at March 31, 2022 (Un-Audited)	8,809,163	234,868	4,672,533	96,285	25,254,815	(65,986,427)	(26,918,763)

The annexed notes 1 to 30 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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT
For the period ended March 31, 2022

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- Sui Southern Gas Company Limited

	Percentage of Holding	
	March 31, 2022	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 profile of the Holding Company and its subsidiary is 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.

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. 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
- Bottling plants at Sara-e-Gadai Stop, Kot Najeebullah Road, Industrial Estate Hattar-22610 Haripur, KPK and Sheikhupura 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

- These un-audited consolidated condensed interim financial statements includes the un-audited condensed interim financial statements of the Holding Company and its Subsidiary Company, together "the Group".
- The un-audited condensed interim 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 subsidiary 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 subsidiary 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 Company's operations - Financial performance

During the period, the Group has incurred a loss after tax of Rs. 5,545 million (March 31, 2021: Rs. 1,971 million) resulting in increase in its accumulated losses to Rs. 65,986 million and diminishing equity to Rs. 26,919 million. As at reporting date, current liabilities exceeded its current asset by Rs.111,744 million (June 30, 2021: Rs. 97,416).

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.

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 exists relating to going concern status of the Holding Company.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

These un-audited consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

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 un-audited consolidated condensed interim financial statements are based on Final Revenue Requirement determined by OGRA for the financial year ended June 30, 2021. Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These consolidated condensed interim financial statements are prepared in Pakistani Rupees which is the Group's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

3.1 Significant accounting policies and methods of computation applied for the preparation of these un-audited consolidated condensed interim financial statements are the same as those applied in preparation of the annual consolidated audited financial statements of the Company for the year ended June 30, 2021.

3.2 The preparation of these un-audited consolidated condensed interim financial statements is 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 annual 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, by the depreciation charge for the period would have been increased by Rs. 4,536 million.

Further, the charge in respect of staff retirement benefits has been recognised on the basis of Actuarial's projection for FY 2021-22, hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

3.3 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Group's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Group's operations or are not expected to have a significant effect on these un-audited consolidated condensed interim financial statements.

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

4. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	—————(Rupees in '000)—————	
Operating assets	130,336,663	127,408,805
Capital work-in-progress	16,063,816	11,688,322
	<u>146,400,479</u>	<u>139,097,127</u>

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

	March 31, 2022		March 31, 2021
	(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	51,467	-	63,325
Gas distribution system	3,691,702	(43,549)	4,100,758
Gas transmission pipelines	264,411	-	1,415,519
Telecommunication	1,206	(244)	36,511
Plant and machinery	193,900	(1,119)	111,099
Tools and equipment	25,369	(250)	5,667
Motor vehicles	144,828	(20,438)	59,602
Furniture and fixtures	9,830	-	2,870
Office equipment	32,724	(232)	31,311
Computers and ancillary equipments	57,496	-	88,685
Cylinders	23,317	-	57,722
Spherical tanks	-	-	13,398
Compressors	806,811	-	1,186,430
	5,303,061	(65,832)	7,172,897
			(64,505)
	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred
			Transfer to operating assets
	(Un-audited)		
	(Rupees in '000)		
Capital work in progress:			
Projects:			
Gas distribution system	6,075,130	(3,691,702)	5,955,193
Gas transmission system	-	(264,411)	1,353,958
Cost of buildings under construction and others	3,182,874	(1,346,948)	2,039,245
	9,258,004	(5,303,061)	9,348,396
			(7,027,333)

During the period, there has been net increase / (decrease) in respect of stores and spares held for capital projects and others amounting to Rs. 1,854 million (March 31, 2021: Rs. (1,363) million).

	March 31, 2022	June 30, 2021
	(Un-audited)	(Audited)
	(Rupees in '000)	
5 RIGHT OF USE ASSETS		
Cost	335,528	367,452
Accumulated depreciation	(215,563)	(201,986)
Net book value	<u>119,965</u>	<u>165,466</u>
Cost		
Opening balance	367,452	369,281
Additions during the period	39,038	50,055
Derecognition during the period	(70,962)	(51,884)
Ending balance	<u>335,528</u>	<u>367,452</u>
Accumulated depreciation		
Opening balance	201,986	128,161
Depreciation charge for the period	82,845	124,889
Derecognition during the period	(69,268)	(51,064)
Ending balance	<u>215,563</u>	<u>201,986</u>

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

		March 31, 2022	June 30, 2021
		(Un-audited)	(Audited)
		(Rupees in '000)	
6 LONG TERM INVESTMENTS	Note		
Investments - fair value through other comprehensive income		132,812	209,299
		<u>132,812</u>	<u>209,299</u>
7 TRADE DEBTS			
Secured		31,673,852	31,108,796
Unsecured		84,861,583	82,534,979
	7.1&7.2	116,535,435	113,643,775
Provision against doubtful debts		(22,922,309)	(21,502,162)
		<u>93,613,126</u>	<u>92,141,613</u>

- 7.1** 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 Contract with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 29,652 million (June 30, 2021: Rs. 30,931 million) as at March 31, 2022 receivables from KE against sale of indigenous gas, which is overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 146,215 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 in 2012, 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 advisor 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 advisor, 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 advisor 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 date but the supply of gas and payment is continued 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 which is still pending. Term of reference has been signed and shared with KE however no response has been received from KE.

7.2 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 Contract with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 25,084 million (June 30, 2021: Rs. 24,699 million) including overdue balance of Rs. 25,013 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. 80,078 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 timely payments.

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 advisor 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.

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.

