



**SSGC** | Sui Southern Gas  
Company Limited

**Evolve - Adapt - Grow**

Annual  
Report **2020**











## about the **cover**

From its humble beginnings in 1954 when the then Sui Transmission Gas Company was formed, SSGC today is a pulsating power house, committed towards providing natural gas to its 3 million plus customers in Sindh and Balochistan. The eternal pursuit for uninterrupted gas supply to its rising customer base has been invariably accompanied with myriad challenges in the form of demand-supply gap and line losses being the foremost ones. In order to overcome these challenges, the Company has been eternally evolving, consolidating its infrastructure, taking measures to reduce UFG by getting into the root cause of the problem and continuing to reinforce existing business through better processes. These measures will make the transition into a stronger, sturdier Company a reality.

# VISION

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To be a model utility, providing quality service by maintaining a high level of ethical and professional standards and through optimum use of resources.

# MISSION

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To meet the energy requirements of customers of through reliable, environment-friendly and sustainable supply of natural gas, while conducting Company business professionally, efficiently, ethically and with responsibility to all our stakeholders, community and the nation.





# COMPANY INFORMATION

## BOARD OF DIRECTORS AS ON JUNE 30, 2020

- **Dr. Shamshad Akhtar**  
Chairperson (Non-Executive Director)
- **Mr. Muhammad Raziuddin Monem**  
Director (Independent, Non-Executive Director)
- **Mr. Faisal Bengali**  
Director (Independent, Non-Executive Director)
- **Ms. Nida Rizwan Farid**  
Director (Independent, Non-Executive Director)
- **Capt. (Retd.) Fazeel Asghar**  
Director (Non-Executive Director)
- **Mr. Imran Ahmed**  
Director (Non-Executive Director)
- **Dr. Ahmed Mujtaba Memon**  
Director (Non-Executive Director)
- **Dr. Sohail Razi Khan**  
Director (Independent, Non-Executive Director)
- **Mr. Manzoor Ali Shaikh**  
Director (Non-Executive Director)
- **Mr. Zuhair Siddiqui**  
Director (Independent, Non-Executive Director)
- **Mr. Ayaz Dawood**  
Director (Independent, Non-Executive Director)

**Acting Managing Director** (Executive Director)  
Mr. M. Amin Rajput

**Company Secretary**  
Mr. Shoaib Ahmed

**Auditors**  
M/s. BDO Ebrahim & Co., Chartered Accountants

**Registered Office**  
SSGC House  
Sir Shah Suleman Road,  
Gulshan-e-Iqbal, Block-14,  
Karachi – 75300, Pakistan.

**Contact Details**  
**Ph:** 92-21-9902-1000-50  
**Fax:** 92-21-9923-1702  
**Email:** info@ssgc.com.pk  
**Web:** www.ssgc.com.pk  
 ssgc.official |  ssgc\_official

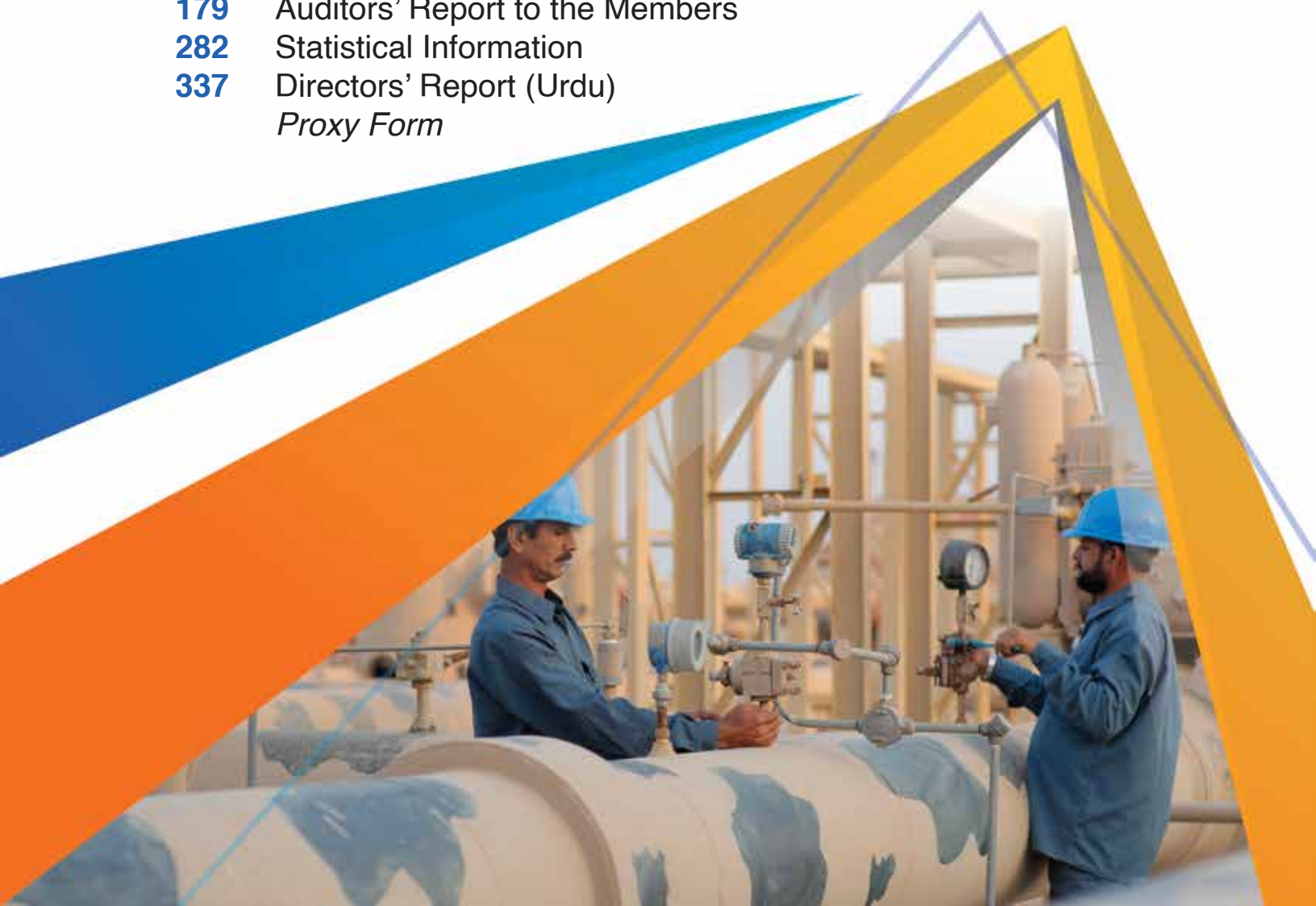
**Share Registrar**  
CDC Share Registrar Services Limited,  
CDC House, 99-B, Block B, SMCHS,  
Main Shahrah-e-Faisal, Karachi.  
**Ph:** 021-111-111-500 | **Fax:** 021-34326034

**Legal Advisor**  
M/s Orr, Dignam and Co. Advocates



# CONTENTS

04	Core Values
05	Thematic Values
07	Board of Directors and Committees
17	Notice of 66 <sup>th</sup> Annual General Meeting
29	General Overview
33	Directors' Report
43	Operational Overview
65	Corporate Governance
68	Statement of Compliance - Schedule I
75	Explanation for Non-Compliance - Schedule II
78	Review Report - Schedule III (I)
79	Financial Statements
80	Auditors' Report to the Members
178	Consolidated Financial Statements
179	Auditors' Report to the Members
282	Statistical Information
337	Directors' Report (Urdu) <i>Proxy Form</i>





# CORE VALUES

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- Integrity
- Excellence
- Team Work
- Transparency
- Creativity
- Responsibility to Stakeholders





# PERSEVERING THROUGH TRYING TIMES

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Years come and go, but 2020 was unforgettable. The COVID-19 pandemic spread across the globe and immediately affected our daily lives. While many things changed, we are proud of the way Team SSGC pulled together to serve its customers diligently and committedly.





# DISPLAYING RESILIENCE

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The Company continued to focus on augmenting its infrastructure, while executing key long-term priorities. In a year where uncertainty was the only certainty, the Company forged ahead and made substantial progress. The Company remains grateful to its shareholders for the confidence and trust they imposed on it, despite unprecedented challenges.



# BOARD OF DIRECTORS AND COMMITTEES

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▶ Board of Directors as on June 30, 2020	08
▶ Present Board of Directors - Profiles	09
▶ Notice of 66 <sup>th</sup> Annual General Meeting	17
▶ Board / Committee Meetings	21
▶ Terms of Reference of the BoD Committees	25





# BOARD OF DIRECTORS

AS ON JUNE 30, 2020



**Dr. Shamshad Akhtar**  
Chairperson



**Mr. Muhammad Raziuddin Monem**  
Director



**Mr. Faisal Bengali**  
Director



**Ms. Nida Rizwan Farid**  
Director



**Capt. (Retd.) Fazeel Asghar**  
Director



**Mr. Imran Ahmed**  
Director



**Dr. Ahmed Mujtaba Memon**  
Director



**Dr. Sohail Razi Khan**  
Director



**Mr. Manzoor Ali Shaikh**  
Director



**Mr. Zuhair Siddiqui**  
Director



**Mr. Ayaz Dawood**  
Director



**Mr. M. Amin Rajput**  
Acting Managing Director

# PRESENT BOARD OF DIRECTORS

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## **DR. SHAMSHAD AKHTAR** Chairperson

Dr. Shamshad Akhtar has had a broad-based development career in leading national and multilateral organizations spanning over 38 years. She served as the Governor of the State Bank of Pakistan from 2006 to 2009, Under Secretary General of the Economic and Social Commission of the Asia and Pacific (UNESCAP), Senior Special Advisor on Economics and Finance and Assistant Secretary General UN, the UN Secretary General's G20 Sherpa and Vice President, Middle East and North Africa (MENA) at The World Bank. She was also Senior Special Advisor to the President of Asian Development Bank (ADB). In 2018, Dr. Akhtar served as Federal Minister of Finance, revenue, economic affairs, statistics division, planning and development as well as industry and commerce areas in Pakistan's caretaker government. Dr. Akhtar has advised various governments and the private sector in specific areas of development, governance, poverty, privatization, and public-private partnerships in numerous sectors. As Governor of State Bank of Pakistan, she was nominated Asia's Best Central Bank Governor by the Emerging Markets Group in 2006 and Bankers Trust in 2007. She was also amongst Asian Wall Street Journal's top ten Women Business Leaders in 2008. Dr. Akhtar is a Chairperson of Karandaaz, a not-for-profit Company that focuses on fostering economic growth and creating jobs through financial inclusion of unbanked individuals and unserved enterprises, with a special focus on women and youth. She was a Post-Doctoral Fellow and U.S Full-bright scholar at Department of Economics, Harvard University. The learned doctor is also a PhD Economics from University of Paisley, UK, Masters of Arts with Degree in Development Economics from the University of Sussex, UK and MSc (Economics) from the University of Islamabad and Bachelor of Arts (Economics) from the University of Punjab.





## **MR. IMRAN MANIAR**

### **Managing Director**

Mr. Imran Maniar is an accomplished professional with more than 30 years of strong track record in building, leading and advising private equity and corporations in mergers and acquisitions, restructurings, turnarounds, capital market transactions, logistics, upstream and midstream operations, oil field and engineering services. Mr. Maniar has been prolific in managing start-ups and Fortune 500 companies in North and Latin America, Europe and Middle East. Before joining SSGC, he held CFO positions at Marquard and Bahls AG, GL Noble Denton and Eagle Ford Oil and Gas. He has also served as Manager Strategic Planning at Boardwalk Pipeline Partners, Partner at Millennium Ventures LLC and as an Analyst at Solvay. Mr. Maniar has a BS in Industrial Engineering from Purdue University, an MBA from Rice University and has received CFO training at the Stanford Graduate School of Business. His early schooling was from Karachi Grammar School. Mr. Maniar is a Certified Public Accountant in the State of California.



## **MR. FAISAL BENGALI**

### **Director**

A professional fund manager with over 20 years' experience, Mr. Faisal Bengali has proven skills in people management, regulatory dealings, risk management and optimizing fund performance. He is also adept in many other aspects of financial management, including budgeting, investment, financial analysis and asset management. Since June 2018, he has been Director Investments at PNO Capital. From 2004 to 2008, Mr. Bengali was CEO AKD Investments Ltd., where he executed the management takeover of Golden Arrow Stock Fund, Pakistan's oldest private sector closed-ended mutual fund. From 1994 to 2004, he was Director Sales, AKD Securities Ltd. Early on in his career, he was Vice President, Bengal Fibre Industries Ltd. Mr. Bengali is an MBA Finance from Rice University, Houston Texas and BSc in Electrical Engineering from Northwestern University, Illinois. Mr. Bengali is a Qualified Director from the Institute of Chartered Accountants of Pakistan. He has also participated in Canadian Securities Course offered by Canadian Securities Institute.



## MR. MUHAMMAD RAZIUDDIN MONEM

### Director

M. R. Monem is a seasoned, goal-oriented professional with over 40 years of experience in Oilfield Systematic Performance Management including emphasis on QHSE and Team Building. He started his career in 1974 with M-I Drilling Fluids / M-I Overseas Ltd. (later a division of SCHLUMBERGER) and worked there until 2014, where he retired as the Country Manager and CEO for Pakistan and Area Operations Manager Middle East. During his tenure, he managed Planning and Execution of Annual and Strategic Business Plans, Execution of New Technology systems. He has worked on many technical projects with industry giants, including Exxon, Shell, Conoco, Union Texas, Petro Canada, British Petroleum, OMV and Eni/Lasmo and many more. His forte is Management Efficiencies, Product and Service Delivery Optimization and New Oilfield Technologies and has proven himself as a valuable asset for the company – through his consistent display of sound business acumen, good people skills resulting in Internationally Leading EBITDA and ROI and QHSE Ranking. He underwent a number of Advanced Management and Drilling Engineering courses including negotiating skills, motivation, mentoring, QHSE leadership and management besides various courses on Drilling Engineering, Integrated Fluids Engineering and Drilling Fluid Economics. He has authored several papers at international petroleum seminars, co-chaired SPE and other industry panel sessions. He is a member as well as a Certified Board Director from PICG which is in collaboration with IFC. Additionally his rich corporate background includes serving on Board of Directors of listed companies including Pak Suzuki Motor Company and Ghandara Nissan. Mr. Monem is a prolific social service volunteer and served as Chairman of Patients Behbud Society of AKUH for 13 years. Since 2006 he has been the Co-Chairman of Community Advisory Board of AKUH. Mr. Monem holds a BS degree in Chemical Engineering from the University of Engineering and Technology, Lahore. He is a life member of American Institute of Chemical Engineers, Society of Petroleum Engineers and is a member of Petroleum Institute of Pakistan and was member of OICCI Energy Sub-committee.





## MR. MATHER NIAZ RANA

### Director

Mr. Mather Niaz Rana has served on important administrative positions in the Government of the Punjab, Government of Balochistan and the Federal Government including Islamabad Capital Territory Administration. He has also served as the Chief Secretary of Balochistan. Mr. Rana was also the 48<sup>th</sup> Chief Secretary of Azad State of Jammu and Kashmir and Secretary, Ministry of Planning, Development and Special Initiatives. He has done his B.Sc. Engineering from University of Engineering and Technology (UET) Lahore, MBA (Finance) from Imperial College London, UK and M.Sc. from London School of Economics, UK. Mr. Rana is also a graduate of National Defence University, Islamabad.



## MR. MANZOOR ALI SHAIKH

### Director

Mr. Manzoor Ali Shaikh, an officer of Pakistan Administrative Service Federal Government in BPS-20 is presently posted as Executive Director, State Life Insurance Corporation of Pakistan (SLIC). Prior to his posting in SLIC he has served the Federal and Provincial Government of Sindh in various positions. His last assignment was as Secretary to the Government of Sindh for Labor and Human Resources Department. He has also served as Secretary Forests and Wildlife Department. Mr. Shaikh has also worked as Director General Trade Development Authority of Pakistan and Executive Director Trading Corporation of Pakistan, and Divisional Commissioner, Sukkur Division. Mr. Shaikh joined the Civil Services in 1994 and has vast professional experience in Senior Management positions in diversified fields such as Public Sector Management, Administration, Trade and Commerce, Planning and Development, Poverty Alleviation and Crisis Management. He has attended professional training courses and workshops including those conducted by Pakistan Institute of Corporate Governance (PICG) on Governance of Risk and Human Resource and Remuneration Committee. Mr. Shaikh has Professional Degree in Civil Engineering, and a Bachelor's Degree in Economics.

**MR. ZUHAIR SIDDIQUI****Director**

Mr. Zuhair Siddiqui retired as Managing Director of SSGC after a service tenure of 12 years. Thereafter, he was hired on a two-year contract by SSGC based on his skills and competencies to assist the Board with technical matters relating to gas distribution and LNG projects. During his tenure of service in the Company, Mr. Siddiqui held a number of senior leadership positions which include General Manager (IT), Senior General Manager – Customer and Management Services and Deputy Managing Director. During his tenure of service he was also a member of all the Committees of the Board of Directors which were involved in strategic planning to fulfill the Vision and Mission of the Company. His hands-on experience in the Company has provided him with invaluable technical and managerial knowledge vital to gas purification, transmission and distribution functions. Prior to joining SSGC, he was employed by Civil Aviation Authority, Karachi for a period of 10 years and AMD and National Semiconductor in USA, for a period of 11 years. Mr. Siddiqui holds a Bachelor's degree in Electronic Engineering from Karachi and a Master's degree in Computer Engineering from USA. He is also a member of engineering institutions in Pakistan and United States.

**MR. AYAZ DAWOOD****Director**

Mr. Ayaz Dawood is serving BRR Investments (Private) Limited. (Manager of BRR Guardian Modaraba) as its Chief Executive. He has the distinction of being Founder of Dawood Islamic Bank, Dawood Family Takaful, Dawood Equities Limited, First Dawood Investment Bank, Dawood Capital Management, managers of First Dawood Mutual Fund, Dawood Money Market Fund and Dawood Islamic Fund. Mr. Dawood has also served Modaraba Association of Pakistan as its Chairman. He is a Director of Systems Limited and Chairman of its Audit Committee. A member of Young Presidents Organization, Mr. Dawood is a graduate in Economics from McGill University, Montreal and completed his MBA in Finance and Money and Financial Markets with distinction from Colombia Business School, New York.





## DR. SOHAIL RAZI KHAN

### Director

Dr. Sohail Razi Khan is a Corporate Strategy and Business Development Management Consultant with a proven record of achievements in planning, development and growth of oil and gas industry. A highly motivated individual with successful working experience in Oil and Gas and service industries across the world, Dr. Khan has an exceptional track record working for, Total (E&P) providing corporate strategy, improving the development of business by deploying oil and gas processes and implementing and coordinating efficiency improvement techniques with Affiliate management teams across the operations in Total (E&P) UK, and Qatar. His entrepreneurial spirit and relationship building skills have allowed him to achieve career growth and a special talent for transmitting strategy into action and achievement. As a change management consultant, he has successfully secured contracts directly and through consultancy organizations across UK, according to the client requirements and International standards. He has worked as a Management consultant and Training Development Manager responsible for implementing Focused Operational Improvement (FOI) programmes within Exploration and Production to implement and improve processes across the Affiliate. He was also responsible for determining competency requirements for all functions and staff, against the competency standards, and successfully delivered the annual training plan, within budget and on time. He has extensive experience of policy formation, development and execution of IT strategy to support operation by deploying Artificial Intelligence (AI), Big Data Analytics, Cyber Threat Intelligence and Cloud Computing to optimize production, efficiency and improve business processes across the operation. Working for IPSG (UK) he has managed IT projects exceeding £10 Million budget, including software development, business process reengineering, processes development, implementation, audit, managing multiple departments and compliance with ISO and European standards. He has valuable company turnaround experience, having used leading management tools and techniques such as Lean Process, Change Management, Outsourcing strategies, IT Project Management methodologies, Kanban, SDLC, PRINCE 2, PMP, E-business, JDE, ERP and BPM to bring companies from loss to profit and improved the growth in small duration of time. Dr. Khan is a PhD Doctor of Philosophy (Portugal), MBA, MSc and MA from England which gives him unique skills and advanced subject knowledge how to promote and market an organization to achieve its strategic goals.