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

8 INTEREST ACCRUED

Interest accrued on late payment of bills / invoices from:

Water and Power Development Authority (WAPDA)
Sui Northern Gas Pipelines Limited (SNGPL)
Jamshoro Joint Venture Limited (JJVL)

4,980,359	4,717,577
10,674,025	9,821,347
239,689	239,689
15,894,073	14,778,613
Interest accrued on sales tax refund	487,739
	487,739
16,381,812	15,266,352
Provision against impaired accrued income	(112,400)
	(112,400)
16,269,412	15,153,952

9 OTHER RECEIVABLES	Note	March 31, 2022 (Un-audited) <u>(Rupees in '000)</u>	June 30, 2021 (Audited)
Tariff adjustment indigenous gas - receivable Government of Pakistan (GoP)	9.1	260,848,404	207,762,067
Receivable from SNGPL for differential tariff		4,284,080	4,284,080
Receivable from Habibullah Coastal Power Company Private limited (HCPCL)	9.2	4,157,839	4,157,839
Receivable from staff pension fund		79,052	79,052
Balance receivable for sale of gas condensate		120,127	42,949
Receivable from SNGPL	9.3	105,459,869	103,776,821
Receivable from JJVL	9.4, 9.5 & 9.6	2,501,824	2,501,824
Sales tax receivable	9.7	48,684,462	39,548,675
Sindh sales tax		2,451	112,976
Receivable against asset contribution	9.8	342,224	348,448
Accrued Markup		8,279	5,016
Miscellaneous		65,751	29,997
		<u>426,554,362</u>	<u>362,649,744</u>
Provision against impaired receivables		<u>(2,586,874)</u>	<u>(2,586,874)</u>
		<u>423,967,488</u>	<u>360,062,870</u>
9.1 Tariff adjustments indigenous gas - receivable from GoP			
Opening Balance		207,762,067	178,411,641
Recognized in statement of profit or loss		52,233,511	28,557,632
Subsidy for LPG air mix operations		852,826	792,794
Closing Balance		<u>260,848,404</u>	<u>207,762,067</u>
9.2 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
		<u>4,157,839</u>	<u>4,157,839</u>

9.2.1 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 charged by WAPDA to 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 31 December 2018. The Holding Company disconnected gas supply of HCPCL on 3rd October 2019. Subsequently securing gas receivables, the Holding Company 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 the Holding Company regarding encashment of Bank Guarantees. HCPCL is in negotiations with the the Holding Company to finalize to modalities under ECC decision for waiver of LDs and sign a new GSA to resume gas supply.

		March 31, 2022 (Un-audited)	June 30 2021 (Audited)
		(Rupees in '000)	
9.3	Receivable from SNGPL		
	Uniform cost of gas	15,818,845	15,818,845
	Lease rentals	1,182,671	922,429
	Contingent rent	10,610	10,405
	LSA Margins	2,977,427	2,945,502
	Capacity and utilisation charges of RLNG	53,193,967	52,247,106
	RLNG transportation income	32,276,349	31,832,534
		105,459,869	103,776,821

9.3.1 The Holding Company has invoiced an amount of Rs.153,077 million (June 30, 2021: Rs. 130,456 million), including Sindh Sales Tax of Rs.17,754 million (June 30, 2021: Rs.15,151 million) to SNGPL in respect of matters including 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 (MOE), 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 was decided from June 2020 onwards all the invoices will be paid on monthly basis by SNGPL, however, outstanding balances before June 2020 will be settled after finalization of OGRA consultant report.

- 9.4 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.

- 9.5 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 of 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 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.

- 9.6 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.6.8 million (June 30, 2021:Rs.6.8 million), Rs. 419 million (June 30, 2021: Rs.419 million) respectively.
- 9.7 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 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.
- 9.8 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	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
		(Rupees in '000)	
10 LONG-TERM FINANCING			
Secured			
Loans from banking companies	10.1,10.2,10.3 & 10.4	24,432,764	28,382,272
Unsecured			
Front end fee of foreign currency loan		23,950	23,950
Customer financing		137,672	151,286
Government of Sindh loans		790,825	782,653
		952,447	957,889
		25,385,211	29,340,161
Less: Current portion shown under Current liabilities			
Loans from banking companies		(8,116,667)	(7,875,000)
Customer financing		(15,363)	(18,995)
Government of Sindh loans		(186,667)	(186,667)
		(8,318,697)	(8,080,662)
		17,066,514	21,259,499

- 10.1** A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at March 31, 2022, the Holding Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the period, repayment of Rs. 23,150 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 Holding Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipment. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 1.10 % per annum.
- 10.2** A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. During the period repayment of Rs. 1,500 million has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.50 % per annum.
- 10.3** A long term finance facility amounting to Rs. 3,000 million was sanctioned in August 2015 . During the period, repayment of Rs. 450 million has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.50 % per annum.
- 10.4** 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.

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
		(Rupees in '000)	
11	DEFERRED CREDIT	Note	
	Government of Pakistan contributions / grants		
	Opening balance	2,968,896	2,911,647
	Additions / adjustments during the period / year	11,768	369,294
	Transferred to consolidated statement of profit or loss	(234,038)	(312,045)
	Closing balance	2,746,626	2,968,896
	Government of Sindh (Conversion of loan into grant)		
	Opening balance	1,952,840	1,995,985
	Additions during the period / year	2,207	78,249
	Transferred to consolidated statement of profit or loss	(92,306)	(121,394)
	Closing balance	1,862,741	1,952,840
	Government of Sindh grants		
	Opening balance	113,200	129,125
	Transferred to consolidated statement of profit or loss	(12,938)	(15,925)
	Closing balance	100,262	113,200
		4,709,629	5,034,936
	Less: Current portion of deferred credit	(452,376)	(442,114)
		<u>4,257,253</u>	<u>4,592,822</u>

- 11.1 This represents the benefit of lower interest rate on Government of Sindh Loan III, IV and V, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan III, IV and V and its initial fair value. The amount of Government of Sindh loan after conversion amounting to Rs 940 million and its initial fair value is amounting to Rs. 170 million based on Rs. 398 million. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in consolidated statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in '000)	
12 CONTRACT LIABILITIES			
Contribution from customers	12.1	2,726,867	2,508,518
Advance received from customers for laying of mains, etc.		6,203,605	5,277,556
		<u>8,930,472</u>	<u>7,786,074</u>
12.1 Contribution from customers			
Opening balance		2,740,870	2,015,462
Additions / adjustments during the period / year		415,323	935,231
Transferred to consolidated statement of profit or loss		(183,997)	(209,823)
		<u>2,972,196</u>	<u>2,740,870</u>
Less: Current portion of contributions from customers		(245,329)	(232,352)
Closing balance		<u>2,726,867</u>	<u>2,508,518</u>

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

13 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 (June 30, 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.2,519 million (June 30, 2021: Rs. 1,249 million).

14	TRADE AND OTHER PAYABLES	Note	March 31,	June 30,
			2022	2021
			(Un-audited)	(Audited)
			(Rupees in '000)	
	Creditors for:			
	Indigenous Gas	14.1	482,869,284	387,937,266
	RLNG		102,774,012	112,319,360
			585,643,296	500,256,626
	Tariff adjustments RLNG - payable to GoP	14.2	17,646,866	18,346,037
	Service charges payable to BETPL		2,378,244	1,776,953
	Accrued liabilities		8,131,254	5,610,706
	Provision for compensated absences - non executives		257,046	239,113
	Payable to staff gratuity fund		3,562,896	3,509,988
	Payable to provident fund		50,245	62,335
	Deposits / retention money		734,659	659,851
	Advance for sharing right of way		18,088	18,088
	Withholding tax payable		117,856	83,168
	Sales tax and FED payable		262,495	360,133
	Provincial sales tax on services		268,017	190,875
	Gas infrastructure development cess payable		7,053,920	8,856,769
	Unclaimed term finance certificate redemption profit		1,800	1,800
	Worker's profit participation fund	14.3	305,302	234,255
	Advance from customers and distributors		89,774	94,571
	Transport and advertisement services		12,190	13,607
	Provision		5,822	14,933
	Others		501,541	452,965
			627,041,311	540,782,773

14.1 Creditors for indigenous gas supplies include Rs. 400,713 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 15.1 to these consolidated condensed interim financial statements.

14.2	Tariff adjustments RLNG - payable to GoP	March 31,	June 30,
		2022	2021
		(Un-audited)	(Audited)
		(Rupees in '000)	
	Opening balance	18,346,037	14,430,636
	Recognized during the period	(699,171)	3,915,401
	Closing balance	17,646,866	18,346,037
14.3	Workers' Profit Participation Fund (WPPF)		
	Opening balance	234,255	174,515
	Charge during the period / year	-	59,740
	Interest on WPPF	71,047	-
	Closing balance	305,302	234,255

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Note	————(Rupees in '000)————	
15 INTEREST ACCRUED			
Long term financing - loans from banking companies		218,424	416,543
Long term deposits from customers		541,925	518,980
Short term borrowings		468,577	270,917
Late payment surcharge on processing charges		99,283	99,283
Late payment surcharge on gas development surcharge		4,826	4,826
Late payment surcharge on gas supplies	15.1	15,832,411	15,832,411
		<u>17,165,446</u>	<u>17,142,960</u>

15.1 As disclosed in note 7.1 and 7.2, effective from July 1, 2012, the Holding 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 Holding Company continued recognition of the LPS expenses payable on outstanding payables of the Government Controlled E&P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of accounting and reporting standards as applicable in Pakistan, as such standards do not allow the Holding Company to offset its LPS income against the mark-up expense in absence of legal right of 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 BCC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

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

Based on the aforesaid letter and legal opinion obtained by the Holding Company, the aggregate unrecognized accrued markup up to March 31, 2022 stands at Rs. 124,989 million (June 30, 2021: Rs. 104,067 million)

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
		————(Rupees in '000)————	
16 CONTINGENCIES AND COMMITMENTS			
16.1	Commitments for capital and other expenditures	3,806,121	5,999,668
16.2	Guarantees issued on behalf of the Company	6,929,372	7,503,092

16.3 In respect of the Holding Company

- 16.3.1** 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.

- 16.3.2** As disclosed in note 15.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2015 amounting to Rs. 17,571 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2016, June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021 and for the nine months period ended March 31, 2022 amounting to Rs. 8,651 million, Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million, Rs. 26,335 million, Rs. 25,939 million and Rs. 20,922 million in these consolidated 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.
- 16.3.3** 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.

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

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

- 16.3.5** Income tax authorities have passed Orders for the Tax Years 2007, 2008, 2009, 2013, 2014, 2015 & 2017 disallowing tax depreciation on fixed assets held under musharka arrangement.

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

No provision has been made in these consolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

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

All the Orders were contested before Commissioner (Appeals) who decided the cases in Company's favor. However, the said Commissioner (Appeals) Orders in SSGC favor have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue except for the appellate order for TY-2019-20 which has been remanded back by the Commissioner Appeals.

Since the said issue has already been decided in favor of SNGPL by Lahore Bench of Appellate Tribunal Inland Revenue and thus a Legal Principle is in field which has also been upheld by Commissioner (Appeals) in Company's case, therefore no provision has been made in these consolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company

- 16.3.7** The Tax Authorities' passed Order for FY 2009-10 against the Company disallowing input Sales Tax credit on gas purchased but lost as UFG, among other observations. The said Order was contested till Appellate Tribunal Inland Revenue (ATIR) who decided the case in Company's favor thus setting a Legal Principle.

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

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

Tax authorities have also issued a notice for FY 2017-18 confronting the same issue of disallowance of input tax claimed on excess UFG on which the company has filed detailed reply but no adverse inference was drawn in light of Binding Precedent set by ATIR for FY 2009-10.

The Company and its legal counsel are of the opinion that the Company has a strong case on legal merits as well as on technical grounds since Legal Principle has been set by ATIR & upheld by Commissioner (Appeals) and thus No provision has been made in these consolidated financial statements as the Company and its legal counsel is confident that the outcome of the cases will be in favor of the Company.

- 16.3.8** The Additional Commissioner Inland Revenue passed an order against the Company with demand along with default surcharge and penalty for incorrect adjustment of withholding sales tax against input invoices for the period July 2017 – April 2018. The principal tax demand of Rs. 1,235 Million was recovered by the authority. However, the Company has filed a reference with FBR for waiver of default surcharge and penalty, which is pending.