## MR. HASSAN MEHMOOD YOUSUFZAI

### Director

Hassan M. Yousufzai is currently serving as Additional Secretary, Petroleum Division, Government of Pakistan. He has served as the Director General, National Institute of Management, Pakistan Academy for Rural Development and Pakistan Provincial Services Academy, Peshawar. In Khyber Pakhtunkhwa (KPK), Mr. Yousufzai has served as Secretary Higher Education Department, Housing Department, Auqaf Department, Law and Order (Merged Area) and Administration (Establishment). Mr. Yousufzai has also served as Commercial Counselor in Frankfurt, Germany, Managing Director Small Industries, KPK and Chief Economist in P&D Department of the KPK Government. Outside the government, he has experience of working as Capacity Development Specialist in Asian Development Bank and Assistant Political Agent in Bajaur Agency. Early in his career, Mr. Yousufzai served as District Coordination Officer, Swat, Additional Secretary, Establishment Department and PSO to CS and also remained Assistant Commissioner in Chitral and Swat. He passed his CSS Examination in 1995 to join 24<sup>th</sup> CTP, in Pakistan Administrative Service (formerly called DMG). He attained MA in Conflict Transformation from Eastern Mennonite University, USA as a Fulbright Fellow. Currently, he is enrolled in the PhD program in the Department of International Relations, University of Peshawar. He did his schooling from Cadet College, Petaro, F.Sc from PAF College, Sargodha and also graduated from PAF College of Aeronautical Engineering. Mr. Yousufzai is also an MA in Political Science from Peshawar University and B.Sc. (Aero Sciences) from PAF Academy in Risalpur. He has participated in diverse professional training courses and promotion exams in PAF, 18-month Common Training Program and Specialized Training Program at Civil Services Academy, mid-career management course, senior management and national management courses, JICA training on development studies and economic development training in China. Mr. Yousufzai has also participated in numerous domestic and international seminars, certificate courses and non-degree programs on areas related to public sector. He has also drafted 'Manual for Musalihat Anjumans' for ADB and co-authored 'Towards Understanding Pukhtoon Jirga', an indigenous way of peace building and more.





## DR. IMRAN ULLAH KHAN

### Director

Dr. Imran Ullah Khan, presently working as Joint Secretary, Finance Division, Government of Pakistan completed his PhD in International Development Studies in 2008 from National Graduate Institute for Policy Studies, Tokyo, Japan, with majors in Micro and Macro Economics, Econometrics and Development Economics. His thesis was entitled as 'The impact of Policy Reforms on Pakistan's Trade Performance - An Econometric Analysis.' Earlier he completed his Masters in International Development Studies from National Graduate Institute for Policy Studies, Tokyo in 2005. Dr. Khan has also attended many important courses including 27<sup>th</sup> Common Training Program from Civil Services Academy, Lahore, 31<sup>st</sup> Specialized Training Program for OMG, 13<sup>th</sup> Mid-Career Management Course, both from National Institute of Management, Islamabad and 20<sup>th</sup> Senior Management Course from National Institute of Management, Karachi. He also holds Certifications, namely PRINCE-2 Practitioner from APG (UK) and Royal Institute of Public Administration, London along with Project and Program Management (UK) and Complete Project Management Cycle from Royal Institute of Public Administration, London. His present assignments include handling all financial matters of corporate entities under Power and Petroleum Divisions and PIA, examination of subsidy proposals and payments, examination of summaries for ECC and CCoE pertaining to Power and Petroleum Divisions along with representing Finance Division at various forums including Standing Committees, Cabinet Committees and inter-ministerial committees. Prior to his current position, Dr. Khan served as Deputy Secretary (Corporate Finance) in Finance Division, as Deputy Secretary (Skill Development and Training) in Ministry of Textile Industry and as Deputy Secretary in Ministry of Education, Trainings and Standards in Higher Education. Dr. Khan's research work includes Khan, Imran Ullah and Kalirajan, Kaliappa 2011, 'The Impact of Trade Costs on Exports: An Empirical Modelling', Economic Modelling, 'Export Growth Decomposition; an Alternate Methodology of Measurement', mimeo, Foundation for Advanced Studies in International Development, Tokyo, 'Developing an approach for targeted intervention in Education Sector in Uganda', Term Paper, National Graduate Institute for Policy Studies, Tokyo and 'Measuring the threshold level of inflation in Pakistan', Applied Development Research Report in partial fulfilment of the requirements of MS (IDS).

# NOTICE OF 66<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 66<sup>th</sup> Annual General Meeting of Sui Southern Gas Company Limited will be held at SSGC Head Office, located at SSGC House, Sir Shah Suleman Road, Block-14, Gulshan-e-Iqbal, Karachi in person as well as through electronic means / video link facility, on June 3, 2022 at 10:30 am to transact the following businesses:

## ORDINARY BUSINESSES:

1. To review the minutes of the 65<sup>th</sup> Annual General Meeting (AGM) of the Company held on August 10, 2021.
2. To consider the Annual Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Directors' Report and Auditor's Report thereon.
3. To appoint Auditors for the year ended June 30, 2021 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

In light of the COVID-19 situation, the Securities and Exchange Commission of Pakistan (SECP) vide its Circular # 4 dated February 15, 2021 and Circular # 6 dated March 3, 2021 advised companies to modify their usual planning for general meetings for the safety and wellbeing of the shareholders and the public at large with minimal physical interaction. Hence, members are requested to participate in the AGM through electronic means.

The shares transfer book of the Company shall remain closed with effect from May 27, 2022 to June 3, 2022 (both days inclusive). Transfers received at the office of Share Registrar M/s. CDC Share Registrar Services Limited (CDCSRS), CDC House, 99-B, Block "B", S.M.C.H.S, Karachi, Phone # 021-111-111-500 (the Share Registrar) at the close of business on May 26, 2022 will be considered in time to attend the meeting.

By order of the Board



Mateen Sadiq  
Company Secretary

April 30, 2022  
Karachi

## NOTES:

### 1. CHANGE OF ADDRESS

Members having physical shares are requested to notify changes, if any, in their registered addresses, to our Share Registrar, CDC Share Registrar Services Limited.

In case shares are held in book entry form in Central Depository System (CDS), then the request notifying the change in address must be submitted directly to broker / participant / CDC Investor Account Services.

## 2. PARTICIPATION IN ANNUAL GENERAL MEETING THROUGH ELECTRONIC MEANS

Special arrangement for attending the AGM through electronic means will be as under:

- AGM will be held through Zoom application - a video link facility.
- Shareholders interested in attending the AGM through Zoom application are hereby requested to get themselves registered with CDC Share Registrar Services Limited by June 1, 2022 till 10:30 am by sending an e-mail with subject: "Registration for SSGCL AGM" at [cdcsr@cdcsrsl.com](mailto:cdcsr@cdcsrsl.com), along with a valid scanned copy of their CNIC.

Shareholders are advised to provide the following information:

Sr. #	Folio / CDC A/c Number	Company's Name	Name of Shareholder	CNIC Number	WhatsApp Number	Email Address
		SSGC				

- Members will be registered, after necessary verification as per the above required information and will be provided a video - link by the Company through email.
- The Company will send the video-link for the meeting / login credentials to the members at their provided email address, enabling them to attend the AGM on the given date and time through their smartphone / computer devices.
- Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all formalities required for the identification and verification of the shareholders.
- Members can also share their comments / suggestions on the agenda of AGM by sending email at [AGM2020@ssgc.com.pk](mailto:AGM2020@ssgc.com.pk) or [cdcsr@cdcsrsl.com](mailto:cdcsr@cdcsrsl.com) or WhatsApp on 0321-820-0864. Shareholders are requested to mention their full name, CNIC # and Folio / CDC Account # for this purpose.
- Shareholders are encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

## 3. E-VOTING

Members can exercise their right to demand a poll subject to meeting requirement of Sections 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

## 4. GUIDELINES FOR CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDC) INVESTOR ACCOUNT HOLDERS:

CDC Investor Account Holders will further have to follow the below mentioned guidelines as laid down in Circular # 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

### A) FOR ATTENDING ANNUAL GENERAL MEETING IN PERSON

- In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her valid CNIC or Passport at the time of attending the Annual General Meeting.



- b) In case of corporate entity, the Board of Director's Resolution / Power of Attorney with specimen signature of the nominee shall be produced at the time of Annual General Meeting, unless it has been provided earlier.

#### **B) FOR APPOINTING PROXIES**

- a) In case of individuals, the account holder or sub-account holder whose securities registration details are uploaded as per Regulations, shall submit the proxy form as per the above requirement.
- b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- c) Attested copies for CNIC or the Passport of the beneficial owners and of the proxy shall be furnished with the proxy form.
- d) The proxy shall produce his / her original CNIC or original Passport at the time of the meeting.
- e) In case of a corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the person nominated to represent on behalf of the corporate entity shall be submitted along with proxy form to the Company (unless it has been provided earlier).
- f) The proxy instrument must be completed in all respects and in order to be effective, should be deposited at the Office of the Company Secretary, SSGC House, Sir Shah Suleman Road, Block 14, Gulshan-e-Iqbal, Karachi not later than 48 working hours before the time of holding the meeting.
- g) If any member appoints more than one proxy for the meeting, all such instruments of proxy shall be rendered invalid, however, a member may assign alternate proxy.
- h) In case if more than one instruments of proxy are deposited with the Company against a single Folio / CDC Account #, all such instruments of proxy shall be rendered invalid.

### **5. CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM:**

Section 72(2) of the Companies Act, 2017 provides that every existing company shall be required to replace its physical shares with book-entry form within four (4) years from the date of the promulgation of the Act. Further, vide its letter dated March 26, 2021, the Securities and Exchange Commission of Pakistan has directed listed companies to pursue their shareholders holding securities in physical form to convert the same in book entry form. In order to ensure compliance with the aforementioned provision and to be benefited of holding securities in book entry form, all shareholders holding shares in physical form are therefore requested to convert their shares in the book-entry form.

### **6. TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH CD:**

The Company has circulated Annual Financial statements to its members through CD at their registered address. Printed copy of the same can be provided to the members upon request. Request form is available on the website of the Company i.e. [www.ssgc.com.pk](http://www.ssgc.com.pk).

### **7. TRANSMISSION OF ANNUAL REPORTS THROUGH E-MAIL:**

The SECP vide SRO 787 (1)/2014 dated September 08, 2014 has provided an option for the shareholders to receive audited financial statements along with notice of Annual General Meeting electronically through email. Hence, members who are interested in receiving the Annual Reports and notice of Annual General Meeting electronically in future are requested to send their email addresses on the Consent Form placed on the Company's website [www.ssgc.com.pk](http://www.ssgc.com.pk), to the Company's Share Registrar. The Company shall, however, additionally provide hard copies of the Annual Report to such members, on request, free of cost.

## **8. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE:**

The audited financial statements of the Company for the year ended June 30, 2020 have been made available on the Company's website [www.ssgc.com.pk](http://www.ssgc.com.pk)

## **9. PAYMENT OF CASH DIVIDEND ELECTRONICALLY:**

In accordance with the provisions of Section 242 of the Companies Act, 2017 and Regulation # 4 of the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account, designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested to fill in relevant form available on Company's website [www.ssgc.com.pk](http://www.ssgc.com.pk) and send it duly signed along with a copy of CNIC to the Company's Share Registrar, CDC Share Registrar Services Limited, in case of physical shares.

In case shares are held in CDC, then relevant form must be submitted directly to broker / participant / CDC Investor Account Services.

Please note that as per Section 243 of the Companies Act, 2017 and Regulation # 6 of the Companies (Distribution of Dividends) Regulations, 2017, listed companies are entitled to withhold payment of dividend, if necessary information is not provided by the shareholders.

## **10. SUBMISSION OF COPY OF CNIC:**

Individual members having physical shareholding and who have not yet submitted photocopy of their valid CNIC are requested to send notarized copy of their valid CNIC immediately to our Share Registrar, CDC Share Registrar Services Limited.

In case shares are held in CDC, then the request to update CNIC must be submitted directly to broker / participant / CDC Investor Account Services.

# BOARD / COMMITTEE MEETINGS

JULY 01, 2019 TO JUNE 30, 2020

BOARD MEETINGS		
Name of Director	Total Number of Board Meetings*	Number of Meeting(s) Attended
Dr. Shamshad Akhtar	19	19
Ms. Nida Rizwan Farid	19	19
Mr. Muhammad Raziuddin Monem	19	19
Mr. Faisal Bengali	19	17
Mr. Manzoor Ali Shaikh	19	16
Mirza Mahmood Ahmad	5	5
Dr. Ahmed Mujtaba Memon	19	18
Mr. Sher Afgan Khan	9	9
Qazi Mohammad Saleem Siddiqui	1	1
Syed Akhtar Ali	5	5
Qazi Azmat Isa	3	1
Capt. (Retd.) Fazeel Asghar	14	10
Dr. Sohail Razi Khan	14	14
Mr. Imran Ahmed	10	10
Mr. Zuhair Siddiqui	14	14
Mr. Ayaz Dawood	14	14
Mr. Sajid Mehmood Qazi	4	4
Mr. Mohammad Wasim**	15	14
Mr. M. Amin Rajput***	4	4



### BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Name of Director	Total Number of Board Meetings*	Number of Meeting(s) Attended
Dr. Shamshad Akhtar	6	6
Mr. Muhammad Raziuddin Monem	6	6
Mr. Manzoor Ali Shaikh	6	5
Mr. Sher Afgan Khan	3	3
Mirza Mahmood Ahmad	2	2
Dr. Ahmed Mujtaba Memon	4	4
Dr. Sohail Razi Khan	4	4
Capt. (Retd.) Fazeel Asghar	4	2
Mr. Imran Ahmed	3	2
Mr. Mohammad Wasim**	6	6

### BOARD AUDIT COMMITTEE

Name of Director	Total Number of Board Meetings*	Number of Meeting(s) Attended
Mr. Faisal Bengali	10	10
Dr. Ahmed Mujtaba Memon	10	10
Qazi Mohammad Saleem Siddiqui	1	1
Mirza Mahmood Ahmad	2	2
Qazi Azmat Isa	2	1
Mr. Manzoor Ali Shaikh	10	9
Mr. Sajid Mehmood Qazi	2	1
Dr. Sohail Razi Khan	8	8
Mr. Ayaz Dawood	8	8
Mr. Sher Afgan Khan	4	2
Mr. Imran Ahmed	6	6

## BOARD FINANCE AND PROCUREMENT COMMITTEE

Name of Director	Total Number of Board Meetings*	Number of Meeting(s) Attended
Mirza Mahmood Ahmad	3	3
Ms. Nida Rizwan Farid	8	8
Mr. Sher Afgan Khan	4	4
Dr. Ahmed Mujtaba Memon	8	8
Qazi Mohammad Saleem Siddiqui	1	1
Syed Akhtar Ali	3	3
Mr. Sajid Mehmood Qazi	1	1
Dr. Sohail Razi Khan	5	5
Mr. Zuhair Siddiqui	5	5
Mr. Ayaz Dawood	5	5
Mr. Imran Ahmed	4	4
Mr. Mohammad Wasim**	5	4
Mr. M. Amin Rajput***	3	3

## BOARD SPECIAL COMMITTEE ON UFG

Name of Director	Total Number of Board Meetings*	Number of Meeting(s) Attended
Dr. Shamshad Akhtar	9	9
Mirza Mahmood Ahmad	3	3
Ms. Nida Rizwan Farid	9	9
Mr. Sher Afgan Khan	4	4
Mr. Faisal Bengali	9	7
Qazi Mohammad Saleem Siddiqui	1	1
Syed Akhtar Ali	3	3
Mr. Sajid Mehmood Qazi	1	1
Dr. Sohail Razi Khan	6	6
Mr. Zuhair Siddiqui	6	6
Capt. (Retd.) Fazeel Asghar	6	5
Mr. Imran Ahmed	5	5
Mr. Mohammad Wasim**	8	6
Mr. M. Amin Rajput***	2	2

## BOARD RISK MANAGEMENT, LITIGATION AND HSE&QA COMMITTEE

Name of Director	Total Number of Board Meetings*	Number of Meeting(s) Attended
Mr. Muhammad Raziuddin Monem	8	8
Ms. Nida Rizwan Farid	8	8
Mr. Faisal Bengali	4	4
Syed Akhtar Ali	4	4
Mr. Manzoor Ali Shaikh	8	5
Qazi Azmat Isa	3	3
Mr. Zuhair Siddiqui	4	4
Mr. Ayaz Dawood	4	4
Capt. (Retd.) Fazeel Asghar	4	3
Mr. Mohammad Wasim**	7	6
Mr. M. Amin Rajput***	1	1

## BOARD NOMINATION COMMITTEE

Name of Director	Total Number of Board Meetings*	Number of Meeting(s) Attended
Dr. Shamsad Akhtar	8	8
Mr. Faisal Bengali	8	7
Mr. Muhammad Raziuddin Monem	8	8
Qazi Mohammad Saleem Siddiqui	1	1
Dr. Ahmed Mujtaba Memon	8	8
Mr. Sajid Mehmood Qazi	1	1
Mr. Manzoor Ali Shaikh	6	6
Mr. Sher Afgan Khan	6	5
Mr. Imran Ahmed	1	1

\*Held during the period, concerned Director was on Board / Committee.

\*\*Acting charge of MD assigned to Mr. Mohammad Wasim was relinquished on May 5, 2020.

\*\*\*Acting charge of MD assigned to Mr. M. Amin Rajput continued till the end of the period.



# TERMS OF REFERENCE (ToR) OF THE BOARD COMMITTEES

The Board has established seven committees namely Board Human Resource and Remuneration Committee, Board Finance and Procurement Committee, Board Audit Committee, Board Risk Management, Litigation and HSE&QA Committee, Board Special Committee on UFG, Board Corporate Governance and Ethics Committee and Board Nomination Committee. The primary function of these Committees is to assist the Board in effective and efficient discharge of its functions and to provide feedback on matters of significant importance for Board's operations. The Board has approved Terms of Reference (ToR) for each of the committees to ensure that the interest of the Company is safeguarded. The synopsis of their Terms of Reference is given below:

## BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Terms of Reference of the Board Human Resource and Remuneration Committee includes the following:

- To recommend human resource management policies to the Board.
- To thoroughly study and evaluate all HR related issues presented by the management and to formulate concise recommendations for the Board.
- To review MD's performance on an annual basis and recommend increment as per the contemporary practices.
- To pre-review and endorse promotion / demotion in Grades VIII, IX and X.
- To review the recruitment policy and procedures.
- To review and recommend hiring of executives in Grades VIII, IX and X.
- To pre-review and endorse HR plan including but not limited to executive training, development, career planning, potential assessment and succession planning.
- To recommend to the Board, the selection, evaluation, development, compensation (including retirement benefits) of DMDs, Chief Financial Officer, Company Secretary and Head of Internal Audit.
- To consider and recommend to the Board, matters relating to Health, Safety and Environment directly linked with the Human Resource Management.
- To consider and recommend to the Board, policy matters relating to harassment at workplace, employment of persons with special needs / disability etc.