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

No provision has been made in these consolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

- 16.3.9** The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company with a demand of Rs. 432 million. The demand is in respect of disallowance of exchange loss, addition on account of gain on disposal of fixed assets, interest free loans to employees and addition under section 34(5) of the Ordinance. Further the DCIR has not allowed credit for taxes paid, refund adjustment relating to tax year 2009 and adjustment of carry forward of minimum tax for financial years 2005-06 and 2007-08 claimed in the Income Tax Return for the financial year 2009-10. The Commissioner (Appeals) has maintained the disallowances except for interest free loans and directed tax department that credit of taxes paid, and minimum tax adjustments for FY 2005-06 and FY 2007-08 be allowed after verification. The Commissioner (Appeals) has not given decision on addition under section 34(5) and refund adjustment.

Commissioner (Appeals) order was contested before Appellate Tribunal Inland Revenue (ATIR) remanded back the issue of exchange loss, decided interest free loans in SSGC favour while minimum tax adjustment for loss making year of 2007-08 was decided against SSGC. The said minimum tax disallowance has been challenged before the Sindh High Court and is currently sub-judice.

Pursuant to Commissioner (Appeals) decision, DCIR passed Order partially allowing benefit of minimum tax adjustment for FY 2005-06 while other verification matters were again decided against the Company. Upon appeal by the Company against DCIR Order, the Commissioner (Appeals) upheld the disallowance of minimum tax adjustment for FY 2007-08 whereas issues of refund adjustment for FY 2008-09, partial adjustment for minimum tax for FY 2005-06 and credit of tax deducted at source were again remanded back to DCIR.

No provision has been made in these consolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

- 16.3.10** As disclosed in Note 7 to these consolidated financial statements – Trade Debts, Interest Income from K-Electric (KE) and Pakistan Steel (PSML) is not being recognized in the Financial Statements, in accordance with requirements of International Accounting Standards as well as Legal and Accounting Opinions obtained by the Company. However, Tax Authorities have passed Orders for FY 2014-15 to 2019-20, on said unrecognized Interest Income from K-Electric (KE) and Pakistan Steel (PSML). Appeal against the said Orders have been filed before Commissioner (Appeals), who decided the case against the Company upon which Company has filed appeal before Appellate Tribunal Inland Revenue

No provision has been made in these consolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

- 16.3.11** Tax Authorities' have passed Federal Excise Duty (FED) Order for FY 2017-18 raising FED Demand on Re-gasification of LNG into RLNG, supply of RLNG to customers and supply of Natural Gas to customers (on which LPG / NGL extraction process was performed).

Upon appeal, the Commissioner (Appeals) decided the issues of re-gasification and supply of RLNG to customers against SSGC while issue of supply of natural gas to customers was remanded back to Tax Officer.

Against Commissioner (Appeals) Order on RLNG, SSGC has filed appeal before Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.

No provision has been made in these consolidated condensed interim financial statements as the Company and its legal advisor are confident that the outcome of the case will be in favor of the Company.

- 16.3.12** Tax Authorities have passed Order for Tax Year 2015 disallowing Interest Expense on delayed payment to E&P companies for gas purchases as well as taxing benefit of lower interest rate on Government of Sindh Loans, among other observations.

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

No provision has been made in these consolidated condensed interim financial statements as the Company and its legal advisor are confident that the outcome of the case will be in favor of the Company.

- 16.3.13** Tax Authorities have passed Sales Tax Order for FY 2017-18 on issues of non-charging of Sales Tax on RLNG – Indigenous Gas Swap, Gas Development Surcharge (GDS), RLNG Transportation Income among other observations.

Said Order was contested before Commissioner (Appeals) who upheld LTO Order. Company has challenged the matter before the Appellate Tribunal Inland Revenue which is pending adjudication.

No provision has been made in these consolidated condensed interim financial statements as the Company and its legal advisor are confident that the outcome of the case will be in favor of the Company.

- 16.3.14** The Company is subject to various other claims totaling Rs. 15,754 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

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

16.4 In respect of the Subsidiary Company

- 16.4.1** The Additional Commissioner Inland Revenue (ACIR) passed the order u/s 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 on the basis that sale of LPG is not covered by SRO 586 of 1991 and created a demand of Rs. 46.2 million. The Subsidiary Company had filed an appeal against the said order before Commissioner Inland Revenue (CIR), Appeals. Later CIR, Appeals passed the order dated May 15, 2015 and remanded back the case to the ACIR for reassessment on various issues as per grounds of appeal. The Subsidiary Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR Appeals, which is pending for hearing. The appeal before the ATIR has been fixed thrice but to date no order has been passed by CIR Appeals

The ATIR in its order dated 23-06-2021 held that SSGC LPG is not a manufacturer and upheld decision of the department, however the ATIR on certain points remanded back the issue with department and CIR(A) for detail findings after giving fair opportunity of being heard to the Taxpayer. The Department issued fresh order with out giving fair opportunity of being heard the taxpayer and created demand amount of 46.2 million irrespective of the fact that main issue was whether chargeability of FTR is applicable on complete sale or otherwise. The Taxpayer being aggrieved with in impugned order preferred an appeal before CIR(A) and main hearing was fixed 14-12-2021.

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

The CIR(A) in its order dated 29-12-2021 remanded back the case to the department with directions to bifurcate sale revenue into FTR and NTR and allocation of expenses accordingly. No provision has been made due to the fact that CIR(A) has remanded back the case to the department with further directions to follow the order of the learned ATIR on "Manufacturer Status" of the Company, the Company is confident that decision will come in its favour, hence no provision has been recorded in Financial statements for the period half year ended December 31, 2021.

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

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

- 16.4.3** The ACIR passed order dated July 11, 2014 and created demand of Rs. 5.91 million pertaining to the tax year 2013 and 2014. The Company has filed an appeal before the Commissioner Appeals. During the process of appeal, the tax department issued a recovery notice and recovered entire demand amount from the Company's bank account.

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

- 16.4.4** The Inland Revenue Department has also issued a show cause notice u/s 122(9) for amendment of assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2015 & 2016 on January 13, 2017 and required the Company to submit necessary documents for reassessment of tax liability. Against the said notice the Company filed petition in Sindh High Court (SHC). The SHC granted stay to the Company and link the case with the decision of Tribunal for tax period 2013. However after decision of ATIR dated 23-06-2021 regarding manufacturing status of the company upheld the order of the department and remanded back the some issues to the department and CIR(A) for further findings. However, after the order of the learned ATIR, the ACIR issued fresh show cause notices to the company for TY 2015-2020 and subsequently passed order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised demand amount of PKR 1,106.95 million for TY 2015-2020. The Company being aggrieved with the impugned order passed by the learned ACIR preferred an appeal before learned CIR(A) for TY 2015-2020.

The Learned CIR(A) remanded back the impugned orders TY 2015 & 2016 dated 08-12-2021 with directions to bifurcate the sales revenue into FTR and NTR and allocation of expenses accordingly. Since the issues for TY 2017-2020 are connected primarily with TY 2013 and furthermore TY 2015 & 2016 have been remanded back, hence the management is confident that TY 2017-2020 will be remanded back to the department. The management has not recorded any provision against impugned order because of the fact that learned ATIR has accepted the rectification application u/s 221 of the Income Tax Ordinance, 2001 for TY 2013 and issue for TY 2017-2020 are connected with TY 2013.

No provision has been made in these financial statements as the Company and our legal counsel are confident that the outcome of the case will be in favor of the Company.

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

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

- 16.4.6** During the period FY2020, Sindh Revenue Board has issued notice regarding payment of Sindh Workers Profit Participation Fund contribution. According to said notice, the Company fall under the definition of "Industrial Undertaking" mentioned in Sindh Workers Profit Participation Act, 2015. As a result of which the WPPF contribution of amounting Rs. 2.783 million and 9.237 million has been claimed by SRB for two immediate profitable years of 2017 and 2018 respectively.

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

- 16.4.7 During the current year, on August 05, 2020 the Company has received a legal notice and summon through the Bailiff of the Sindh High Court against a suit filed by one of the importers M/s Cress LPG (Private) Limited against their claim of Rs. 265.5 million. The Company's legal counsel is of the opinion that the case will be decided in favor of the Company.
- 16.4.8 The Inland Revenue Department also issued notice on selection in audit u/s 25 of the Sales Tax Act, 1990 and subsequently after issuance of show cause notice passed an order u/s 11 of the Sales Tax Act, 1990 and raised an impugned demand amount of PKR 55,230,711/-. The Management being aggrieved with the impugned order preferred an appeal before the learned CIR(A) u/s 45 of the Sales Tax Act, 1990.

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

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

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

	Note	Nine months ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		(Un-audited)			
		(Rupees in '000)			
17 SALES					
Sale of Indigenous gas		153,706,084	168,724,574	47,797,746	51,937,158
Sale of RLNG		97,708,340	60,247,023	22,876,319	23,799,031
		251,414,424	228,971,597	70,674,065	75,736,189
Less: Sales tax					
Indigenous gas		(23,259,039)	(25,123,776)	(7,327,851)	(7,794,611)
RLNG		(14,190,144)	(8,158,888)	(3,369,686)	(3,168,301)
		(37,449,183)	(33,282,664)	(10,697,537)	(10,962,912)
		213,965,241	195,688,933	59,976,528	64,773,277
18 TARIFF ADJUSTMENT					
Indigenous gas	18.1	52,233,511	24,855,649	19,835,896	5,613,078
RLNG		699,171	(3,221,360)	(2,873,696)	(1,622,498)
		52,932,682	21,634,289	17,762,200	3,990,580
18.1 Indigenous gas					
GDS recovered during the period		37,200,310	21,402,558	12,727,237	26,344,196
Price increase adjustment for the period		15,886,027	4,111,813	7,481,396	(20,423,169)
Subsidy for LPG air mix operations		(852,826)	(658,722)	(342,737)	(307,949)
		52,233,511	24,855,649	19,835,896	5,613,078
19 COST OF SALES					
Cost of gas	19.1	255,572,644	207,850,334	75,686,889	66,673,000
Transmission and distribution costs		11,023,264	15,629,786	3,813,837	5,253,827
		266,595,908	223,480,120	79,500,726	71,926,827
19.1 Cost of gas					
Opening gas in pipelines		1,105,599	1,248,028	1,261,719	1,258,734
RLNG purchases		83,929,539	47,662,438	17,229,347	18,465,089
Gas purchases		172,342,716	160,917,616	58,615,871	48,401,203
		257,377,854	209,828,102	77,106,937	68,125,026
Gas consumed internally		(551,482)	(741,372)	(166,320)	(215,630)
Closing gas in pipelines		(1,253,728)	(1,236,396)	(1,253,728)	(1,236,396)
		(1,805,210)	(1,977,768)	(1,420,048)	(1,452,026)
		255,572,644	207,850,334	75,686,889	66,673,000