## BOARD FINANCE AND PROCUREMENT COMMITTEE

The Terms of Reference of Board Finance and Procurement Committee includes the following:

- To review strategic business / investment proposals and policies prepared in pursuit of the corporate purpose of the Company by the management and make recommendations to the Board for approval.
- To review and recommend to the Board, contracts of strategic nature that may have a material impact on the Company's capital, financial position and business.
- To ensure Board is aware of the matters, which may significantly impact the financial condition or affairs of the business including but not limited to providing oversight on the receivable and payable position of the Company and procurement cycle of goods and services etc.
- To examine the Capital and Revenue Budget of the Company and to make recommendations to the Board of Directors, thereon.

- To examine the budgetary and operating limits of authority and recommend to the Board any deviation or any enhancement thereof.
- To accord approval to contracts or purchase orders in local or foreign currency for supply of material, services or other works exceeding the financial authority delegated to the Managing Director.
- To review the contracts or purchase orders exceeding the financial authority of the Committee and make recommendations to the Board for approval.
- To approve / recommend major contracts of civil works along with cost benefit analysis thereof that also include purchase of land.
- To lay down time limits / parameters in respect of procurement of various materials and services.
- To review the borrowing plans of the Company by assessing the requirements thereof and make recommendations to the Board for approval.
- To approve procurement of materials and services exceeding the authority limits of the management.
- To review and recommend to the Board any changes / amendments in the Terms of Reference of the Committee.
- Any other matter entrusted by the Board of Directors from time to time.

## BOARD AUDIT COMMITTEE

The Terms of Reference of Board Audit Committee includes the following:

- To recommend to the Board of Directors the appointment of external auditors by the Company's shareholders.
- To ensure the Independence of external auditor, reviewing the extent of non-audit work undertaken and the fees involved.
- To review quarterly, half -yearly and annual financial statements of the Company, prior to their approval by the Board of Directors focusing on:
  - Major judgmental areas.
  - Significant adjustments resulting from the audit.
  - The going concern assumption.
  - Any changes in accounting policies and practices.
  - Compliance with applicable accounting standards.
  - Compliance with listing regulations, other statutory and regulatory authorities.
  - Compliance with management control standards Company policies including ethics.
  - Policy for good corporate governance.
- To facilitate the external audit and discussion with the external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management where necessary).
- To review the management letter issued by external auditors and management's response thereto.
- To ensure the coordination between the internal and external auditors of the Company to avoid duplication or incomplete coverage, as far as possible.
- To ascertain that the internal control systems including financial and operational controls, accounting system and reporting structure are adequate and effective.
- To ensure continuing suitability of the organization structure, at all levels.
- To determine the appropriate measures to safeguard Company's assets and their performance including post facto to review major investment projects and programs.
- To review the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- To approve annual internal audit plan, review internal audit reports issued and action taken thereon.
- To review the appointment, performance, remuneration and replacement of the Head of Internal Audit Department, ensuring continuing independence of the internal audit function from undue management influence.

- To determine the compliance with relevant statutory requirements.
- To monitor the compliance with the best practices of corporate governance and identification of significant violations thereof.
- To consider any other issue or matter on its own or as may be assigned by the Board of Directors.

## **BOARD RISK MANAGEMENT, LITIGATION AND HSE&QA COMMITTEE**

The Terms of Reference of Board Risk Management, Litigation and HSE&QA Committee includes the following:

- To promote international best practices in respect of Enterprise Risk Management (ERM) and to assist the Board in oversight of overall risk's in achievement of Company's defined objectives.
- To review the effectiveness of the ERM framework.
- To identify and mitigate risks affecting the objectives, business strategy and reputation of the Company.
- To identify and mitigate risks impacting operations, projects and the continuous and reliable supply of gas to SSGC customers.
- To monitor the methodology used in identifying risks and setting up mitigation strategies.
- To review SSGC's risk appetite and risk profile in relation to credit, liquidity, financial assets, capital, operations and supply chain.
- To monitor compliance of all legal and regulatory matters including corporate, employment, Explosive Department of GoP, environmental safety, OGRA and IMS certification bodies and other licensing obligations.
- To review all HSE&QA matters and to promote, set standards and monitor Safety, Health, Environment and Quality Assurance matters and making recommendations to the Board in this regard.

## **BOARD SPECIAL COMMITTEE ON UFG**

The Terms of Reference of Board UFG Committee includes the following:

- To review the management's plans to minimize UFG and for the demand management on periodic basis and present the same to the Board for approval along with its recommendations.
- To monitor the performance of management in reduction of UFG.
- To monitor the performance of management in reducing wastage on demand side.
- To recommend Company's position vis-a-vis Government and the Authority regarding different issues.
- To recommend incentive-schemes, policies etc. for reduction of UFG and for reducing wastage on demand side.
- To review strategic issues pertaining to UFG and to the demand management.

## **BOARD CORPORATE GOVERNANCE AND ETHICS COMMITTEE**

The purpose of the Board Corporate Governance and Ethics Committee is to:

- To assist the Board in the establishment, embedding and oversight of the values, the governance and ethical policy framework.
- To monitor the overall ethical health of the organization and compliance with professional and ethical standards whenever applicable.



# PROTECTING GAS INFRASTRUCTURE

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# GENERAL OVERVIEW

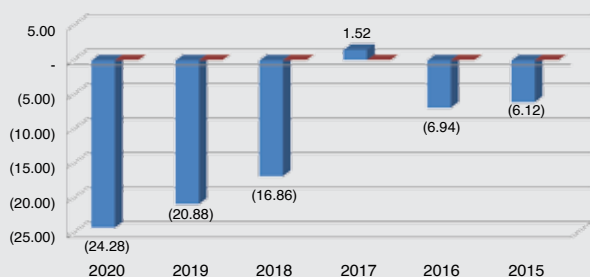
This Section outlines Performance Indicators in the form of graphical representations and tables of financial data and provides details of Distribution Network and 6-year Financial Highlights.

▶ Performance Indicators	30
▶ Details of Distribution Network	31
▶ 6-year Financial Highlights	32



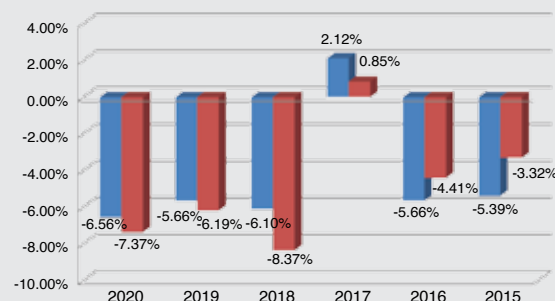
# PERFORMANCE INDICATORS

**Dividend and Earnings per share (in Rupees)**



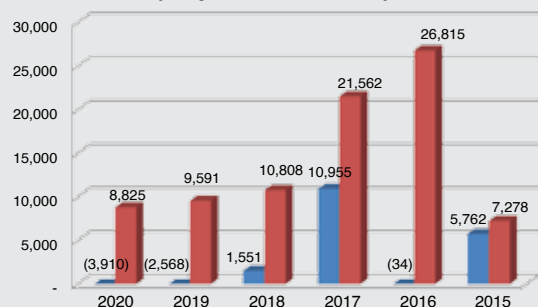
■ Earnings per Share ■ Dividend per Share

**Profit Before Tax and Net Profit Margin (as % of Sales)**



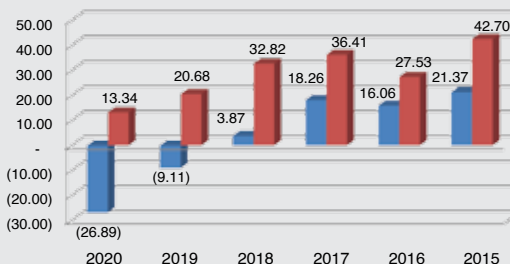
■ Profit Before Tax ■ Net Profit Margin as % of Sales

**EBITDA and Capital Expenditure (Rupees in million)**



■ EBITDA ■ Capital Expenditure

**Breakup Value and Market Price per share (in Rupees)**



■ Breakup Value ■ Market Price per Share



# DETAILS OF DISTRIBUTION NETWORK

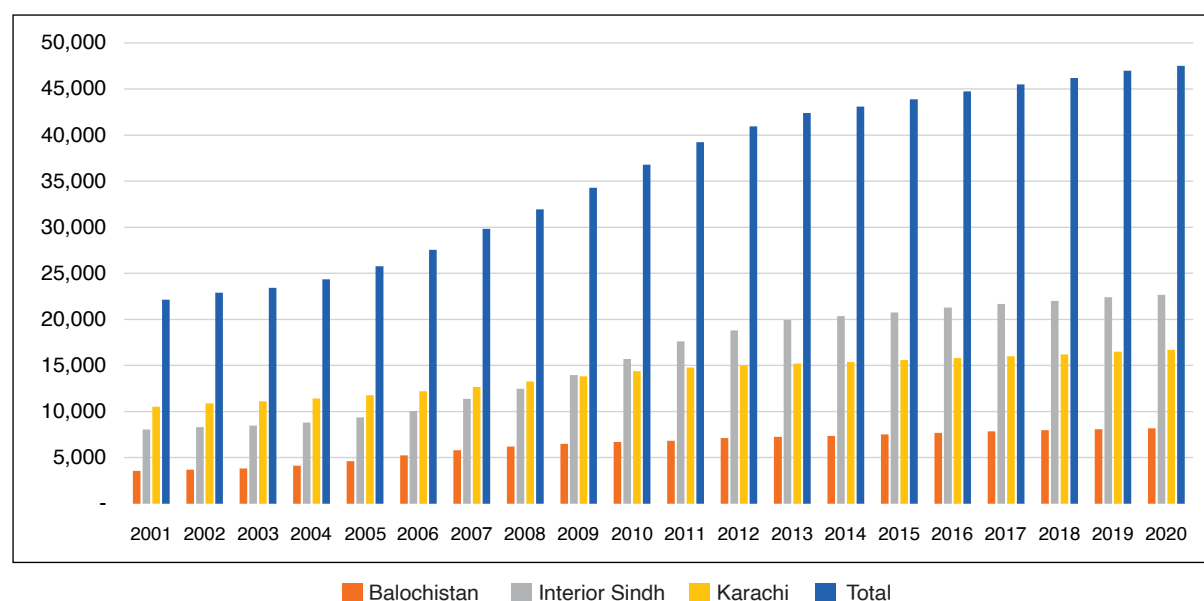
IN KILOMETERS

LEGEND #1 (2001 to 2010)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Balochistan	3,576	3,699	3,817	4,109	4,619	5,250	5,796	6,193	6,505	6,690
Interior Sindh	8,062	8,310	8,478	8,809	9,361	10,077	11,375	12,484	13,951	15,697
Karachi	10,521	10,881	11,121	11,422	11,784	12,215	12,659	13,253	13,826	14,398
<b>Total</b>	<b>22,159</b>	<b>22,890</b>	<b>23,416</b>	<b>24,340</b>	<b>25,764</b>	<b>27,542</b>	<b>29,830</b>	<b>31,930</b>	<b>34,282</b>	<b>36,785</b>

LEGEND #2 (2011 to 2020)

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Balochistan	6,841	7,117	7,263	7,368	7,518	7,685	7,838	7,988	8,101	8,168
Interior Sindh	17,626	18,826	19,937	20,347	20,757	21,280	21,672	22,014	22,395	22,667
Karachi	14,786	15,019	15,217	15,374	15,615	15,796	16,009	16,207	16,497	16,685
<b>Total</b>	<b>39,253</b>	<b>40,962</b>	<b>42,417</b>	<b>43,089</b>	<b>43,890</b>	<b>44,761</b>	<b>45,519</b>	<b>46,209</b>	<b>46,993</b>	<b>47,520</b>



# SIX-YEAR FINANCIAL HIGHLIGHTS

## KEY INDICATORS

		2020	2019	2018	2017	2016	2015
<b>Trading Results</b>		<b>Rs. Million</b>					
Sales (Excluding Gas Development Surcharge)		290,240	297,167	177,404	156,673	138,616	162,583
Gross profit / (loss)		(17,051)	2,046	(9,777)	(839)	(24,824)	(6,436)
Profit before tax		(19,049)	(16,820)	(10,826)	3,316	(7,840)	(8,769)
Profit after tax		(21,393)	(18,395)	(14,848)	1,336	(6,115)	(5,391)
<b>Operating Ratios</b>		<b>%</b>					
Gross margin		-5.87%	0.69%	-5.51%	-0.54%	-17.91%	-4.05%
Pre-tax margin		-6.56%	-5.66%	-6.10%	2.12%	-5.66%	-5.39%
Net margin		-7.37%	-6.19%	-8.37%	0.85%	-4.41%	-3.32%
<b>Financial Position</b>		<b>Rs. Million</b>					
Shareholders equity		(23,691)	(8,022)	3,406	16,082	14,146	18,827
Property, plant and equipment		134,346	129,720	120,524	114,993	96,711	73,942
Net current assets		(90,551)	(65,870)	(43,029)	(27,102)	(39,333)	(15,581)
Long-term assets		1,734	1,649	1,870	4,601	4,470	2,241
Long-term liabilities		69,220	73,522	75,959	76,409	47,702	41,776
Capital employed		13,483	38,735	59,702	71,917	42,475	44,466
<b>Performance</b>		<b>Rs. Million</b>					
Capital expenditure		8,825	9,591	10,808	21,562	26,815	7,278
Asset turnover ratio		0.51	0.65	0.51	0.53	0.50	0.64
Fixed assets turnover ratio		2.20	2.38	1.51	1.48	1.62	2.26
Inventory turnover	Days	2.49	1.93	2.45	2.52	2.06	2.07
Return on equity	%	NA*	NA*	-152.37%	8.82%	-37.09%	-25.25%
Return on capital employed	%	-81.94%	-37.37%	-22.56%	2.34%	-14.07%	-11.56%
<b>Valuation and other Ratios</b>		<b>Rs.</b>					
Earnings per share	<b>Rs.</b>	(24.28)	(20.88)	(16.86)	1.52	(6.94)	(6.12)
Cash dividend - per share		-	-	-	-	-	-
Dividend payout ratio	%	0%	0%	0%	0%	0%	0%
Net assets per share (Breakup value)	<b>Rs.</b>	(26.89)	(9.11)	3.87	18.26	16.06	21.37
Market value per share at 30 <sup>th</sup> June	<b>Rs.</b>	13.34	20.68	32.82	36.41	27.53	42.70
Price earnings ratio		(0.55)	(0.99)	(1.95)	24.01	(3.97)	(6.98)
Dividend yield	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt : Equity ratio		NA*	NA*	94:06	72:22	67:33	58:42
Current ratio		0.84	0.86	0.86	0.88	0.82	0.93
Debt service coverage ratio		(0.22)	(0.16)	0.11	1.30	(0.00)	0.84

\* Not applicable as equity and return both are negative

# DIRECTORS' REPORT

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Dear Shareholders,

The Board had approved for circulation to the shareholders, the 66th Annual Report and Audited Financial Statements for the financial year ending June 30, 2020, together with the Auditors' Report thereon. To ensure timely submission, the financial statements are based on OGRA's decision on Final Revenue Requirement (FRR) petition. However, SSGC's appeals and review motions will be pursued in parallel for an effective settlement of our dues and liabilities. The Board has advised the management to rigorously pursue getting OGRA determination on FRR petition for FY 2020-21 to meet the extended deadline for holding AGM FY 2020-21 and issue all pending interim financial statements of FY 2020-21.

The management has regularly pursued implementation of the Policy Guidelines issued by the ECC of the Federal Cabinet to OGRA vide its decision dated May 11, 2018 on Case No. ECC-37/09/2018 that advises OGRA to allow settlement of Unaccounted-for-Gas (UFG) on volume handled basis. The financial impact of the delayed OGRA decision on UFG volume handled basis has been substantial and communicated to the Government at highest policy platforms including ECC, CCOE and Federal Cabinet. Non-implementation of these Policy Guidelines has had serious consequences on the financial health of the Company as well as detrimental to the socio-economic agenda of the Government and well-being of the Company. The aggregate RLNG Volume Handling benefit claimed in the FRR petition from OGRA, but not allowed up to June 30, 2020, stands at Rs.38.2 billion. Meanwhile, SSGC had to absorb losses of Rs. 36.7 billion pertaining from FY 2011 to FY 2015 as a consequence of dismissal of Sind High Court stay against decision on account of UFG Benchmark and certain Non-Operating Incomes in November 2016. With the approval of competent authorities, SSGC had staggered these losses in 6 years i.e. up to FY 2020-21. In the current Financial Statements, balance loss of Rs. 7.344 billion has been fully absorbed.

One of the major issues being faced by SSGC that has negatively impacted its operations is the undue delay in increasing the Gas Sales Prices. Due to this inordinate delay, the difference between Sales Price and Prescribed Price has been accumulated and reflected in the Balance Sheet as GDS Receivable to the tune of Rs.178 billion.

The Federal Government has recently made amendments in the OGRA Ordinance to include the cost of imported gases (RLNG) in the revenue requirement of gas utilities.

These amendments have also authorized the Authority to decide on gas prices without public hearing in cases where the prescribed price is required to be revised only due to revision in well-head gas prices and cost of imported gases. These amendments are likely to have implications on gas utility companies; however, the implementation of these changes is still awaited.

To make operations of SSGC sustainable in the depleting indigenous gas reserves scenario, the Board directed the management for austerity and business diversity seeking opportunities for additional investment and partnerships. The Board and the management are working on feasibilities of various projects related to:

- Terminal operations,
- Development of Gas Storage Facilities,
- Enhancement of gas production from existing gas fields,
- Gas production from alternate resources like coal to gas etc.
- Enhancement of wholly owned subsidiary SSGC-LPG Limited (SSL) business through terminal and related downstream operations.

SSGC owns and maintains one-of-its-kind Meter Manufacturing Plant (MMP) which is the only domestic gas meter (G-1.6 and G-4) manufacturing plant in the entire South East Asia. The plant is a source of direct and/or indirect income for around 10,000 Pakistanis.

The Company has negotiated and finalized a new Technology Transfer and License Agreement enabling SSGC to produce gas meters as designated 'Company Meters', thereby completing the localization of gas meter and enhancing indigenized contents from the current 53% to 97%.

Through substitution of the imported measuring units, significant cost reduction of 44% is expected, enabling foreign exchange savings of around €2 million/ year, which could be enhanced up to €7.3 million/ year, if combined with external sale, thereby benefiting the national exchequer.



## STRENGTHENING OF SSGC'S OPERATIONAL AND FINANCIAL PERFORMANCE

Since taking over in November 2019, the Board is facing multiple challenges but the latter has safeguarded the interest of the Company and work has been underway to strengthen its internal governance while exploring avenues to improve network and enhance business. The Board has encouraged the management to introduce good governance across the Company and strengthen and streamline functions through organizational reforms to improve corporate effectiveness and efficiency. The Board encouraged fresh review of corporate strategy and action plans in almost all critical areas of SSGC's operations to make it financially and operationally sustainable.