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Un-audited)			
	(Rupees in '000)			
20 OTHER OPERATING EXPENSES				
Auditors' remuneration	4,391	5,095	1,130	1,152
Sports expenses	54,998	84,502	8,761	22,847
Corporate social responsibility	6,995	10,478	976	3,493
Provision against impaired stores and spares	94,682	60,176	(12,504)	35,914
Exchange loss	6,426,990	-	1,311,468	-
Loss / (gain) on sale of property, plant and equipment	-	14,151	-	(539)
	6,588,056	174,402	1,309,831	62,867
21 OTHER INCOME				
Income from financial assets				
Income for receivable against asset	25,487	28,750	8,302	8,951
Income from net investment in finance	11,945	19,910	3,981	6,636
Return on saving bank accounts	18,239	64,168	(13,319)	16,970
Dividend income	52,030	4,828	30,249	-
	107,701	117,656	29,213	32,557
Interest income on late payment of gas				
Water & Power Development Authority (WAPDA)	262,782	248,787	96,859	76,647
Income from other than financial assets				
Late payment surcharge	1,496,886	1,652,499	567,428	578,889
Interest income on late payment of gas bills	852,678	852,678	280,077	280,077
Sale of gas condensate - net loss	(2,839)	(56,384)	8,062	(15,159)
Income from LPG / NGL - net	425,969	575,905	113,007	106,087
Meter manufacturing division profit - net	8,964	13,048	3,303	3,177
Meter rentals	1,280,608	706,539	405,102	300,522
RLNG transportation income	5,792,988	5,039,808	1,688,950	1,506,358
Recognition of income against deferred credit	481,875	424,768	72,906	142,287
Income from LPG air mix distribution - net	91,628	98,437	30,091	32,413
Income from sale of tender documents	5,278	3,876	1,897	1,450
Scrap sales	26,161	63,939	10,730	(536)
Recoveries from customers	75,248	55,746	32,168	22,620
Liquidity damaged recovered	60,408	71,593	20,986	31,008
Exchange gain	-	4,578,675	-	1,856,314
Gain on sale of property, plant and equipment	1,052	-	45,203	-
Amortization of Government grant	12,938	12,031	4,313	4,043
LSA margins against RLNG	755,631	698,817	288,588	219,318
Miscellaneous	22,513	19,629	7,011	5,194
	11,758,469	15,178,047	3,675,894	5,183,266

		Nine months ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		(Un-audited)			
		(Rupees in '000)			
22	TAXATION				
	Note				
	22.1	2,172,858	1,824,501	706,756	567,028
		-	1,409	-	1,409
		18,222	59,992	(4,084)	9,140
		<u>2,191,080</u>	<u>1,885,902</u>	<u>702,672</u>	<u>577,577</u>

22.1 As at March 31, 2022, the Holding Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 48,771 million (June 30, 2021: Rs. 39,736 million) out of which deferred tax asset amounting to Rs.15,173 million has been recognized and remaining balance of Rs 33,598 million is unrecognized. As at period end, the Holding Company's minimum tax credit amounted to Rs.9,639 million (June 30, 2021: Rs. 5,161 million) having expiry period ranging between 2022 and 2026.

23 LOSS PER SHARE - BASIC AND DILUTED

Loss for the period	(5,544,961)	(1,971,145)	(3,665,466)	(546,261)
Average number of ordinary shares	880,916,309	880,916,309	880,916,309	880,916,309
Loss per share - basic and diluted	(6.29)	(2.24)	(4.16)	(0.62)

		Nine months ended	
		March 31, 2022	March 31, 2021
		(Un-audited)	
		(Rupees in '000)	
24	ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS		
	Note		
	24.1	2,982,454	3,267,564
		2,265,780	6,398,692
		82,845	93,753
		40,927	13,675
		3,558,507	3,310,271
		158,655	24,221
		(12,938)	(12,031)
		(510,341)	(464,938)
		(22,492)	(4,828)
		(1,159,186)	(1,236,835)
		(11,945)	(19,910)
		(2,989)	14,107
		12,171	125,217
		55,306	63,271
		1,342,408	1,170,075
		11,995	15,852
		53,888	57,992
		<u>8,845,045</u>	<u>12,816,148</u>
24.1	Provision		
		94,457	56,728
		1,420,147	2,057,166
		90,773	-
		463,699	359,887
		913,378	793,783
		<u>2,982,454</u>	<u>3,267,564</u>

25 WORKING CAPITAL CHANGES

	Nine months ended	
	March 31, 2022	March 31, 2021
	(Un-audited)	
	(Rupees in '000)	
Decrease / (increase) in current assets		
Stores and spares	(536,264)	(357,047)
Stock-in-trade	(586,717)	139,693
Customers' installation work-in-progress	6,142	(38,800)
Trade debts	(2,885,066)	(320,480)
Advances, deposits and short term prepayments	658,741	112,002
Other receivables	(63,902,843)	(26,068,212)
	(67,246,007)	(26,532,844)
Increase in current liabilities		
Trade and other payables	86,195,014	22,468,567
	18,949,007	(4,064,277)

26 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary company, 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 statement are as follows:

	Relationship	Nine months ended	
		March 31, 2022	March 31, 2021
		(Un-audited)	
		(Rupees in '000)	
Government related entities			
- Purchase of fuel and lubricant		35,424	57,626
- Sale of gas		96,515,125	60,023,631
- Mark-up expense on short term finance		86,504	41,860
- Mark-up expense on long term finance		253,794	265,375
- Income from net investment in finance lease		11,945	19,910
- Gas purchases		92,503,715	133,318,083
- Gas purchases - RLNG		83,929,539	-
- Sale of gas meters		7,629	12,142
- Rent		6,017	-
- Insurance premium		53,445	111,408
- Royalty		1,037	1,762
- Electricity expenses		143,841	120,777
- Interest income		1,115,460	1,101,465
- Subscription		2,082	-
- RLNG transportation income		5,792,988	5,039,808
- Income against LNG service agreement		755,631	698,817
- LPG purchases		694,116	481,240
- Professional charges		-	40
* Karachi Grammar School	Associate		
- Sale of gas		44	30

	Relationship	Nine months ended	
		March 31, 2022	March 31, 2021
		(Un-audited)	
		(Rupees in '000)	
Key management personnel			
- Remuneration		147,788	142,131
Pakistan Institute of Corporate Governance	Associate		
- Subscription / Trainings		284	998
* Engro Fertilizers Limited	Associate		
- Sale of gas		26,335	-
Staff retirement benefit plans	Associate		
- Contribution to provident fund		249,138	280,226
- Contribution to pension fund		551,698	411,671
- Contribution to gratuity fund		358,614	372,207

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

26.1 Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employment.

26.2 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 are received at rates prescribed by the Government of Pakistan.

26.3 Amount (due to) / receivable from related parties.

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

Relationship	2022	2021
	(Un-audited)	(Audited)
(Rupees in '000)		
Government related entities		
- Receivable against sale of gas	61,128,053	58,695,306
- Investment	39,911	77,522
- Borrowings	(1,853,304)	(4,782,380)
- Net investment in finance lease	1,182,671	922,429
- Gas purchases - Indigenous gas	(407,198,571)	(445,568,344)
- Gas purchases - RLNG	(102,774,012)	-
- Gas meters & Spare parts	41,989	38,157
- Uniform cost of gas	15,818,846	15,818,846
- Cash at bank	2,055	6,942
- Stock loan	3,258	5,321
- Payable to insurance	(16,551)	(2,244)

		March 31 2022 (Un-audited)	June 30 2021 (Audited)
	Relationship	(Rupees in '000)	
- Gas supply deposit		(51,263)	(51,263)
- Interest expense accrued - late payment surcharge on gas supplies bills		(15,832,411)	(15,832,411)
- Interest income		15,654,384	14,538,924
- Professional charges		57	57
- Contingent rent		10,610	10,405
- Capacity and utilisation charges of RLNG		53,193,967	52,247,106
- RLNG transportation income		32,276,349	31,832,534
- LSA margins		2,977,427	2,945,502
- Advance for sharing right of way		(18,088)	(18,088)
- LPG purchases		-	(55,190)
Karachi Grammar School	Associate		
- Receivable against sale of gas		5	5
- Gas supply deposit		(22)	(22)
* Engro Fertilizers Limited	Associate		
- Receivable against sale of gas		3,165	-
- Gas supply deposit		(2,851)	-

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

27 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 assess 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 AND REVENUE RESULTS

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

	Nine months ended			
	Segment revenue		Segment Profit / (loss)	
	March 31 2022	March 31 2021	March 31 2022	March 31 2021
	(Un-audited)			
	(Rupees in '000)			
Gas transmission and distribution	213,962,241	195,688,933	2,027,134	(1,204,987)
Meter manufacturing	1,101,422	1,266,171	8,964	13,048
Total segment results	215,063,663	196,955,104	2,036,098	(1,191,939)
Unallocated				
- Other operating expenses			(6,587,918)	(174,402)
- Other income			959,770	828,504
Loss before tax			(3,592,050)	(537,837)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs 1,101 million (March 31, 2021: Rs. 1,266 million).

SEGMENT ASSETS AND LIABILITIES

	March 31 2022	June 30, 2021
	(Un-audited)	(Audited)
	(Rupees in '000)	
Segment assets		
Gas transmission and distribution	686,735,400	613,074,073
Meter manufacturing	924,941	552,261
Total segment assets	687,660,341	613,626,334
Unallocated		
Loans and advances	1,974,465	2,205,677
Taxation - net	17,594,483	17,609,468
Interest accrued	487,739	487,739
Cash and bank balances	4,515,575	573,696
	24,572,262	20,876,580
Total assets as per consolidated condensed interim statement of financial position	712,232,603	634,502,914
Segments liabilities		
Gas transmission and distribution	739,751,722	656,664,567
Meter manufacturing	424,715	9,902
Total segment liabilities	740,176,437	656,674,469
Total liabilities as per consolidated condensed interim statement of financial position	740,176,437	657,362,734

28 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.

28.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the reporting 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, either 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 March 31, 2022			
	(Un-audited)			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	132,812	-	-	132,812
	As at June 30, 2021			
	(Audited)			
	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 Holding 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.

28.2 FAIR VALUE OF OTHER ASSETS

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

As at March 31, 2022 (Un-audited)			
Level 1	Level 2	Level 3	Total
Rupees in '000			
Freshhold land	12,733,793		12,733,793
Leasehold land	13,359,259		13,359,259

As at June 30, 2021 (Audited)			
Level 1	Level 2	Level 3	Total
Rupees in '000			
Freshhold Land	12,733,793		12,733,793
Leasehold Land	13,359,259		13,359,259

29 GENERAL

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

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

30 DATE OF AUTHORISATION

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



Dr. Shamshad Aikhtar
Chairperson



Imran Manlar
Managing Director



Muhammed Amin Rajput
Chief Financial Officer

KEY DATA

FRANCHISE AREA	SINDH AND BALOCHISTAN	
	Nine months period ended March 31,	
	2022	2021
GAS SALES VOLUME (MMCF)	233,841	253,209
NUMBER OF CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	4,332	4,333
COMMERCIAL	22,662	23,268
DOMESTIC	3,239,651	3,149,054
TOTAL	3,266,645	3,176,655
GAS METERS MANUFACTURED (NOS.)	330,108	327,140
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	26
42"	371	371
	4,143	4,143
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" DIAMETER)	37,664	37,165
SERVICES	11,359	11,089
	49,023	48,254

تقصان و قرضوں کے خلاف فراہمی

اگر انے ایف آر آر 2020-21 کے بارے میں اپنے فیصلے میں ای سی ایل کی فراہمی کو گزشتہ پانچ سالوں کی اجازت کی اوسط کی بنیاد پر آپریٹنگ لاگت کے طور پر اجازت دی ہے۔ موجودہ مدت کی فراہمی کو FRR مالی سال 2020-21 کے اصول کے مطابق برتا گیا ہے اس طرح موجودہ مدت کے لیے ڈسالاؤنس 740 ملین روپے ہے۔ جبکہ گزشتہ سال تقابلی مدت میں کوئی اجازت نہیں دی گئی تھی کیونکہ ای سی ایل کی کل فراہمی منقطع صارفین چینی تھی جس کی مالی سال 20-2019 میں اگر انے مکمل اجازت دی تھی۔

بلند ترین مالیاتی لاگت

ایس ایس جی کی کوٹیل مدتی قرض لینے پر 3,730 ملین روپے کے مالیاتی چارجز کا حساب دینا پڑتا ہے۔ جو بنیادی طور پر کراچی پورٹ قاسم سے ساون سی ٹی ایس تک RNLG کی ترسیل کے لیے اپنے پائپ لائن انفراسٹرکچر کو ٹرانس کرنے کے لیے حاصل کیے گئے جس سے نارتھ کی توانائی کی ضروریات کو پورا کرنے کے لیے SNGPL سمیت ورک کو RNLG والیوم فراہم کرتا ہے۔