Following are the major reforms:

- The Board recommended institutionalization and operationalization of a dedicated UFG Hub, headed by a Deputy Managing Director with requisite skills, competence and experience to steer swift UFG reduction. A UFG strategy is under implementation. UFG is on declining trends in Sindh but is exceptionally high in some of its regions and in Balochistan and has had adverse impact on the bottom line of the Company. UFG reduction has yet to be achieved on a sustainable basis but the losses for now are progressively being reduced. A reduction of 21 BCF in UFG-generated saving of around Rs. 12 billion has taken place over the last three years.
- The Board has advised management for fast tracking implementation of the UFG reduction strategy with special emphasis on:
  - a. More targeted approach for reduction of UFG for Karachi. Recently, the Board reassigned responsibility for UFG to senior management and dividing oversight of Karachi by splitting it into 7 regions (previously 3) with Interior Sindh to be divided into 5 regions (previously 4).
  - b. Launching of an investment program for UFG reduction whereby the old network with high incidence of leakage will be upgraded substantially, while regulatory action will be enhanced against meter tampering and theft.
  - c. Curbing, on top priority, UFG in 14 Sales Meter Stations (SMSs) that account for a sizeable share of UFG.
  - d. Enhanced focus on reducing UFG in Balochistan Region, as it constitutes a large proportion of total UFG of the Company. In Balochistan Region, the management is seeking Federal Government's support for the implementation of mutually acceptable solution.
- The management has agreed to hold itself accountable against set KPIs for UFG reduction through effective implementation of the UFG reduction strategy.
- The organizational chart of the Company has been revamped with an objective to bring in efficiencies in the operations and raising the standards of accountability in the organization.
- Amongst other things, a separate Quality Assurance department is being established and the Head of Quality Assurance Department will report directly to the Managing Director.
- The management is tasked to make SSGC lean, efficient and effective organization using resources to maximize stakeholder value and to enhance the cost efficiency and effectiveness. The management has achieved tighter budget targets set for FY 2021-22.
- As a matter of policy, budgetary expenditures were curtailed through cost cutting measures, tight scrutiny of capital expenditures based on proper feasibility work over the past three years was insured; also budget was kept within OGRA Limits to avoid disallowances because of over spending.
- The savings achieved through rationalization of the budget will help to allocate budget for rehabilitation of transmission and distribution system in compliance with ASME standards and UFG reduction activities.
- For maintaining integrity of existing pipeline network, the management is tasked to submit plan for full implementation of ASME standards within 3 years including a plan to cater for training and development aspect of staff involved.
- In order to identify on real-time basis, areas with highest impact on UFG reduction are tagged on GIS system. UFG reduction activities focused on rehabilitation, over/ underground leak detection and

theft detection will be tagged to the GIS system to ensure effective monitoring of these activities.

- The management is working to reduce lead times for new connections to discourage theft. The CGTO Department is also directed to enhance and publicize anti-theft activities through media coverage to create necessary theft deterrence.
- Procurement processes have been revamped and the Board is pursuing for further reduction in time lag involved in the procurement. The Board is also encouraging the management to work on introducing paperless environment through use of electronic process automation systems.
- Sales Department is in the process of introducing an online system (without human interactions) for customers.
- The Risk Management Function has been strengthened through development of Enterprise Risk Management (ERM) and Governance Structure:
  - a. Risk Management Process: Risk Identification, Assessment and its criteria and Mitigation Methodology.
  - b. A Risk Management Steering Committee and Risk Dashboard has been developed.
  - c. The Information Security Management Systems (ISMS) function has been developed and ERM Software has been procured.
- Overall monitoring mechanism is improving and producing results:
  - a. Off Specification Discounts from Gas Suppliers and recovery of Discounts amounted to PKR 1 billion.
  - b. Recovery of Rs 1.85 billion in shorter period of time from overdue obligations of domestic customers along with disconnection of 5,953 customers with overdue of Rs 1 billion.
  - c. During the last two financial years, old outstanding jobs amounting to Rs. 2.3 billion were capitalized.
  - d. Streamlining of the Inventory Management Process specifically controls on over-procurement, reordering, carrying cost and timely write off.

- e. Highlighted unrecorded Pipeline of Leftover Projects.
- f. Reorganization of Legal Services Department.
- g. Digitalization of Land Records.
- h. Development of IT Strategy and constitution of IT Steering Committee.

- HSEQC Passport has been developed and staff is being trained

## HUMAN RESOURCE REFORMS

Since its formation, the Board has relentlessly pursued an HR and institutional reforms agenda as it is key to the transformation of SSGC. High quality performance assessment and results-based accountability is being institutionalized to achieve better outcomes per the expectations of the stakeholders.

To achieve this, the management is in the process of implementing new performance based assessment criteria backed by rigorous KPI's. The Job Descriptions of DMD and SGM levels positions have been developed and to strategize the performance system KPIs of MD, DMDs and SGMs have also been developed which will be cascade down to lower level of management. New Employment Handbook is to be approved to align policies and regulations with best practices including by;

- Allowing for competitive, merit-based, market-base recruitment swiftly and transparently.
- Empowering the management to rationalize staff, equip teams with new skills and ethics and values.
- Adopting new HR incentive framework to reward performance based on KPIs, introduce open and transparent recruitment and promotion and succession planning.
- Removing labor market rigidities by revising rules pertaining to early retirement and leave benefits etc.,
- Introducing flexibility to rationalize excess work force and review the Third-Party contractual practices.

# ENERGY OVERVIEW

Energy is considered a vital factor for economy. Pakistan is an energy-starved country and its energy appetite is expected to grow further in coming years. Proven reserves of Natural gas' in Pakistan are currently 19.5 Trillion cubic feet.

Pakistan heavily depends on natural gas, which constitutes more than 43% of primary energy mix.

This share of natural gas has been supplied from country's own resources for its usages in power generation, domestic, commercial, industry and CNG-fitted vehicles. Indigenous natural gas accounts for 34.6% of total energy supply and LNG imports has made up 8.7% of total supply.

Pakistan has a well segmented gas market offering a vast consumer base of more than 10 million consumers consisting of domestic, commercial and industrial sectors, that are further divided into power, cement, general industry, fertilizer and transport sectors. Two public sector gas utilities, SSGC and SNGPL serves end consumers by transmitting and distributing gas in their respective franchise areas.

Total gas consumption stands at 1,454 BCF. The power sector remains the largest sector with gas consumption of 544 BCF, followed by the domestic sector with 284 BCF and the general industrial sector with 273 BCF. The general industrial sector is also inclusive of captive power generation; hence the majority of the gas demand is for power generation.



SSGC represented Pakistan at the oil and gas flagship event ADIPEC 2019 held in Abu Dhabi, UAE

# FINANCIAL OVERVIEW

During the period under review, the Company recorded a Net Loss after Tax of Rs. 21.39 billion after incorporating major disallowances and financial costs.

The summary of financial highlights is given below:

	2019-20 (Rupees in Million)
Loss before taxation	(19,049)
Taxation	(2,344)
Loss after taxation	(21,393)
Loss per share (Rs.)	(24.28)

SSGC's 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 bottom line of the Company. Following are the main reasons for reporting Net Loss:

In FY 2019-20, SSGC was allowed a Return of Rs. 15.4 billion. However, OGRA has made disallowance of Rs. 22.4 billion on account of UFG, Rs. 2.7 billion on account of Provision made against Expected Credit Loss in compliance of IFRS 9, and Rs. 0.8 billion for Gas Consumed Internally (GCI) for RLNG transportation. GCI was disallowed by OGRA on the grounds that the same would be recovered from SNGPL. Accordingly the same has been adjusted by SSGC against invoices raised by SNGPL on account of RLNG stock retained by SSGC.

OGRA has allowed SSGC prior year claims for UFG on RLNG for FY 2018-19 of Rs. 2.4 billion and Rs. 0.8 billion against provision for doubtful debts.



## HIGH UFG DISALLOWANCE

The extremely high UFG disallowance is 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. Had this benefit been allowed to SSGC, the net UFG disallowance for the FY 2019-20 would have been reduced by Rs. 12.9 billion. Besides this, OGRA has made certain disallowances which are unprecedented as compared to earlier determinations.

SSGC has been vigorously pursuing OGRA through the Ministry of Energy (Petroleum Division) for implementation of ECC approved summary as all the stakeholders in RLNG supply chain are getting their due cost / charges recovered through RLNG prices except SSGC, which is being denied by OGRA despite approval of ECC. OGRA has accepted SSGC version due to vigorous follow-ups and has engaged a consultant to determine the extent of UFG on RLNG and its impact on each Sui Company, namely SSGC and SNGPL.

## ABSORPTION OF PAST STAGGERED LOSSES

Another negative impact on SSGC financials is due to absorption of Rs. 7.3 billion of staggered losses pertaining to Sindh High Court decision dated November 25, 2016 wherein SSGC stay against Court decision on account of UFG benchmark and certain Non-Operating Incomes had been dismissed. As a consequence of this decision, SSGC had to absorb losses of Rs. 36.7 billion pertaining to FY 2011 to FY 2015. With the approval of the competent authorities, SSGC had to stagger these losses in six years i.e. up to FY 2020-21, whereas, these are being staggered in five years and have been completely absorbed up till FY 2019-20.

## HIGH FINANCIAL COST

SSGC has to bear financial charges against borrowing for Rs. 5.8 billion which is mainly due to the Long Term Loan obtained to finance its pipeline infrastructure for transmission of RLNG from Karachi Port Qasim to Sawan (Custody Transfer Station) delivering the RLNG volumes to SNGPL network for meeting the energy requirements of North.

## QUALIFICATIONS IN EXTERNAL AUDITOR'S REPORT

The external auditors, M/s. BDO Ebrahim and Co., Chartered Accountants had expressed qualified opinion in their audit report for the financial year ended June 30, 2020 for amount due from KE and PSML, Late Payment Surcharge (LPS) receivable from SNGPL and WAPDA and Receivable from Habibullah Coastal Power Company (Private) Limited (HCPCL).

## RECEIVABLES FROM KE AND PSML

During FY 2019-20, defaulted receivable situation of K-Electric (KE) and Pakistan Steel Mills Limited (PSML) remained the same as in previous years. The management is vigorously pursuing recovery suit filed against KE and PSML. At the same time, the management is in constant liaison with the concerned ministries to expedite the recovery of outstanding dues from KE and PSML. It is expected that as soon as the matter is permanently resolved by the Government of Pakistan, the overall financial position of the Company will improve.

The claim of the Company including LPS against KE and PSML, as of June 30, 2020 is Rs. 116.7 billion and Rs. 67.7 billion respectively.



## LPS RECEIVABLE FROM SNGPL AND WAPDA

The Company is facing the situation of accumulated receivable from SNGPL and WAPDA due to overall circular debt situation. However, based on the agreed terms and conditions, the Company is accruing LPS against overdue amount. The Company is apprising this position to the concerned Government Authorities on daily basis and expect that this issue would be resolved as and when circular debt is addressed at national level.

## RECEIVABLE FROM HCPCL

M/s Habibullah Coastal Power Company (Private) Limited (HCPCL) filed its request for arbitration under the Rules of the International Chamber of Commerce, Singapore on November 30, 2015. The dispute was on account of none or short supply of gas (against firm commitment of gas under GSA) by SSGC to HCPCL with effect from December 2009 onwards.

On April 30, 2018, the decision of the arbitration proceedings was issued by the International Court of Arbitration in favor of HCPCL and the Company was required to pay to HCPCL as a final reward in the form of indemnity, liquidated damages, interest and legal and professional charges.

In the Award amount, liquidated damages claimed by HCPCL from the Company was a consequence of Liquidated damages charged to HCPCL by WAPDA / CPPA-G, it clearly depicts the flow of payment from one GOP entity i.e. the Company to another GOP entity i.e. WAPDA without yielding any substantial benefit to any claimant party. Therefore, ECC in its meeting held on February 07, 2018 approved in principle the proposal regarding waiver of liquidated damages with the direction to Petroleum Division and Power Division to work out modalities in consultation with all the stakeholders.

All stakeholders (SSGC, CPPA-G and HCPCL) are in the process of finalization of modalities by treating period of no dispatch as "Other Force Majeure Event" and thus extending the period of GSA with no dispatch period. GSA between SSGC and HCPCL expired in September 2019 whereas Power Purchase Agreement (PPA) between HCPCL and CPPA-G is valid till 2029.



Total exposure against Award stood at Rs. 8.0 billion, out of which, Rs. 3.9 billion has been allowed by OGRA on account of Reversal of LPS, Interest on LD Charges and Legal expenses and the remaining amount of Rs. 4.1 billion has been booked as "Receivable from HCPCL" which will be adjusted along with adjustment of LDs in accordance with ECC approval.

## EMPHASIS OF MATTER

In addition to the above, the External Auditors, M/s. BDO Ebrahim and Co., Chartered Accountants had drawn attention on certain issues in their audit report for financial year ended June 30, 2020. Comments on these matters are as under:

- i. Material litigations and claims involving different courts, the outcome of which is uncertain;
- ii. Sustainability of Company's future operations is dependent upon GoP support letter which has confirmed to extend necessary financial support to maintain going concern status;
- iii. SSGC has discontinued recognition of LPS expenses payable to the Government controlled E&P companies (OGDCL, PPL and GHPL) effective from July 01, 2012 till the time SSGC receives LPS income from PSML and KE.
- iv. The Company has completely absorbed staggered losses of Rs. 36.7 billion up to FY 2019-20, arising due to Sindh High Court decision.

# MANAGING AN INTRICATE NETWORK

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# ACKNOWLEDGEMENTS

The Directors wish to express their appreciation for the continued support and patronage received from the shareholders and its valued customers. At the same time, we wish to acknowledge the dedication of all the employees who soldiered on, despite a number of challenges being confronted by the Company, COVID-19 being the foremost. We also place on record

our acknowledgment for the continued guidance and support received from the Government of Pakistan, the Ministry of Energy and the Oil and Gas Regulatory Authority. The Board would especially like to thank all the outgoing Directors for the role they played in the policy making and their focused approach in addressing issues.

On behalf of the Board,



**Dr. Shamshad Akhtar**  
Chairperson, Board of Directors



**Imran Maniar**  
Managing Director / CEO

April 25, 2022



# OPERATIONAL OVERVIEW

SSGC is guided by its core values of integrity, excellence, team work, transparency, creativity and responsibility to stakeholders. In alignment with the Company's mission, SSGC endeavors to provide natural gas facilities to continuously expanding customer base in a safe, reliable and affordable manner. Division and department-wise details of projects and achievements during FY 2019-20 are listed hereunder:

## PROJECTS AND CONSTRUCTION

During the year under review, the Projects and Construction (P&C) Department performed the following activities:

### HIGH PRESSURE TRANSMISSION PIPELINE PROJECTS

- 12" dia. x 46-Kms pipeline from Rehman Gas Field to MVA-Naing.
- 8" dia. x 28-Kms pipeline from Ayesha Gas Field to MVA – Golarchi.

### GAS DISTRIBUTION PIPELINE PROJECTS (SINDH AND BALOCHISTAN)

- 12" dia. x 26.5-Kms pipeline from SMS Palijani to Tando Allahyar.
- 12" dia. x 2.6-Kms pipeline at KIA Lucky Motors, Port Qasim, Karachi.
- 12" dia. x 5-Kms Supply Main Pipeline to Pakistan Rangers, Gadap Town.
- Supply of Gas Distribution Network in Bela City, Balochistan.
- Relocation of 16" dia. and 12" dia. pipeline near Naya Nazimabad, Karachi.
- Reinforcement of 16" dia. x 2.2-Kms and 8" dia. x 0.9-Kms near Main Saryab Road, Quetta, Balochistan.
- 6" dia. x 2.3-Kms Gas Distribution Scheme, Dera Murad Jamali, Dist. Naseerabad, Balochistan.



### PIPELINE-RELATED CIVIL WORKS

- Construction of Piles and Pile Caps for Overhead Crossing at Naseer Canal, Tando Allah Yar for crossing of 12" dia. Distribution Main.
- Civil Works related to Valve Assemblies at Dera Allah Yar and DM Jamali for 12" dia. x 23-Kms line from Jacobabad to DM Jamali.

### NON-PIPELINE RELATED CIVIL WORKS

- Replacement of asbestos sheets with galvanized iron sheets roofing over existing sheds at F-37 SITE, Karachi and Khadeji.
- Laying of 4" dia. main water supply line from Head Quarter to New Compressor Station and internal water supply network at HQ-2 Daur, Nawabshah.

### FUTURE PROJECTS (FY 2020-21)

- 30 x 17-Kms pipeline from CTS Bin Qasim To SMS Pakland.
- 20" dia. x 7-Kms Distribution Link Main from Desalination Plant, DHA to Dolmen Mall Clifton, Karachi.
- 12" dia. x 6-Kms and 6" dia. x 1.5-Kms pipeline, Industrial area, Nooriabad.
- 8" dia. x 20.3-Kms and 6" dia. x 2.1-Kms gas supply, Khairpur in Special Economic Zone.
- Submerging of seven existing overhead crossings through HDD.
- Installation of Check Metering of 16" dia. Gambat -South pipeline with 20" and 24" dia. KDN-Sanghar-Khi at RS-03.

# REACHING OUT TO AN EVER GROWING CUSTOMER BASE

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# PLANNING AND DEVELOPMENT

Planning and Development (P&D) Department is committed to its continued aim of achieving organizational and community goals through optimum use of available resources. It explores every possibility that would help the Company in meeting the natural gas demand of the country. P&D Department plans, designs and monitors projects aimed at development and augmentation of SSGC's transmission network. Execution of the Gas Sales and Purchase agreements also fall in P&D Department's domain.

For FY 2019-20, P&D Department successfully commissioned the under-mentioned projects pertaining to gas infrastructure development, thus contributing towards uninterrupted supply of gas to SSGC's customers:

**i. 12" dia. x 46-Kms Rehman-Rizq Gas Pipeline Project.**

This project was carried out in order to increase the

capacity of pipeline from 50 MMCFD to 90 MMCFD and to receive increasing volumes of Rizq Gas Field. This pipeline was successfully commissioned in January 2020.

**ii. 8" dia. x 28-Kms Ayesha-Aminah Gas Pipeline Project.**

In order to receive additional gas volumes upto 30 MMCFD from newly discovered Ayesha-Aminah gas field, the subject project was carried out by the Company. This pipeline was successfully commissioned in February 2020.

**GAS TRANSMISSION PIPELINE PROJECTS (INITIATED IN 2019-20)**

**i. Installation of New Turbo Compressor unit at HQ - Shikarpur.**

To ensure sustainability of supply to Balochistan region, compression capacity at HQ Shikarpur needs



augmentation. The project for installation of 200 MMCFD capacity compressor unit was initiated in 2019-20 and is expected to be commissioned in November 2020.

## II. 30" dia. x 17-Kms Pipeline from CTS Bin Qasim to SMS Pakland.

This project is planned to receive additional RLNG volumes upto 600 MMCFD at SMS Pakland and meet the natural gas demand in peak winter season. The project was initiated in 2019 and is expected to be commissioned by December 2020.

## FUTURE PLAN

In order to meet the growing demand for natural gas in its franchise areas, SSGC plans to undertake various infrastructural development projects, details of which are described hereunder;

### i. 12" dia. x 9-Kms Pipeline from SMS Pakland to New SMS at Dhabeji for Dhabeji Special Economic Zone.

This project is planned under China-Pakistan Economic Corridor (CPEC) project in order to transport 13.5 MMCFD natural gas to Dhabeji Special Economic Zone. The project will be executed under PSDP program and is planned to be commissioned by December 18, 2021.

### ii. 30" dia x 125-Kms Loopline from SMS-Sindh University to SMS-Pakland.

The pipeline project is planned in order to cater to increasing gas loads at SSGC's ILBP network as it will add capacity and flexibility of operations.

### iii. New Turbo Compressor unit at HQ-Sibi.

Linked to the sequential efforts for augmenting system capacity, a 22 MMCFD capacity compressor unit will be added at HQ-Sibi.





## DISTRIBUTION DIVISION

During FY 2019-20, the Company's Distribution Division took a number of initiatives that are given below.

INFRASTRUCTURE EXPANSION	UoM*	Karachi	Interior Sindh	Balochistan	Total
• Normal expansion in pipeline network	Kms	114.70	74.64	25.33	214.67
• Pipeline laid to reinforce the existing network	Kms	6.30	9.12	10.16	25.582
• New customers added	Nos.	76,713	28,855	10,275	115,843
• New Town Border Stations (TBSs)	Nos.	6	8	4	18
• New Pressure Regulator Stations (PRSs)	Nos.	-	5	7	12
UFG REDUCTION ACTIVITIES	UoM*	Karachi	Interior Sindh	Balochistan	Total
• Rehabilitation of Old Network	Kms	98	57	-	155
• Underground Leak Survey and Rectification	Kms	2,823	11,526	2,247.94	16,597
• Overhead Leak Survey and Rectification	Nos.	210,177	416,548	89,652	716,377
• Theft Disconnections	Nos.	105	17,975	494	18,574
• Creation of Segments	Nos.	26	44	3	73

\*Unit of Measure

### MAJOR PROJECTS UNDERTAKEN

- 20" dia. x 5-Kms pipeline laid for Landhi Industrial area to increase the system pressure of industrial customers.
- 12" dia. x 26.5-Kms Tando Allahyar – Mirpurkhas Reinforcement main completed to overcome low pressure issues.
- 16" dia. x 2.28-Kms pipeline laid from Main Sariab Road for Sariab residents to increase system pressure.
- 8" dia. x 1,500-Kms pipeline laid to bifurcate the Mastung network and resolve low pressure problems of the residents of Mastung city and adjacent regions.

### FUTURE SYSTEM EXPANSION PROJECTS

- 20" dia. x 7-Kms pipeline expansion from DHA Desalination Plant to Clifton Dolmen Mall to increase the system pressure of the tail end customers.
- 12" dia. x 5-Kms Pipeline Old City Augmentation project from TBS Mazar-e Quaid to TBS Lyari to increase the system pressure of old city area.

- 20" dia. x 1.5-Kms Interlink of Shershah Main and SITE Gas Turbine Main for future segregation of SMSs.
- 8" dia. x 21-Kms Pipeline expansion for Bostan Special Economic Zone towards Ziarat to increase the system pressure of tail end customers.
- 180 mm x 26-Kms Rehabilitation Pipeline for Sohbatpur to increase the system pressure of old city area.



## METER MANUFACTURING PLANT



The core objective of the Meter Manufacturing Plant (MMP) is to fulfill the country's domestic gas meter requirement with self-reliance. Furthermore, it is a statutory requirement of gas utilities to ensure that volume of gas consumed by the consumer shall be measured by an accurate measuring device installed by the Company. The Plant is ISO 9001:2015 Certified. MMP along with the entire SSGC is also certified ISO 14001:2004 and OHSAS 18001:1999.

Two types of domestic gas meters are under production at MMP; namely G-1.6 (2,500 liter / hour capacity) which is 94% indigenized (i.e. 50 out of 51 parts are

made locally except diaphragms which are imported from international manufacturers) and 3rd Generation G-4 (6,000 liter / hour capacity) which is 61% indigenized except for the Measuring Unit which is procured from Itron, a French-based technology company.

Besides catering to the Company's internal requirements, MMP had been supplying gas meters to Sui Northern Gas Pipelines Ltd. The Meter Plant is also engaged in exporting limited quantities of G-1.6 meters to Germany since 2009.

### PERFORMANCE SUMMARY - FY 2019-20

	G 1.6	3 <sup>rd</sup> Gen. G-4	Total
<b>Production</b>	193,645	259,025	452,670
<b>Sales</b>			
<b>SSGC</b>	195,545	270,244	465,789
<b>Others</b>	347	20	367

## SECURITY SERVICES AND COUNTER GAS THEFT OPERATIONS



Security Services and Counter Gas Theft Operations (SS and CGTO) is responsible for conducting raids against gas theft miscreants and prosecuting them under Gas (Theft Control and Recovery) Act 2016. The Act was passed by the National Assembly of Pakistan in 2016 and declared gas theft as a cognizable non bail able offence with stern punishments. FIRs are lodged against gas theft culprits in the light of this Act.

Following steps have been taken by the Company's SS and CGTO Department to create deterrence against gas theft in the franchise provinces:

- SSGC's own police station in Karachi has been established to create deterrence against the customers by carrying out operations against gas theft culprits in No-Go areas where access was impossible in the past.
- Surveillance activities have increased manifold in order to comb out areas where UFG level is high.
- Traditional (TVC and Print) and Social Media are regularly used to create deterrence and awareness about the menace of gas theft by focusing on the penalties as mandated in Gas Act 2016.
- Joint Surveillance teams of SS and CGTO and Measurement departments are specially tasked to check whether the industries are operating during the scheduled Gas Load Management program.
- Electronic Volume Correctors (EVC) are being installed at almost all the industries in order to have a strict check and balance on gas consumption activities and abnormalities, if any.
- Pre and post-Inspection analysis of customers.
- Surprise / frequent checking of Customer Meter Stations.
- Raids carried out by SS and CGTO helped in lodging 109 FIRs and more than 35 convictions.

### PERFORMANCE SUMMARY - FY 2019-20

Description	Theft Identified / Claim Raised			Claims Accepted by Customer			Joint Load Survey Carried out
	#	MMCF	Amount Rs. in million	#	MMCF	Amount Rs. in million	
<b>Karachi</b>	486	340.86	358.31	345	314.70	321.70	395
<b>Interior Sindh</b>	132	64.51	71.70	78	39.25	39.25	232
<b>Balochistan</b>	91	62.46	64.61	48	40.64	40.20	55
<b>Total</b>	<b>709</b>	<b>467.83</b>	<b>494.62</b>	<b>471</b>	<b>394.60</b>	<b>401.15</b>	<b>682</b>

## CATHODIC PROTECTION - DISTRIBUTION NORTH AND SOUTH

Cathodic Protection Department Distribution (N&S) is striving to ensure integrity of underground and submerged structures of gas pipeline system against Corrosion attacks through optimum use of resources.

In SSGC, two methods are used to protect submerged / underground pipeline network against corrosion.

- Refurbishment of old / deteriorated coatings.

- Cathodic Protection Technique by applying Impressed Current Cathodic Protection (ICCP) and Sacrificial Anode System.

Establishment of new CP Stations at low Pipe to Soil Potential (PSP) areas and renovation and refurbishment of old / depleted ground beds and Pipeline Coating Integrity surveys are the core functions carried out to maintain CP status as per NACE\* standards.

\*NACE International standards apply to corrosion prevention and control

### Main CP Targets / Activities Achieved in FY 2019-20

#	Activities	Unit	Performance
1	Additional CP Stations	Nos.	15
2	Ground Bed Renewal (Conventional)	Nos.	22
3	Pipeline Coating Inspection Survey	Kms	110.5
4	Magnesium Anodes Installation	Nos.	275
5	HP Mains Survey	Kms	4710.32
6	CPS Monitoring	Nos.	13,464
7	Insulation Survey of CMS/TBS	Nos.	373
8	Line Pipe Coating and Inspection at Dope Yard	Meters	385,000
9	In-house Repair of CP Equipment at SITE	Nos.	20 Transformer Rectifiers and 3 TEG
10	CP Cover to New City	Nos.	100 % CP Cover provided to Bella Town by installing 16 sacrificial anodes (New 32.57-Kms network laid)

### Future Plan

In future, establishment of additional CP Stations have been planned in Distribution North and South to bridge the gap between the CP current supply and demand of Pipeline network.

Refurbishment of old / deteriorated coatings, modification of CP existing stations, renovation of depleted ground beds, installation of sacrificial anodes, installation and maintenance of Test points to monitor CP status, Coating Integrity Survey to access coating condition and insulation of TBSs and SMSs are also planned for the future. Optimistically further enhancement in CP status would be accomplished by completing targets / KMI.





## UNACCOUNTED-FOR-GAS

'Unaccounted-for Gas' (UFG) is a contributor to the financial losses to the Company which, in simpler terms, can be defined as the difference between the purchase and sale of gas. The phenomenon of UFG is a complex one and requires careful analysis to be fully understood. Broadly speaking, all 'Unaccounted-for' volumes can be classified into three major categories i.e. theft, leakages, and measurement errors.

A sizable segment of the population in SSGC's franchise area lives close to or even under the poverty threshold. This coupled with lack of education, socio-political unrest, and unplanned urban growth give rise to a culture of theft of utilities. Just like electricity and water supplies, many communities, businesses and even industries resort to unlawful access to the supply of natural gas without having to pay for it.

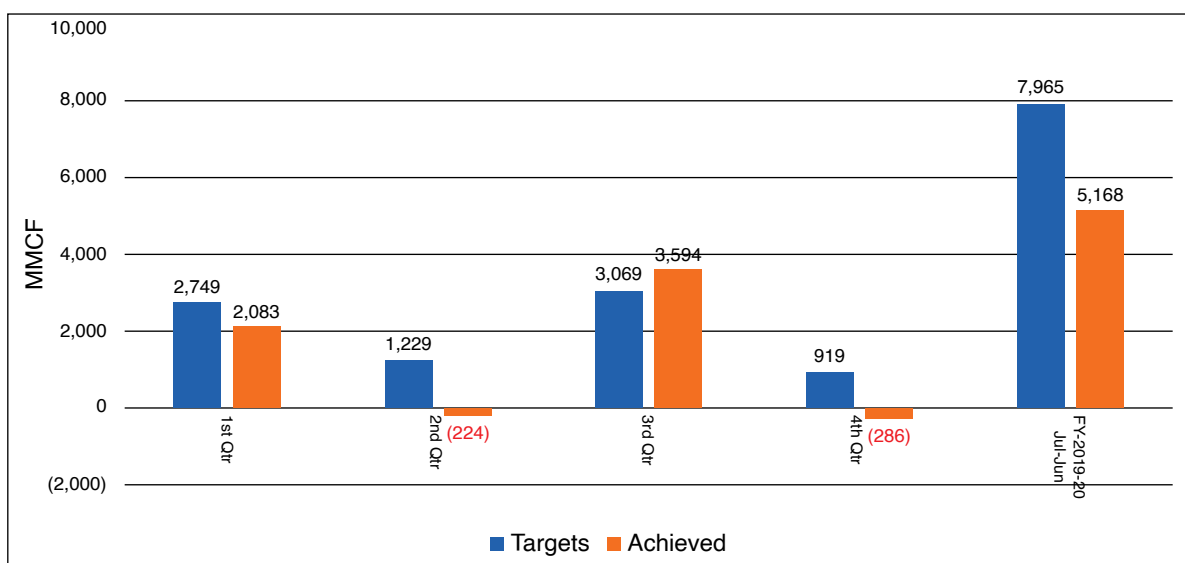
Unplanned and unrestrained growth of population in both the urban and rural areas forced SSGC to continually expand its distribution network which made the upkeep and maintenance of the measurement equipment increasingly difficult. Besides, SSGC's distribution network is often laid alongside other utilities such as sewerage and water supply which makes the gas pipelines prone to damage emanating from such external sources. Whereas, the rehabilitation and restoration works are frequently impeded by lack of

access and unavailability of requisite permissions from civic authorities. In recent years, SSGC had to implement gas swapping arrangement with SNGPL to support larger national objectives and interests. However, the same entailed influx of RLNG into SSGC's network which exacerbated the gas losses due to incompatibility issues.

The Board of Directors and management have rolled out a comprehensive UFG reduction strategy to swiftly implement the identified actions pertaining to areas requiring improvement. As a result of above and other related actions, about 5.2 BCF UFG volume was saved against the target of 7.9 BCF in FY 2019-20 despite severe hampering caused by the stringent lockdowns and SOP requirements imposed to curb COVID-19 spread.

Moving forward, the Board and the management have set aggressive targets for UFG reduction for the upcoming years. Moreover, it has been decided to carve out a new division dedicatedly responsible for monitoring and accelerating UFG related activities. It is planned that the new UFG Hub will be supported by executives having diversified experience and expertise related to core operations whereas it will be headed by a DMD level officer. Through enhanced focus and rigorous efforts, it is expected with good confidence that the UFG figures will continue to reduce.

Quarterly Progress on UFG Reduction Activities in FY 2019-20



## CUSTOMER RELATIONS

The main activity of Customer Relations Department (CRD) is to provide diverse services to its valued customers. The Company's CFCs, 1199 Call Centres and emergency sections remained fully operational and attended to customers' complaints on daily basis during the pandemic situation. The lockdown situation emanating out of COVID-19 pandemic affected the Department's annual targets for FY 2019-20.

Each year, the Department contributes 3 to 4 BCF volume against UFG by conducting meter replacement

activity to counter Passing Unregistered Gas (PUG) phenomenon. However, shortage of staff was the key reason for its inability to meet annual targets.

### CRD performance in a nutshell

- Contact Center (1199) agents received approximately 745,128 telephone calls and responded to 408,451 calls within 60 seconds.
- CFC representatives dealt with approximately 963,473 customers for installments, duplicate bills, reconnection and unlocking activities.

### PERFORMANCE SUMMARY - FY 2019-20

Activities (Nos.)	FY 2019-20
	Achievements
Domestic - Schedule Meter Replacement (Aging Base)	90,521
Domestic - PUG Meter Replacement	98,286
Domestic - Routine Meter Replacement	62,813
Commercial Meter Replacement	1,788
Commercial Service Calls	105,327
Leak Rectification Nos. (As per actual)	61,346
Pressure Survey (Commercial)	17,923
Rehabilitation / Leak Rectification on Flat Sites (Buildings)	88
Theft Disconnection of Domestic Customers Through Raids (MMCF)	4,384
Internal House Line Checking (2% of Domestic Customers in Karachi)	28,366



The Company continued to run anti-gas theft mass media campaigns and encouraged its customers to use its Customer Connect Mobile App during the COVID-19 lockdown.

## RECOVERY OF DUES

The basic task of Recovery Department is to take necessary steps for recoveries of maximum possible amount, due against gas bills. In FY 2019-20 the target given to Recovery team was 348,753 Nos. defaulters of different classes which includes Domestic, Government, Bulk and Commercial customers.

Recovery Team successfully targeted 271,194 defaulters through company-wide rigorous disconnection campaign and others tools and techniques. Recovery department was well on track and exceeded its proportionate targets till March 2020, however nationwide lockdown was imposed from March 2020 which continued till the end of financial year 2019-20 and no more activity could be performed after March 2020.

Details of activities performed are as under:

- Issuance of Notices / Reminders:** 602,906 notices/reminders were issued to defaulting customers in order to remind them of their moral / legal responsibility against target of 600,000 Nos.
- Media Campaign:** Aggressive media campaign was conducted both through print and electronic media.
- Persuasion of High Value Defaulters:** High value defaulters of government / bulk / domestic users were personally contacted by the Department in order to convince them for making payments.
- Disconnection of Defaulters:** 271,194 defaulting domestic and commercial customers were targeted who owed Rs. 4,243 million to the Company against which amount Rs. 1,404 million were recovered and Rs. 1,793 million were engaged.

### PERFORMANCE SUMMARY - FY 2019-20

Customer Class	Unit / Region	Number of Actions	Action Amount (Rs.)*	Number of Reconnections	Reconnection Amount (Rs.)	Engaged Amount (Rs.)
Domestic	Unit-A Karachi	134,047	1,576	51,746	531	550
	Unit-B Interior Sindh	121,211	1,592	74,113	530	872
	Unit-Q Balochistan	12,098	708	6,607	162	261
Total Domestic		267,356	3,876	132,466	1,223	1,683
Commercial	Unit-A Karachi	2,480	244	965	118	58
	Unit-B Interior Sindh	871	71	430	32	24
	Unit-Q Balochistan	487	52	290	30	28
Total Commercial		3,838	367	1,685	181	110
Total Domestic and Commercial		271,194	4,243	134,151	1,404	1,793

\*Amount Rs. in million

## BILLING

Billing Department remained fully focused towards taking measures in reducing UFG during FY 2019-20. The Department is committed towards playing its role under approved KMLs.

Customer surveys as a chief resource to detect UFG and theft cases for all customer categories remained an integral strategy initiative of the Billing Department. All commercial consumers were surveyed on quarterly basis to figure out actual pressure / irregularities cases during the year. An approximate 385 thousand domestic cases and 20 thousand commercial consumers (each quarter) were surveyed for verification of minimum / nil consumption customers to identify out of order meters and vacant house cases. A survey of disconnected customers was conducted and approximate 41,000 domestic and 4,500 commercial cases were identified, to control gas theft in Sindh and Balochistan.

Meter tampering and pipeline tapping are the major issues and main contributors in UFG. Billing Department continued to identify tampered and out-of-order meters. As a result, around 280 thousand customer meters were identified as PUG and volume of 3.2 BCF was accounted for as PUG claim and a volume of 3.6 BCF was recovered, as tampered claims. In addition to above, a total of 129,764 cases were identified as theft whereas 116,872 cases were identified for rehabilitation activities.

This fiscal year, the Gas Supply Deposit (GSD) of industrial/ commercial customers enhanced by a total of Rs. 2.3 billion.

## Initiatives

- Special reading / survey for industrial customer on bi-monthly basis.
- Special reading / survey for commercial customers on quarterly basis.
- SIM based handheld meter reading device was introduced to capture GPS locations along with Meter Reading Snapshot.
- Instant surveys were introduced during reading to identify out of order meters.
- For maintaining accuracy in the meter reading system, finger impression technology was implemented in the handheld device (currently in Karachi region).
- Billing Department remained fully committed to facilitate the valued customers during the pandemic situation. Following arrangements were made:
  - ✓ An easy installments facility was given to all customer during pandemic situation.
  - ✓ E-Kachehri was introduced to take live complaints from customers.
  - ✓ Prime Minister's Delivery Unit (PMDU) complaints were timely acknowledged.
  - ✓ No disconnections were made for a year.

## Future Plans

- Plan to make Interior Sindh as SBUs (Strategic Business Unit).
- Figure out Non-registered customers involved in gas theft.



E-Kachehri being organized at the Company head office to resolve the customers' complaints online



## LPG-AIR MIX PLANTS

Project	Objectives and Progress Achieved
<b>LPG-Air Mix Project – Bela</b>	<p><b>Objective / Goals:</b></p> <p>Commissioning and operation of LPG-Air Mix Plant at Bela, Lasbela, Balochistan in FY 2019-20.</p> <p><b>Progress Achieved:</b></p> <p>Requirements are being fulfilled for the planned commissioning of LPG-Air Mix Plant at Bela, Lasbela, Balochistan in FY 2019-20.</p>
<b>33 ECC-Approved LPG-Air Mix Plants as per the directives of Ministry of Energy (Petroleum Division)</b>	<p><b>Objective / Goals:</b></p> <p>Implementation of ECC decision for setting-up 33 LPG-Air Mix Plants in the franchise areas of SSGC.</p> <p><b>Progress Achieved:</b></p> <p>Land acquisition for installation of 33 ECC-approved LPG-Air Mix Plants was in progress and was substantially completed for 10 plants included in the first phase. Retendering for the execution of 10 LPG-Air Mix Plants on EPCC basis in first phase was also in progress. OGRA Construction Licenses for 7 LPG-Air Mix Plants in the first phase were also obtained.</p> <p>However, the Department remained unable to proceed further in the matter subsequent to the decision of the ECC of the Cabinet dated March 26, 2020 to shelve the installation of these projects.</p>
<b>Operations of 5 LPG-Air Mix Plants in Balochistan and Sindh</b>	<p><b>Objective / Goals:</b></p> <p>Safe and smooth operations of 5 LPG-Air Mix Plants in (Awaran, Gwadar, Noshki, Surab) Balochistan and (Kot Ghulam Muhammad) Sindh. Approximately, 5,870 M.Tons of LPG was consumed to produce 241,560 Nm<sup>3</sup> SNG which served 6,958 consumers.</p> <p><b>Progress Achieved:</b></p> <p>The LPG Air Mix plant at Awaran was commissioned successfully in August 2019. All LPG-air mix plants are being operated safely and smoothly through timely maintenance and proper management.</p>

## SSGC-LPG PRIVATE LIMITED (SLL)



SSGC-LPG (Pvt.) Ltd. (SLL) maintained profitable operations and earned historic Operating Profit of Rs. 324 million (FY 2018-19: Rs. 135 million). The Company, which is SSGC's subsidiary unit earned a net profit after taxation of Rs. 124 million (FY 2018-19: Rs. 26 million).