اگر ان کی جانب سے ماضی کی مشق کے مطابق 1455 ملین روپے کی اجازت متوقع ہے تاکہ شارٹ ٹرم قرض لینے کی مالیاتی لاگت کی حلافی کی جاسکے جو بنیادی طور پر بیرونی ٹریفیکیشن میں نمایاں تاخیر کے اثرات کی وجہ سے ہوئے تھے۔

مستقبل کا نقطہ نظر

UFG میں کمی کو آپریٹنگ اور مالی طور پر قابل عمل رکھنے کی کلید ہے۔ مزید یہ کہ یہ بہت اہم ہے کہ کچھ کوکابینڈک ای سی سی کے فیصلے کی بنیاد پر والیوم مشترک بنیادوں پر RNLG پنڈلگ کی بنیاد پر UFG الاؤنس کا حساب لگانے کی اجازت دی جائے۔

اعتراقات

یورڈیٹھس یا ڈیٹھان اور اس کے قابل قدر صارفین کی جانب سے مسلسل تعاون کے لیے اپنی تعریف کا اظہار کرتا چاہتا ہے۔ یورڈیٹھان تمام ملازمین کی لگن کو بھی تسلیم کرتا ہے جنہوں نے کچھ کوورٹس حصد چیلنجوں کے باوجود کام کیا۔ یورڈیٹھس ریمائی اور تعاون پر حکومت پاکستان، وزارت توانائی اور آئل اینڈ گیس ریگولیٹری اتھارٹی کا بھی شکریہ ادا کرتا ہے۔



عمران غنیار
ٹیچنگ ڈائریکٹر



ڈاکٹر شمس الدین
چیرمین، یورڈ آف ڈائریکٹرز

تاریخ: جون 13، 2023
کراچی

ڈائریکٹرز کا جائزہ

31 دسمبر 2022 کو ختم ہونے والی 9 ماہ کی مدت کے لیے

ہیں 31 دسمبر 2022 کو ختم ہونے والی 9 ماہ کی مدت کے لیے کمپنی کے نتائج کا اشتراک کرتے ہوئے خوشی ہو رہی ہے۔

مالی جائزہ

کمپنی نے اوگرا کی جانب سے مجسٹریٹس الاؤنسز کی وجہ سے بعد از ٹیکس 696.5 ملین روپے نقصان ریکارڈ کیا۔
ذکورہ مدت کی مالیاتی جھلکیوں کا خلاصہ ذیل میں دیا گیا ہے:

تعداد	مارچ 2021	مارچ 2022	
			ملین روپے میں
(3,098)	(494)	(3,592)	نقصان عمل درآمد کمیشن
(349)	(1,755)	(2,104)	کمیشن
(3,447)	(2,249)	(5,696)	نقصان بعد از ٹیکس کمیشن
(3.92)	(2.55)	(6.47)	نقصان فی شیئر (روپے)

ایس ایس جی سی کا منافع اوگرا کے مجموعی کردہ گرانڈ 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 لگسٹراٹاؤں پر 17.43 فیصد ریٹرن کی اجازت ہے۔ تاہم اوگرا کارکردگی سے متعلق معیارات یعنی گیس (یو ایف جی)، ہیومن ریسورس بیج مارک لاگت، ہنگامہ قرضوں کی فراہمی اور کچھ دیگر اخراجات/چارجز کی بنیاد پر محصولات کی ضروریات کا تعین کرتے ہوئے عدم اجازت/ایڈجسٹمنٹ کرتا ہے۔ یہ ڈس الاؤنس/ایڈجسٹمنٹ کمپنی کے خالص بائبلنڈ کو متاثر کرتی ہیں۔

24 نومبر 2022 کو جاری کردہ مالی سال 2020-21 کے لیے اوگرا ڈیٹیلڈ پرفارمنس آن فائل ریویو ریکارڈز منٹ (DFRR) کے مطابق، ان 9 ماہ کے مالیاتی نتائج میں جذب ہونے والی خالص عدم اجازت کی رقم 1,455 ملین روپے تھی۔ مالیاتی نتائج 11814 برخلاف ریٹرن 11952 ملین روپے۔ مدت کے لیے مالیاتی لاگت 730.3 ملین روپے ہے۔

گزشتہ سال کی اسی مدت کے مقابلے میں 2,249 ملین روپے بعد از ٹیکس کا نقصان ہوا۔ ذریعہ جائزہ مدت کی مالی پوزیشن میں مزید ترقی و جوجہات کی وجہ سے متاثر ہوئی ہے:

آرائل این جی کاروبار پر یو ایف جی الاؤنس کی منظوری

SSGC وزارت توانائی (چیمبرلیم ڈویژن) کے ساتھ ساتھ اسلام آباد ہائی کورٹ کے ذریعے OGRA سے ڈسٹری بیوٹن میٹ ورک میں RLNG کاروبار پر حتمی UFG کی اجازت دینے کے لیے بھرپور طریقے سے جدوجہد کر رہا ہے۔ IHC کے حکم کے نتیجے میں OGRA نے RLNG کی تقسیم کے کاروبار پر حتمی UFG کی اجازت دے دی ہے۔

تاہم، اب بھی زیادہ UFG ڈس الاؤنس بنیادی طور پر اس حقیقت کی وجہ سے ہے کہ OGRA 11 مئی 2018 کو کنٹراکٹ کارڈ ریویژن کمیٹی (ECC) کی طرف سے منظور کردہ سمری کے ذریعے SSGC کو اجازت دی گئی RLNG والیوم پیٹرنگ بیٹیفٹ کو قبول نہیں کر رہا ہے۔ SSGC مینجمنٹ اور بورڈ آف ڈائریکٹرز کی بھرپور پیروی کے ساتھ، OGRA نے RLNG پر UFG کی حداد پر مبنی کمپنی، یعنی SSGC اور SNGPL پر اس کے اثرات کا تعین کرنے کے لیے ایک کنسلٹنٹ کو شامل کیا ہے۔



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