There has been a significant improvement in turnover of LPG sales which increased by more than double to Rs. 3,014 million (FY 2018-19: Rs.1,326 million) whereas Terminal sales were also increased to Rs. 620 million (FY 2018-19: Rs. 417m). Increase in LPG Sales is mainly due to the substantial increase in sales volume to the tune of 31,389 Metric Tons (FY 2018-19: 12,998 MT) including increase in market share in Packed and Bulk Sales to Marketing Companies.

The Company also gained its market share in Terminal Sales during the year which remained 46% (FY 2018-19: 42%).

During the year, the Company started importing its own LPG cargoes in February 2020 and by the end of FY

2019-20, four LPG parcels carrying 6,400 MT were imported. Own imports by SLL will not only increase its market share in LPG business but also the profitability of SLL along with its share in Sea Imports. With expected profitable performance the Company plans to restructure the Term Loan and will start the repayment of term loan owed to SSGC by the end of FY 2020-21.

The Company is hopeful to continue its profitable operations and grow its market share in the terminal business and that its LPG marketing business will further grow with improvement in its market share.

In long-term LPG market is expected to grow above the GDP growth rates in next 5 years and any shortfalls in local production shall continue to be met through imports. Within the LPG segment, the Company will continue to focus on expanding its reach in areas where piped gas is not available. The Company plans to increase its volumes by bulk trading which will also increase the terminal utilization.

## INFORMATION TECHNOLOGY

SSGC is continuously developing online systems and adopting latest technologies with automation and Digitization attributes for the primary objective of reducing UFG and facilitating the customers better. These automations and initiatives are for ease of doing business with cost and time savings and customer satisfaction being our primary motives.

During the year under review, one major technological achievement of the Company's IT Department was the commissioning of Integrated Contact Center with smart routing, recording, playback and automated sharing of billing information. Automations are further planned for customer's facilitation like online payment integration and automatic complaint registration through interactive voice response. Another milestone achieved is the development of Mobile Application with the provision for online payment and add-on features of current bill display and billing history at the fingertip. To counter UFG, "Report of Theft/Leakage" feature has also been embedded in the mobile application. Meter reading image is printed on the bill and intimation of the current

billing / payment through SMS is also started as add-on feature.

In order to keep the operations running during COVID pandemic, Work From Home (WFH) was also implemented for business critical application and the facility was extended to a huge number of business users and online conferencing tools were also used massively.

### Future Plan

IT security is a major challenge in the current year due to the ransomware attacks across the globe that has severely affected the online operations.

New technology initiatives are planned for the next year by offering efficient and easy to use online systems for payments and workflow implementation in order to remain at par with the current technology trends. Paperless environment is also one of the major priorities being considered in the coming years that would substantially cut cost and time.





## PROCUREMENT

During FY 2019-20, in addition to normal Procurement, the Company's Procurement department played a pivotal role for the timely procurement of Bare, PE Line pipe and allied materials for distribution projects required for Rehabilitation jobs and new schemes which were under progress. Despite COVID-19 pandemic, material was made readily available for UFG-related activities in the shortest possible time and all statutory requirements were fulfilled.

Procurement Division always strives to procure goods, services and works in a timely manner ensuring integrity, fairness and transparency by remaining within the PPRA Ambit.

The Department aims to remain focused in obtaining the best value for money by adopting PPRA Rules in true spirit and spirit and keep itself abreast for meeting any type of challenges for the accomplishment of distribution and transmission objectives.



A view of the Tender Room at the Company's Head Office

## INTERNAL AUDIT

SSGC's Internal Audit (IA) function is focused towards conducting assurance and consulting assignment in accordance with the Code of Corporate Governance, the International Standards for the Professional Practice of Internal Auditing and Standards for Information Systems Auditing issued by the Information Systems Audit and Control Association, ISACA. Chief Internal Auditor is leading the Department, who reports functionally to the Audit Committee of Directors and administratively to the Managing Director.

The Authority, Responsibility and Reporting relationships of the IA Activity are described in the Internal Audit Charter approved by the Audit Committee.

IA Code of Ethics has been devised to promote an ethical culture within the internal auditing team for the effective discharge of their duties. IA continuously adds value to the various company operations and processes by evaluating and improving the state of Risk Management, Controls and Governance processes.

All IA Assurance Services are undertaken as per Annual Audit Plan approved by the Audit Committee and consulting services are conducted as requested by the various levels of management. The Audit Plan for FY 2019-20 was effectively followed. Significant audit findings were reported to Audit Committee of Directors. Corrective actions resulted in improving controls, adding value to the organization and savings through improved efficiency of operations and optimum utilization of resources.



## HSE&QA



Health, Safety, Environment and Quality Assurance (HSE&QA) has been continually endeavoring to cultivate a culture of unconditional dedication throughout SSGC. In this regard, a comprehensive Integrated HSE&QA Management System, comprising Quality Management System, Environmental Management System, and Occupational Health and Safety Management System, has been implemented in all franchise areas.

The Company's IMS Certification for QMS:2015, EMS: 14001:2015 and OHSAS 45001:2018 were acquired for Transmission and Distribution system for sale of natural gas in Sindh and Baluchistan Province through 3<sup>rd</sup> Party M/s Bureau Veritas Certification.

Besides other incredible activities, HSE&QA also plays an instrumental role in broadening the aptitude of employees through interactive awareness and trainings.

HSEQA Department has initiated the concept of HSEQA passport. The purpose of HSEQA passport is to ensure that all SSGC personnel / employees can

easily identify potential hazards and rectify them. More than 1,500 employees have been trained and given HSEQA passport.

HSEQA Department also introduced Near-Miss through trainings to create awareness among the staff and employees and help in reporting near-miss activities.

For combating the menace of UFG, HSE&QA engineers frequently paid visits to vital installations including Town Border Stations, Pressure Reducing Stations, CP stations, and wall-mounted industrial and commercial meters to identify vulnerable points in relation to UFG. Moreover, technical specifications of service related parts (Service valve, Service Tee, Regulator, Swivel and Nut assembly, Meter Lock Cock etc.) have been reviewed and updated. Since parts inspection process at Development and Inspection shop is sample based, therefore in order to cope with substandard material, prequalification of vendors was completed that will substantially reduce quality issues with respect to pipe and its fittings.

HSEQA places all-out efforts to uphold quality related activities. Hence there is a plan to establish state-of-the-art Quality Assurance lab. Accordingly DI shop will be shifted to Dope yard, old testing equipment will be replaced with modern equipment / tool, automated test bench for regulators and conveyor belt will be installed. In addition to this, electrical safety audit of Head office and Karachi Terminal were conducted. Moreover, Technical audit in compliance with OGRA licensing condition 28.1 was carried out.

SSGC was conferred with the 15<sup>th</sup> EFP's Employer's Federation of Pakistan's Best Practices Award on account of good practices on Occupational Safety and Health in 2019. The Company was also the recipient of 16<sup>th</sup> NFEH Award on account of its excellent Environmental Conservation Practices and successful implementation of Environmental Management system.

The Company was also conferred with the 5<sup>th</sup> Professional Network Award 2019 for the third time on account of its efforts in environment, health and safety areas in Pakistan. SSGC was declared the winner in the Category of Health and Safety Risk Assessment and Control on account of its successful implementation of Environmental and Occupational Health Management system in the organization.

## REGULATION AND TARIFF

- SSGC successfully complied with Oil and Gas Regulatory Authority (OGRA) specified Performance and Service Standards and License Conditions for undertaking regulated activities of transmission, distribution and sale of natural gas.
- As per SSGC's license condition # 28, Technical Audit of the Company is required to be carried out after every 10 years. M/s. Bureau Veritas was appointed as a Technical Auditor for the 2<sup>nd</sup> Technical Audit. The Audit has been completed and the Audit Report was submitted to OGRA on July 15, 2019.

### For FY 2018-19

- The Company filed its amended petition on January 30, 2020 in which SSGC requested an increase of Rs. 111.84 per MMBTU.
- A Public Hearing for above was held on January 29, 2020 in Islamabad by OGRA. Subsequently on April 23, 2020 the Authority determined a shortfall of Rs. 87.21 per MMBTU against Rs. 111.84 per MMBTU claimed by SSGC.
- During the year, the Company filed its Motion for review petition against Determination of Final Revenue Requirements for FY 2017-18 on May 22, 2020 before OGRA in which SSGC requested an increase of Rs. 21.51 per MMBTU.
- The Authority conducted virtual hearing for the above which was held on November 23, 2020 and subsequently on January 26, 2021. The Authority determined a shortfall of Rs. 13.97 per MMBTU against Rs. 21.51 per MMBTU claimed by SSGC.

### For FY 2019-20

- The Company filed its petition for Estimated Revenue Requirement FY 2019-20 on November 30, 2018 in which SSGC requested an increase of Rs. 106.54 per MMBTU. Public hearings for the above were held on April 08, 2019 and April 10, 2019 in Karachi and Quetta respectively by the Authority. Subsequently on May 17, 2019 the Authority determined a shortfall of Rs. 89.82 per MMBTU against Rs. 106.54 per MMBTU claimed by SSGC.

- The Company filed its Motion for review petition on June 15, 2019 in which SSGC requested an increase of Rs. 36.07 per MMBTU.
- Public Hearing for the above was held on August 22, 2019 in Islamabad by OGRA. Subsequently on October 03, 2019, the Authority issued its determination against Motion for Review of estimated revenue requirement where the Authority states on page # 21, clause 6.32 that, "In view of the foregoing, the motion for review against the Authority determination of estimated revenue requirement for said year is hereby disposed off. However, financial impact adjustment as decided in preceding paras shall be allowed at the time of FRR based on the actual expenditures / capitalization for the said year."
- During the year under review, the Company filed its Review Petition against Determination of Estimated Revenue Requirements for FY 2019-20 on October 16, 2019 before OGRA in which SSGC requested an increase of Rs. 62.52 per MMBTU. The Petition was revised due to change in Cost of Gas and devaluation of rupees against US\$.
- Public Hearing for the above was held on November 20, 2019 at Karachi by OGRA. Subsequently on December 11, 2019, the Authority determined a shortfall of Rs. 21.54 per MMBTU against Rs. 62.52 per MMBTU claimed by SSGC.

### For FY 2020-21

- During the year, the Company filed its petition for Estimated Revenue Requirement FY 2020-21 on January 31, 2020, in which SSGC requested an increase of Rs. 138.43 per MMBTU. Subsequently, SSGC vide its letter May 12, 2020 submitted an amended petition requesting revised shortfall of Rs. 85.35 per MMBTU.
- Public Hearing for the above was held on June 25, 2020 in Karachi by OGRA. Subsequently on July 14, 2020, the Authority determined a surplus of Rs. 18.30 per MMBTU against Rs. 85.35 per MMBTU shortfall claimed by SSGC.

## HUMAN RESOURCE

The main focus in FY 2019-20 was to bring concrete reforms in Human Resource and Company by introducing an efficient organizational structure fulfilling the future business needs and accordingly, a strategy to fill vacant business critical positions through succession planning or by engaging experienced professionals from market. Special emphasis was given to training and development needs of human resource. Manpower assessment study was also initiated by engaging renowned HR consultant to complement the Company's initiatives. All these efforts were aimed to ensure sustainability by improving overall performance of the Company.

In pursuance to SSGC Board's agenda of Reforms in Human Resources, the Company engaged HR Consultant to carry out extensive Manpower Assessment Exercise. However, the progress remained slow due to repeated COVID lockdowns and working with reduced workforce. The Consultant was tasked to perform company workload analysis, evaluation of establishment positions, requirement of outsourced manpower, productivity analysis of outsourced manpower, identification of redundancies, overlapping, surplus / shortfall staff and to perform job evaluation of executive cadre positions.

The management also devised a comprehensive strategy, complementing manpower assessment exercise, with regard to Workforce Rationalization –

hiring only on business critical position, where in-house resource is not available, Capacity Building – training and development initiatives for in-house resources, and Succession Planning – cross functional rotation, job merging and promotions.

The Board approved organizational restructuring to improve efficiency in operations and to address existing and future challenges. As a part of restructuring, UFG Hub was established to have integrated and synergized strategy, to monitor and control UFG to ensure the Company's sustainability in the business.

Simultaneously, job description of all senior business critical positions were reviewed and approved by the SSGC Board keeping in view of future business requirement. The purpose was to select the most suitable and competent professional meeting the laid down criteria in Job Descriptions from within or outside the Company.

The Company also initiated an extensive program to provide trainings to unskilled unionized staff on skills required by the Company such as welding, pipe-fitting, instrumentation and mechanics. Upon completion of skilled training, individuals shall be referred for certification through reputable institute to ensure quality workmanship especially in UFG related activities / job. Despite COVID pandemic, repeated lockdowns and "work from home" arrangement for almost half a year, the Company arranged numerous sessions on UFG awareness and was able to achieve 88% of its training targets.



During the period under review, the HR Department extended full assistance to business managers and facilitated them to reduce UFG such as danger money and life insurance amount was reviewed for those who are working on forefronts of gas thefts raids endangering their lives in the line of duty, provided skilled based trainings and required resources through internal transfers / recruitment.

In coming years, Human Resources anchor the change management and transformation of SSGC by devising strategies for implementation of Manpower Assessment Exercise recommendation after soliciting approval from the Board of Directors.



## MEDICAL SERVICES



- Over the years, SSGC's Medical Services Department has been providing the most comprehensive health coverage to its employees. In FY 2019-20, the focus was on screening for early detection and timely intervention of disease and many reforms were implemented, wherever necessary.
- Before lock downs, health awareness programs and CMEs were conducted at all the medical centres of Karachi and upcountry, focusing on the most prevalent health issues of SSGC patients. Blood donation drive was also conducted in the head office medical centre in collaboration with Afzal Memorial Thalesemia Foundation, in which executive and employees actively participated after screening of their blood samples.
- To bring modifications in the existing medical policy of SSGC and to develop a bench mark, GM (Medical Services) along with Chief Manager / Upcountry Incharge visited Lahore and Islamabad to review the medical policies of energy sector companies. The medical team also visited PSO House in Karachi to review their medical policy.
- Company's doctors attended many seminars and workshops to remain abreast with updates and developments in the medical field.
- To provide medical assistance to the team of foreign engineers at HQ-Shikarpur, a doctor along with paramedical staff and a well-equipped ambulance

were deputed at the SITE as required by the P&D Department.

### Expansion in health care network

- To bring improvement in the medical system, new panels were also introduced, which included Jinnah Sind Medical University Laboratory and Blood Bank Karachi, Dr. Nadeem Zehra (Skin Specialist) Karachi, Bayview Hospital Karachi, Life Care Consultant Clinic Karachi, Royal Dental Specialist at Islamabad, Nadeem Medical Store, Dadu, Dr. Bhag Chand (Child Specialist) Hyderabad, Zainab Medical Store Thatta, Laser Sight Advanced Eye Clinic Hyderabad, A-One Medical Store Mehar, Dr. M. Hanif Memon (Retainer Doctor Thatta), Shah Dental Clinic Karachi, Balouch Medical Store Shahdakot, Babu Medical Store Jacobabad, Sanjay Medical Store Rato Dero and Hussaini Store Thatta.

### Activities during COVID-19 Pandemic

- Besides all above activities, the most commendable one is that the doctors, paramedics and the entire team of Medical Services Department delivered uninterrupted services in Karachi as well as in upcountry during the challenging situations of lock downs due to spread of COVID-19 Pandemic.
- Helpline numbers were introduced separately for Karachi and upcountry to respond the patients' queries regarding COVID-19. Comprehensive data of COVID-19 affected patients was also gathered and updated regularly to keep the senior management informed. Health Advisories were issued accordingly and SOPs were developed for security personnel and for the isolation of suspected cases. A 30-bedded isolation center was established at Karachi Terminal (KT) facility and through successful implementation of appropriate SOP, the spread of contagion in residential areas and offices in KT was effectively contained.
- As a result of close coordination and monitoring, the construction of Medical Center Hyderabad was completed and the center was shifted to newly constructed premises at Regional Office Hyderabad from a rented bungalow during the lock down in March 2020. Effective from March 31, 2020, SSGC patients are being facilitated from that state-of-the-art new medical centre.



## CORPORATE SOCIAL RESPONSIBILITY

Besides providing uninterrupted gas supply to its customers across its franchise areas of Sindh and Balochistan, SSGC being a responsible entity, regularly undertakes CSR-driven initiatives for which Company has been committed with a mindset and motivation to reach out to the lesser privileged communities. Over the years, the Company has dedicatedly invested in projects in the areas of education, healthcare, environment, noble cause and community development in its franchise areas provinces.

During the period under review, the Company continued to take initiatives under its vibrant Corporate Social Responsibility program and provided scholarships on merit and need basis at university level and also supported lesser privileged school students through provision of their annual academic expenses including the special children. Vocational training of school students was also supported along with setting up a computer laboratory for the handicapped students of a school imparting special education.

Financial support for annual running expenses of a primary school in interior Sindh along with procurement of some capital items was also extended. SSGC also provided financial assistance for equipping auditorium of a government-owned women college in Karachi by procurement of relevant articles and Teachers Training program was also supported. The Company took a new initiative by showcasing the rich talent of deaf students of two special education schools, exhibiting their marvelous paintings and handmade potteries in a largely attended literature festival of Karachi.

Supporting the yearly treatment expenses of Thalassaemic children was also managed along with provision of healthcare articles for the hospitals serving communities, absolutely without any charges. Continuing its past practice SSGC once again supported the last wishes of terminally ill children.

During the period under review, people world over combated with a deadly pandemic COVID-19 that played havoc with human lives. Truly sensing the gravity of the situation, SSGC once again rose to the occasion as it not only contributed a substantial amount

in Prime Minister's COVID Relief Fund but also provided financial assistance to hospitals and health-care institutions in its franchise provinces of Sindh and Balochistan that were offering free of charge COVID testing and isolation facilities for patients mostly belonging to the lesser privileged communities. During the strict lockdown, SSGC supported a local NGO for distributing ration packs to the marginalized communities in interior Sindh and also reached out to the unemployed media persons in its franchise areas by providing them ration packs through Karachi and Quetta Press Clubs.

Under its vibrant CSR program, the Company facilitated 11 such healthcare institutions spread over its franchise areas by helping them in procuring items and articles needed to fight this pandemic, such as CPAP Machine, Multi Parameter Monitor, protective gears for healthcare professionals, test kits, face masks, face shields, surgical gowns, gloves, caps, sanitizers and other relevant articles and also supported them in meeting their various expenses being incurred under COVID-19.

The healthcare institutions that were supported during this pandemic included Karachi's Field Isolation Centre, The Indus Hospital, Dr. Ruth Pfau Civil Hospital, Jinnah Postgraduate Medical Centre, Sindh Institute of Urology and Transplantation, Dow University of Health Sciences, Gambat Institute of Medical Sciences, Gambat, Shaheed Muhtarman Benazir Bhutto Medical University, Larkana, People's University of Medical and Health Sciences for Women, Nawabshah and Quetta's Bolan Medical Complex Hospital and Sandeman Provincial Hospital.



SSGC provided monetary support to SIUT for treating COVID-19 patients

# ACHIEVING STRATEGIC OBJECTIVES

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# CORPORATE GOVERNANCE

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▶ Corporate Governance	66
▶ Schedule I	68
▶ Schedule II	75
▶ Schedule III (I) Review Report to the Members	78



# CORPORATE GOVERNANCE

The Board gives prime importance on conducting its business in accordance with the best practices of corporate governance. The Directors spent quality time at Board and Committee meetings and in discussions with executives to ensure the presence of a strong and effective governance system.

## APPOINTMENT OF MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

During FY 2019-20 period, the process of appointment of regular MD / CEO was underway. During the said period, Mr. Muhammad Amin Rajput, DMD (F&A) / CFO was assigned with the acting charge of MD on May 5, 2020 in place of Mr. Mohammad Wasim, DMD (Operations).

## CASUAL VACANCY ON THE BOARD

- 1) Qazi Azmat Isa resigned on October 8, 2019.
- 2) EOGM was held on October 28, 2019 for the election of Directors. However, the number of candidates offered themselves for election were equal to the Directors to be elected. The following persons were elected unopposed as Directors:
  - i) Dr. Shamshad Akhtar
  - ii) Mr. Muhammad Raziuddin Menom
  - iii) Mr. Faisal Bengali
  - iv) Ms. Nida Rizwan Farid
  - v) Captain (Retd.) Fazeel Asghar
  - vi) Mr. Sher Afgan Khan
  - vii) Dr. Ahmed Mujtaba Memon
  - viii) Dr. Sohail Razi Khan
  - ix) Mr. Manzoor Ali Shaikh
  - x) Mr. Zuhair Siddiqui
  - xi) Mr. Ayaz Dawood
- 3) Mr. Sher Afgan Khan resigned on January 2, 2020 and Mr. Imran Ahmed filled the casual vacancy on the same date.

## COMPOSITION OF THE BOARD

The status of each Director on the Board, whether non-executive, executive or independent has been disclosed at the relevant portion of the Annual Report in accordance with the Public Sector Companies (Corporate Governance) Rules, 2013 and the Code of Corporate Governance (CCG) issued by the Securities and Exchange Commission of Pakistan.

## STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

SSGC being a listed Company, pursues highest standards of corporate governance to imbue value, efficiency and transparency in business dealings. The Company is a public sector enterprise and operates under the framework enshrined in the Public Sector Companies (Corporate Governance) Rules, 2013 and Code of Corporate Governance for the listed companies, whereby overall governance rests with the Board of Directors. Management is responsible for day-to-day operations, implementation of policies and disclosure requirements as envisaged in the Companies Act, Rules, Regulations and the relevant Governance Regulations. Specific statements to comply with requirements of the Code of Corporate Governance are as follows:

The financial statements prepared by the management present fairly its state of affairs, result of its operations, cash flows and changes in equity. Proper books of accounts of the Company have been maintained.

Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed. The Board has complied with the relevant



Description	2020	2019
Pension Fund - Executives	854,208*	1,102,679
Gratuity Fund - Executives	4,850,241	3,743,474
Pension Fund - Non-Executives	72,855	196,352
Gratuity Fund - Non-Executives	3,190,419	3,266,675
Provident Fund - Executives	4,412,916	3,900,834
Provident Fund - Non-Executives	4,135,876	3,661,455
Benevolent Fund - Executives	222,575	198,264

\*Rs. in Million

principles of corporate governance and has identified the rules that have not been complied with, the period in which such non-compliance continued and reasons for such non-compliance. A sound system of internal control is established and maintained which is regularly reviewed and monitored with ongoing efforts towards its further improvement. There are no doubts upon the Company's ability to continue as a going concern as further explained in note # 1.3 to the financial statements. The appointment of the Chairperson and other members of the Board and terms of their appointment along with the remuneration policy adopted are in the best interests of the Company as well as in line with the best practices.

Disclosure on remuneration of Chief Executive, Directors and executives is given on page 161 of this Annual Report.

There has been no material departure from the best practices of corporate governance as detailed in the listing regulations. Information about outstanding taxes and levies is given in the notes to the financial statements. Details of the value of investments by the funds based on respective audited financial statements as at June 30, 2020 are given in the above table.

Number of Board and its Committee meetings held during the year and attendance by each Director has been disclosed at the relevant section of the Annual Report. Leave of absence was granted to Directors who were unable to attend meetings.

A statement of the Pattern of Shareholding in the Company as on June 30, 2020 of certain classes of shareholders whose disclosure is required under the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, along with the statement of purchase and sale of shares by Directors, executives and their minor children during the year is shown on page 286 of the Annual Report.

## AUDITORS

The present auditors M/s. BDO Ebrahim & Co., Chartered Accountants retire and being eligible, have offered themselves for re-appointment.

## DIVIDENDS

Due to losses and negative equity of the Company, no dividend has been recommended by the Board.

## STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

### SCHEDULE I

**NAME OF THE COMPANY: SUI SOUTHERN GAS COMPANY LIMITED**  
**NAME OF THE LINE MINISTRY: MINISTRY OF ENERGY (PETROLEUM DIVISION)**  
**FOR THE YEAR ENDED: JUNE 30, 2020**

- I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called “the Rules”) issued for establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.
- II. The Company has complied with the provisions of the Rules in the following manner:

Sr. #	Provision of the Rules	Rule #	Y	N																
			Tick the relevant box																	
1.	The independent Directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																	
2.	<div>                     The Board has at least one-third of its total members as Independent Directors. At present the Board includes:                     <table> <tr> <th>Category</th> <th>Names</th> <th>Date of Appointment</th> </tr> <tr> <td rowspan="6">Independent Directors</td> <td>1. Mr. Muhammad Raziuddin Monem</td> <td>23-Apr-19</td> </tr> <tr> <td>2. Mr. Faisal Bengali</td> <td>23-Apr-19</td> </tr> <tr> <td>3. Ms. Nida Rizwan Farid</td> <td>23-Apr-19</td> </tr> <tr> <td>4. Dr. Sohail Razi Khan</td> <td>28-Oct-19</td> </tr> <tr> <td>5. Mr. Zuhair Siddiqui</td> <td>28-Oct-19</td> </tr> <tr> <td>6. Mr. Ayaz Dawood</td> <td>28-Oct-19</td> </tr> </table> </div>	Category	Names	Date of Appointment	Independent Directors	1. Mr. Muhammad Raziuddin Monem	23-Apr-19	2. Mr. Faisal Bengali	23-Apr-19	3. Ms. Nida Rizwan Farid	23-Apr-19	4. Dr. Sohail Razi Khan	28-Oct-19	5. Mr. Zuhair Siddiqui	28-Oct-19	6. Mr. Ayaz Dawood	28-Oct-19	3(2)	✓	
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	<table><tr><td rowspan="5">Non-Executive Directors</td><td>7. Dr. Shamshad Akhtar</td><td>23-Apr-19</td></tr><tr><td>8. Mr. Imran Ahmed</td><td>02-Jan-20</td></tr><tr><td>9. Capt. (Retd.) Fazeel Asghar</td><td>28-Oct-19</td></tr><tr><td>10. Mr. Manzoor Ali Shaikh</td><td>7-Jan-19</td></tr><tr><td>11. Dr. Ahmed Mujtaba Memon</td><td>23-Apr-18</td></tr><tr><td>Executive Directors</td><td>12. Mr. M. Amin Rajput</td><td>05-May-20</td></tr></table>	Non-Executive Directors	7. Dr. Shamshad Akhtar	23-Apr-19	8. Mr. Imran Ahmed	02-Jan-20	9. Capt. (Retd.) Fazeel Asghar	28-Oct-19	10. Mr. Manzoor Ali Shaikh	7-Jan-19	11. Dr. Ahmed Mujtaba Memon	23-Apr-18	Executive Directors	12. Mr. M. Amin Rajput	05-May-20			
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Executive Directors	12. Mr. M. Amin Rajput	05-May-20																
3.	The Directors have confirmed that none of them is serving as a Director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓															
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	N/A															
5.	The Chairperson of the Board is working separately from the Chief Executive of the Company.	4(1)	✓															
6.	The Chairperson has been elected by the Board of Directors except where Chairperson of the Board has been appointed by the Government.	4(4)	✓															
7.	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✓															
8.	(a) The Company has prepared a “Code of Conduct” to ensure that professional standards and corporate values are in place.  (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company’s website. www.ssgc.com.pk  (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓  ✓  ✓															

9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5)(b)(vi)	✓	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	✓	
13.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	✓	
14.	The Board has developed a vision or mission statement and corporate strategy of the Company.	5(6)	✓	
15.	The Board has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates, on which they were approved or amended, has been maintained.	5(7)	✓	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and have submitted its request for appropriate compensation to the Government for consideration.	5(8)	N/A	
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	
18.	(a) The Board has met at least four times during the year.	6(1)	✓	
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	✓	
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	✓	
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	✓	



20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓																						
21.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.  (b) In case of listed PSCs, the Board has prepared half-yearly accounts and undertaken limited scope review by the auditors.  (c) The Board has placed the annual financial statements on the Company’s website.	10	✓  ✓	✓																					
22.	All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	11	✓																						
23.	(a) The Board has formed the requisite Committees, as specified in the Rules.  (b) The Committees were provided with written Term of Reference defining their duties, authority and composition.  (c) The minutes of the meetings of the Committees were circulated to all the Board members.  (d) The Committees were chaired by the following Non-Executive Directors: <table><thead><tr><th>Category</th><th>Number of members</th><th>Name of Chair</th></tr></thead><tbody><tr><td>Board Audit Committee</td><td>6</td><td>Mr. Faisal Bengali</td></tr><tr><td>Board Risk Management, Litigation and HSE&amp;QA Committee</td><td>6</td><td>Mr. Muhammad Raziuddin Monem</td></tr><tr><td>Board Human Resource and Remuneration Committee</td><td>7</td><td>Dr. Shamshad Akhtar</td></tr><tr><td>Board Finance and Procurement Committee</td><td>6</td><td>Dr. Ahmed Mujtaba Memon</td></tr><tr><td>Board Nomination Committee</td><td>6</td><td>Dr. Shamshad Akhtar</td></tr><tr><td>Board Special Committee on UFG</td><td>7</td><td>Dr. Shamshad Akhtar</td></tr></tbody></table>	Category	Number of members	Name of Chair	Board Audit Committee	6	Mr. Faisal Bengali	Board Risk Management, Litigation and HSE&QA Committee	6	Mr. Muhammad Raziuddin Monem	Board Human Resource and Remuneration Committee	7	Dr. Shamshad Akhtar	Board Finance and Procurement Committee	6	Dr. Ahmed Mujtaba Memon	Board Nomination Committee	6	Dr. Shamshad Akhtar	Board Special Committee on UFG	7	Dr. Shamshad Akhtar	12(1)   12(2)	✓  ✓  ✓	
Category	Number of members	Name of Chair																							
Board Audit Committee	6	Mr. Faisal Bengali																							
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24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓	
25.	The Chief Financial Officer and the Company Secretary have requisite qualifications prescribed in the Rules.	14	✓	
26.	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of Section 225 of the Act.	16	✓	
27.	The Directors' Report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓	
28.	The Directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.	18	✓	
29.	(a) A formal and transparent procedure for fixing the remuneration packages of Individual Directors has been set in place and no Director is involved in deciding his own remuneration.	19	✓	
	(b) The Annual Report of the Company contains criteria and details of remuneration of each Director.		✓	
30.	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer before consideration and approval of the Audit Committee and the Board.	20	✓	

31.	<p>The Board shall establish an Audit Committee, whose members shall be financially literate and majority of them, including its Chairperson, shall be Independent Non-Executive Directors, subject to the provisions of sub-rule (2) of rule 12. The names of members of the Audit Committee shall be disclosed in each annual report of the Public Sector Company.</p> <p>The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members:</p>	21(1)	✓																						
	<table><tr><th>Name of Member</th><th>Category</th><th>Professional Background</th></tr><tr><td>Mr. Faisal Bengali</td><td>Independent Director</td><td>MBA</td></tr><tr><td>Mr. Imran Ahmed</td><td>Non-Executive Director</td><td>MSc</td></tr><tr><td>Dr. Sohail Razi Khan</td><td>Independent Director</td><td>PhD</td></tr><tr><td>Dr. Ahmed Mujtaba Memon</td><td>Non-Executive Director</td><td>MBBS, MA (Economics)</td></tr><tr><td>Mr. Ayaz Dawood</td><td>Independent Director</td><td>MBA</td></tr><tr><td>Mr. Manzoor Ali Shaikh</td><td>Non-Executive Director</td><td>B.E (Civil)</td></tr></table>	Name of Member	Category	Professional Background	Mr. Faisal Bengali	Independent Director	MBA	Mr. Imran Ahmed	Non-Executive Director	MSc	Dr. Sohail Razi Khan	Independent Director	PhD	Dr. Ahmed Mujtaba Memon	Non-Executive Director	MBBS, MA (Economics)	Mr. Ayaz Dawood	Independent Director	MBA	Mr. Manzoor Ali Shaikh	Non-Executive Director	B.E (Civil)	21(2)	✓	
	Name of Member	Category	Professional Background																						
	Mr. Faisal Bengali	Independent Director	MBA																						
	Mr. Imran Ahmed	Non-Executive Director	MSc																						
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	Mr. Ayaz Dawood	Independent Director	MBA																						
Mr. Manzoor Ali Shaikh	Non-Executive Director	B.E (Civil)																							
<p>The Chief Executive and Chairperson of the Board are not members of the Audit Committee.</p>																									
32.	(a) The Chief Financial Officer, the Chief Internal Auditor, and a representative of the external auditors attended all meetings of the Audit Committee at which issues relating to accounts and audit were discussed.	21(3)	✓																						
	(b) The Audit Committee met the external auditors, at least once a year, without the presence of the Chief Financial Officer, the Chief Internal Auditor and other executives.		✓																						
	(c) The Audit Committee met the Chief Internal Auditor and other members of the internal audit function, at least once a year, without the presence of Chief Financial Officer and the external auditors.		✓																						

33.	<p>(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee.</p> <p>(b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules.</p> <p>(c) The internal audit reports have been provided to the external auditors for their review.</p>	22	<p>✓</p> <p>✓</p> <p>✓</p>	
34.	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓	
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓	



## SCHEDULE II

### EXPLANATION FOR NON-COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

Sr. #	Rule /sub-rule / regulation #	Rule / sub-rule / observation	Reasons for non-compliance	Future course of action
1.	8(1)	The Government has not carried out any performance evaluation of the members of the Board.	—	—
2.	10(a)	The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	The reason for non-finalization of quarterly, half yearly and delay in finalization of annual accounts are appropriately communicated to SECP and PSX.	Noted for compliance
3.	12(2)	The Board Committees shall be chaired by Non-executive Directors. However, the Independent Directors in the Committees shall not be less than their proportionate strength. This requirement has not been complied by the Company as at June 30, 2020 in Board Human Resource and Remuneration Committee.	Requirement of Rule has been noted for future compliance. Subsequently, the non-compliance has been addressed.	Noted for compliance

#### Additional Disclosures as required under Listed Companies (Code of Corporate Governance) Regulations, 2019:

- a. The total number of Directors is 12 including Chief Executive Officer (Acting) being a deemed Director as per the following:
  - i) Male: 10 members
  - ii) Female: 2 members
- b. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and regulations.

- c. The Company is complying with Code of Corporate Governance regarding Directors Training Program.
- d. The Audit Committee meet at least once in every quarter of the financial year as per the requirement of CCG 2019.
- e. The meetings of the Board were presided over by the Chairperson and, in her absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulation of minutes of meeting of Board.
- f. The Board has formed Committees comprising members given below:

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE	BOARD SPECIAL COMMITTEE ON UFG	BOARD RISK MANAGEMENT, LITIGATION AND HSEQA COMMITTEE	BOARD FINANCE AND PROCUREMENT COMMITTEE	BOARD AUDIT COMMITTEE	BOARD NOMINATION COMMITTEE
Dr. Shamshad Akhtar	Dr. Shamshad Akhtar	Mr. Muhammad Raziuddin Monem	Dr. Ahmed Mujtaba Memon	Mr. Faisal Bengali	Dr. Shamshad Akhtar
Mr. Muhammad Raziuddin Monem	Mr. Faisal Bengali	Ms. Nida Rizwan Farid	Ms. Nida Rizwan Farid	Dr. Ahmed Mujtaba Memon	Mr. Muhammad Raziuddin Monem
Dr. Ahmed Mujtaba Memon	Ms. Nida Rizwan Farid	Capt. (Retd.) Fazeel Asghar	Mr. Ayaz Dawood	Dr. Sohail Razi Khan	Dr. Ahmed Mujtaba Memon
Dr. Sohail Razi Khan	Capt. (Retd.) Fazeel Asghar	Mr. Ayaz Dawood	Dr. Sohail Razi Khan	Mr. Imran Ahmed	Mr. Manzoor Ali Shaikh
Mr. Manzoor Ali Shaikh	Mr. Imran Ahmed	Mr. Manzoor Ali Shaikh	Mr. Zuhair Siddiqui	Mr. Ayaz Dawood	Mr. Faisal Bengali
Capt. (Retd.) Fazeel Asghar	Dr. Sohail Razi Khan	Mr. Zuhair Siddiqui	Mr. Imran Ahmed	Mr. Manzoor Ali Shaikh	Mr. Imran Ahmed
Mr. Imran Ahmed	Mr. Zuhair Siddiqui				

g. The frequency of meetings (yearly) of the Committee's was as per following:

COMMITTEE'S NAME	FREQUENCY OF MEETINGS (YEARLY)
Board Human Resource and Remuneration Committee	06
Board Special Committee on UFG	09
Board Risk Management, Litigation and HSE&QA Committee	08
Board Finance and Procurement Committee	08
Board Audit Committee	10
Board Nomination Committee	08

- h. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- i. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- j. We confirm that all other material principles enshrined in the CCG have been complied with.



**Dr. Shamshad Akhtar**  
Chairperson, Board of Directors



**Imran Maniar**  
Managing Director / CEO

## SCHEDULE III (I)

### REVIEW REPORT TO THE MEMBERS ON THE STATEMENTS OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (CCG) and Public Sector Companies (Corporate Governance) Rules, 2013 (the rules) (both herein referred to as 'Codes') prepared by the Board of Directors of Sui Southern Gas Company Limited for the year ended June 30, 2020 to comply with the requirements of the Pakistan Stock Exchange Limited where the company is listed and the provisions of Public Sector Companies (Corporate Governance) Rules 2013.

The responsibility for compliance with the Codes is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Codes. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Codes.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Codes require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended June 30, 2020.

Further, we highlight below instances of non-compliance with the requirement of the Codes as reflected in the note / paragraph reference where it / these is / are stated in the Statement of Compliance:

Sr. #	Rule/ Regulation	Description
1.	8(1)	No performance evaluation was carried out by the Government of the Board members including the Chairperson and Chief Executive.
2.	10(1)	The quarterly and half yearly financials were not approved within the stipulated time, i.e. within one month from closing.
3.	12(2)	The proportionate strength of Independent Director is not maintained in the committees namely Human Resource and Remuneration Committee and Nomination Committee.

April 28, 2022  
Karachi

  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Zulfikar Ali Causer



# FINANCIAL STATEMENTS

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# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SUI SOUTHERN GAS COMPANY LIMITED

### REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

#### Qualified opinion

We have audited the annexed unconsolidated financial statements of Sui Southern Gas Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2020, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

#### Basis for qualified opinion

1. As disclosed in notes 30.1 and 30.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 33,415 million and Rs. 24,332 million from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML), respectively. Significant portion of such receivables include overdue amounts, which have been considered good by management and classified as current assets in the unconsolidated financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances due to which management has decided to recognise LPS on a receipt basis from the aforesaid entities effective from July 01, 2012.

Due to the adverse operational and financial conditions of PSML, disputes by KE and PSML with the Company on LPS, and large accumulation of their respective overdue amounts, we were unable to determine the extent to which the total amounts due from KE and PSML were likely to be recovered and the timeframe over which such recovery will be made;

2. As disclosed in note 33 to the unconsolidated financial statements, interest accrued includes interest receivable of Rs. 8,685 million and Rs. 4,391 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA), respectively. These have been accounted for in line with Company's policy of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to dispute with WAPDA, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered and the timeframe over which such recovery will be made.
3. On April 30, 2018, The International Court of Arbitration decided against the Company in the case with Habibullah Coastal Power Company (Private) Limited (HCPCL) and imposed liquidated damages amounting to Rs. 4,158 million. Prior to the decision, the Economic Coordination Committee (ECC) through its meeting held on February 07, 2018 had proposed waiver of liquidated damages and directed Ministry of Energy - Petroleum Division to work out modalities in consultation with all stakeholders. Based on that decision, management has recognised a receivable of Rs. 4,158 million from HCPCL as disclosed in note 34 to the unconsolidated financial statements. However, no agreement has been finalized to date between the relevant stakeholders. In the absence of the agreement, there is no contractual right to receive cash or financial asset from HCPCL and the requirements of IFRS 9 'Financial Instruments' are not met.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the unconsolidated financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Emphasis of Matter

Without further modifying our opinion, we draw attention to the following:

1. Note 20 to the unconsolidated financial statements that describe that the Company is subject to various material litigations and claims involving different courts. The outcome of these cases is uncertain and beyond management's control;
2. Note 1.3 to the unconsolidated financial statements which states that in view of the financial position of the Company, the Government of Pakistan (Finance Division) has confirmed to extend necessary financial support to the Company for the foreseeable future to maintain its going concern status. Hence, the sustainability of the future operations of the Company is dependent on the said support.
3. Note 19.1 to the unconsolidated financial statements that describes that the Company has reversed the late payment surcharge (LPS) expense of Rs. 26,222 million on delayed / payables pertaining to gas supplied by Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) with effect from July 01, 2012 to June 30, 2016 and not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019 and June 30, 2020 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million and Rs. 26,335 million, respectively, for reasons described in the said note; and
4. Note 2.1.1 to the unconsolidated financial statements that describes the reasons why the Company has staggered losses, due to the effect of Sindh High Court decision, based on the permission received from the ECC, Securities and Exchange Commission of Pakistan (SECP) and the Oil and Gas Regulatory Authority (OGRA).

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1	<b>REVENUE</b>	
	<p>The Company's total revenue is amounting to Rs. 290,240 million, which is predominantly generated from sales of indigenous gas, representing a significant element of the unconsolidated financial statements as disclosed in note 37, 38 and 39.</p> <p>Revenue includes sales of indigenous gas to the customers under an agreement based on single performance obligation satisfied over time, whereas progress of the performance obligation is measured using the output method, by an amount representing volume of natural gas delivered as metered monthly in arrears, that may include estimates for provisional billing and passing-unregistered-gas, at the various rates prescribed by the OGRA and Gas Development Surcharge and RLNG differential margin which are calculated as per OGRA Ordinance, 2002 and Final Revenue Requirement issued by the OGRA.</p> <p>As such, revenue recognition is not an area of significant risk for our audit but does require significant time and resource to audit due to its magnitude.</p> <p>The risk of material misstatement was considered significant due to high control risk on completeness and accuracy of revenue and high inherent risk of fraud on existence of revenue.</p>	<p>We performed a range of audit procedures in relation to revenue including the following:</p> <ul style="list-style-type: none"> <li>■ obtained understanding of the process for recognition of revenue and considered the appropriateness of the Company's revenue recognition accounting policies as per requirement of applicable financial reporting framework;</li> <li>■ tested the design and operating effectiveness of key controls in relation to the recognition of revenue;</li> <li>■ performed test of details on revenue recognized during the year, on a sample basis, inspected meter reading documents, sales agreement, gas bills and rates from OGRA Notification;</li> <li>■ obtained and examined the Final Revenue Requirement issued by the OGRA and checked that Gas Development Surcharge is as per the revenue requirement; and</li> <li>■ assessed the adequacy of the disclosures made in respect of revenue in accordance with the financial reporting standards.</li> </ul>

S. No	Key audit matters	How the matter was addressed in our audit
	In view of the significance of revenue and high assessed risk of material misstatement revenue is considered as key audit matter.	

S. No	Key audit matters	How the matter was addressed in our audit
2	<b>POTENTIAL RISK RELATING TO DETECTING IRREGULARITIES INCLUDING FRAUD</b>	
	<p>A large part of the Company's business is characterized by dealing in significant contracts with customers, suppliers and vendors. The processes and procedures associated with these activities are highly susceptible to the risk of irregularities including fraud.</p> <p>Information communication is appropriately made organization-wide relating to Business Principles and Ethics Policy (BPEP) by the management, whereas its violations are regarded as misconduct and any severe breaches of this policy can lead to fines, penalties, commercial litigation, criminal prosecution etc. to the Company.</p> <p>BPEP addresses conflict of interest, confidentiality, inducement payments, relationship and dealings with government officials and other parties, and receiving gifts etc.</p> <p>The Company has approved policies, such as whistle blowing policy and use of third party whistle blowing service which states that management of SSGC is committed to the highest possible standards for openness, probity and accountability and the policy is intended to:</p> <ul style="list-style-type: none"> <li>■ to report suspected or actual occurrence of illegal, unethical or inappropriate events; and</li> <li>■ to provide an avenue to raise concerns in line with the Company's commitment to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication.</li> </ul> <p>In common with all audits under ISAs, we are also required to perform specific procedures to respond to the risk of management override of controls.</p>	<p>Our procedures to respond to risks identified in assessing risks of material misstatement in respect of irregularities, including fraud, included the following:</p> <ul style="list-style-type: none"> <li>■ enquired from management and in-house legal counsel concerning actual and potential fraud or suspected frauds irregularities; reviewed the Audit Committee minutes;</li> <li>■ performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and</li> <li>■ read minutes of meetings of those charged with governance, internal audit reports and reviewing correspondence with relevant regulatory authorities.</li> <li>■ In addressing the risk of irregularities including fraud through management override of controls our procedures included: <ul style="list-style-type: none"> <li>+ made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;</li> <li>+ performed data analysis, we selected and tested journal entries and other adjustments made at the end of a reporting period or which identified activity that exhibited certain characteristics of audit interest;</li> <li>+ assessed whether the judgements made in making accounting estimates are indicative of a potential bias, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;</li> <li>+ performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and</li> <li>+ considered whether there were any significant transactions that are outside the normal course of business, or that otherwise appear to be unusual due to their nature, timing or size.</li> </ul> </li> <li>■ We also communicated potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud throughout the audit.</li> </ul>



S. No	Key audit matters	How the matter was addressed in our audit
<b>3</b>	<b>IT SYSTEM AND CONTROLS</b>	
	<p>We focused on this area because the Company's billing system i.e. Oracle Customer Care &amp; Billing (CC&amp;B) and financial accounting and reporting system i.e. Oracle E-business Suite are having complex configuration and operations with access controls and separation of duties where both applications transfer data through an interface from CC&amp;B system to Oracle General Ledger Module for customers and similarly from CC&amp;B system to Oracle Payable Module for contractors payments and there is a challenge that key automated accounting procedures and related IT enabled and other manual controls are designed appropriately and operating effectively.</p> <p>The financial controls accompanied by relevant IT controls, process and procedures across the Company are focused on ensuring that internal control over financial reporting in place are robust and reliable.</p> <p>The effectiveness of the Company's IT controls was important to our audit since we had planned to apply an audit approach with reliance on IT system and controls.</p>	<p>Our audit addressed this area as below:</p> <ul style="list-style-type: none"> <li>■ assessed overall IT control environment of the Company including meetings with IT management department and reviewed governance model as part of review of IT general controls;</li> <li>■ reviewed the IT organization-wide automated and manual controls over program development and changes, access to programs and data and over critical IT operations, including compensating controls where required;</li> <li>■ reviewed mechanism of data transfer interface and data transfer protocols and procedures to assess the integrity and completeness such data transfer and controls for reliability of output;</li> <li>■ Where necessary we also carried out direct tests of certain aspects of the security of the Company's IT systems including access management and separation of duties; and</li> <li>■ assessed and tested the design and operating effectiveness of the controls over the integrity and reliability of the IT systems that are relevant to financial reporting.</li> </ul> <p>The combination of the tests of the controls and the direct tests that we carries out gave us sufficient evidence to enable us to rely on the continued and proper operation of the Company's IT systems for the purpose of our audit.</p>
<b>4</b>	<b>CONTINGENCIES IN RESPECT OF CLAIMS AND LITIGATIONS</b>	
	<p>As disclosed in note 20 of the unconsolidated financial statements, the Company is faced with claims and litigations resulting in contingencies primarily for cases in respect of legal (customers, vendors, employees and with third parties), sales tax and income tax matters, which are pending adjudication at various legal and taxation forums available.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of relevant laws, rules and regulations, probability of outcome and financial impact, if any, for recognition, measurement and disclosure of any related provision or any other element of unconsolidated financial statements.</p> <p>The Company updated the legal positions with the use of internal legal and tax advisors and external legal and tax experts where applicable.</p>	<p>Responded with a number of procedures, which included among other, as described below, and we:</p> <ul style="list-style-type: none"> <li>■ assessed and tested the design and operating effectiveness of the controls over the identification and reporting cases in respect of legal, sales and income tax matters. We determined that we could rely on these controls, and examined more material provisions in detail and sought additional evidence.</li> <li>■ obtained list of cases and reviewed the details of significant pending cases with respect to legal (customers, vendors, employees and with third parties), sales tax and income tax matters and discussed the same with the management;</li> <li>■ followed the progress of significant cases and the Company's estimate of the cost to be incurred and judgements in respect of the existence of any potential present obligations;</li> </ul>

S. No	Key audit matters	How the matter was addressed in our audit
	<p>Due to significance of amounts involved, inherent subjectivity and uncertainties with respect to the outcome of such cases and positions, use of significant management judgments and estimates to assess the same including related financial impacts hence, we considered contingencies relating to claims and litigations with respect to legal, sales tax and income tax matters, a key audit matter.</p>	<ul style="list-style-type: none"> <li>■ reviewed the key elements of the methodology employed by management in challenging reasonableness of the cost estimates;</li> <li>■ considered the impact on future case costs from changes arising in the regulatory environment;</li> <li>■ obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year;</li> <li>■ checked orders by relevant authority on previous lawsuits / cases appearing in the unconsolidated financial statements;</li> <li>■ obtained legal advice on the above cases with the legal advisors to ensure that the any outflow is possible and not probable.</li> <li>■ In respect of one claim, the Company used the exemption as allowed in paragraph 92 of IAS 37 which allows that disclosures may be limited where this might prejudice the position of the Company while we assessed the specific circumstances that allow the use of this exemption; and</li> <li>■ assessed the adequacy of the disclosures made in respect of contingencies in accordance with the financial reporting standards.</li> </ul>
5	<b>FIRST TIME ADOPTION OF IFRS 16 "LEASES"</b>	
	<p>As disclosed in note 3.1.1 to the unconsolidated financial statements, IFRS 16 "Leases" has become effective for the current year. The standard has introduced a new accounting model for operating lease contracts from the standpoint of a lessee. As per the new requirements, the Company is required to recognize right of use assets for leased assets and liabilities for the lease payments over the lease term.</p> <p>The impacts of the adoption of the standard are disclosed in note 3.1.1 to the unconsolidated financial statements.</p> <p>The application of the new standard requires management to make significant estimates and judgements in relation to determination of lease term and appropriate discount rate for measurement of lease liability.</p> <p>We considered this as a key audit matter due to the first time adoption of IFRS-16, its consequential accounting change and the involvement of significant management judgements in respect of the first time application of the new standard.</p>	<p>Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have:</p> <ul style="list-style-type: none"> <li>■ evaluated the appropriateness of the new accounting policies for recognition of lease contracts and their measurement in the unconsolidated financial statements;</li> <li>■ corroborated the completeness of the leases identified by the management by reviewing the reconciliations of leases with list of premises in the use of the Company and reviewing the rent expense ledgers for the year;</li> <li>■ performed independent checks of lease accounting computations for a sample of lease contracts through reperformance of such computations and tracing the terms with the relevant contracts;</li> <li>■ evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease term; and</li> <li>■ evaluated the adequacy of disclosures made regarding the application of the standard and its impact on the unconsolidated financial statements of the Company for the year.</li> </ul>

S. No	Key audit matters	How the matter was addressed in our audit
6	<b>EMPLOYEE BENEFITS OBLIGATION</b>	
	<p>As disclosed in note 10 and 18 to the unconsolidated financial statements, the Company operates various defined benefit plans. The Company's obligation in respect of these plans as at June 30, 2020 aggregated to Rs. 9,302 million.</p> <p>Valuation of these plans requires significant level of judgment and technical expertise to select appropriate valuation assumptions. Changes in the key assumptions (discount rate, salary increase and retirement age etc.) may have a material impact on the calculation of these obligations, under the plans.</p> <p>We identified this area as a key audit matter because of significant estimation, uncertainty and use of management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>■ We assessed competence and objectivity of the actuaries engaged by the Company to value obligations under the plans and reviewed the actuarial valuation reports to understand the basis and methodology used for such valuation.</li> <li>■ We tested data provided by the Company to actuaries for the purpose of valuation.</li> <li>■ We reviewed the adequacy of the related disclosures in the unconsolidated financial statements in accordance with applicable financial reporting framework.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the effects of the matter described in basis for qualified opinion section of our report:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);



- b) The unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### Other matter

The unconsolidated financial statements of the Company for the year ended June 30, 2019, were audited by another firm of Chartered Accountants, who vide their report dated July 14, 2021 issued a modified opinion.

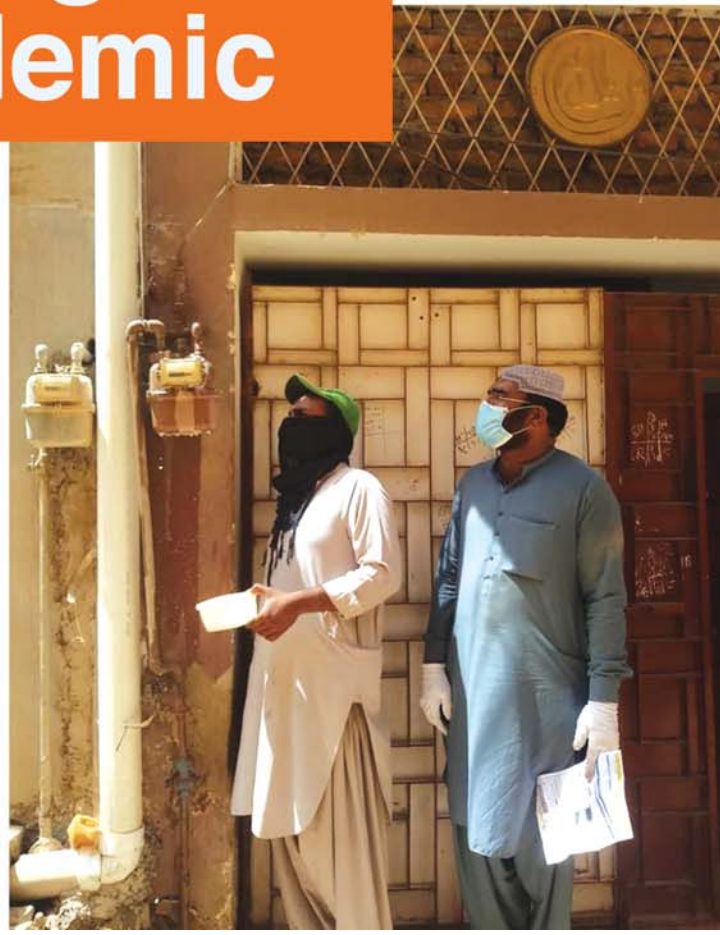
The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

**KARACHI**  
**DATED: April 28, 2022**

  
**BDO EBRAHIM & CO.**  
**CHARTERED ACCOUNTANTS**



# Braving the Pandemic



## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

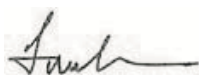
As at June 30, 2020

	Note	2020 (Rupees in '000)	2019
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
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	5	8,809,163	8,809,163
Reserves	6	4,907,401	4,907,401
Surplus on re-measurement of FVTOCI securities		143,490	199,621
Surplus on revaluation of property, plant and equipment	7	24,347,314	21,043,031
Accumulated losses		(61,897,994)	(42,981,531)
		23,690,626	(8,022,315)
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	8	29,087,535	36,919,543
Long term deposits	9	20,339,702	17,559,361
Employee benefits	10	5,096,484	5,847,259
Obligation against pipeline	11	820,255	879,331
Deferred credit	12	4,604,521	4,844,471
Contract liabilities	13	6,197,498	4,402,391
Lease liability	14	105,235	-
Long term advances	15	2,968,518	3,070,033
<b>TOTAL NON-CURRENT LIABILITIES</b>		69,219,748	73,522,389
<b>CURRENT LIABILITIES</b>			
Current portion of long term financing	16	8,086,064	9,837,805
Short term borrowings	17	14,979,552	16,294,237
Trade and other payables	18	521,363,559	417,608,590
Current portion of obligation against pipeline	11	59,075	54,014
Current portion of deferred credit	12	432,236	394,735
Current portion of contract liabilities	13	192,203	166,933
Current portion lease liability	14	117,409	-
Unclaimed dividend		285,430	285,434
Interest accrued	19	17,442,056	17,881,425
<b>TOTAL CURRENT LIABILITIES</b>		562,957,584	462,523,173
<b>TOTAL LIABILITIES</b>		632,177,332	536,045,562
<b>TOTAL EQUITY AND LIABILITIES</b>		608,486,706	528,023,247
<b>CONTINGENCIES AND COMMITMENTS</b>	20		


The annexed notes 1 to 60 form an integral part of these unconsolidated financial statements.



Dr. Shamshad Akhtar  
Chairperson



Imran Maniar  
Managing Director




Muhammad Amin Rajput  
Chief Financial Officer


# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020


	Note	2020 (Rupees in '000)	2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	21	134,346,216	129,720,492
Intangible assets	22	2,079	21,413
Right of use assets	23	221,352	-
Long term investments	24	1,180,018	1,236,149
Net investment in finance lease	25	131,135	188,949
Long term loans and advances	26	180,062	184,039
Long term deposits		19,104	18,801
<b>TOTAL NON-CURRENT ASSETS</b>		<b>136,079,966</b>	<b>131,369,843</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	27	2,716,971	2,363,680
Stock-in-trade	28	2,105,878	1,799,292
Current maturity of net investment in finance lease	25	57,814	57,814
Customers' installation work-in-progress	29	241,566	211,349
Trade debts	30	91,808,904	84,156,885
Loans and advances	31	1,989,598	2,184,117
Advances, deposits, and short term prepayments	32	699,192	202,441
Interest accrued	33	15,112,554	13,110,415
Other receivables	34	337,782,168	272,693,110
Taxation - net	35	19,192,406	19,536,007
Cash and bank balances	36	699,689	338,294
<b>TOTAL CURRENT ASSETS</b>		<b>472,406,740</b>	<b>396,653,404</b>
<b>TOTAL ASSETS</b>		<b>608,486,706</b>	<b>528,023,247</b>



Dr. Shamshad Akhtar  
Chairperson



Imran Maniar  
Managing Director



Muhammad Amin Rajput  
Chief Financial Officer



## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2020

	Note	2020 (Rupees in '000)	2019
Sales	37	295,722,225	251,645,232
Sales tax	37	(43,921,954)	(32,381,199)
		251,800,271	219,264,033
Gas development surcharge	38	37,600,501	84,884,740
RLNG differential margin	39	839,594	(6,982,069)
Net sales		290,240,366	297,166,704
Cost of sales	40	(307,290,936)	(295,120,476)
<b>Gross (loss) / profit</b>		<b>(17,050,570)</b>	<b>2,046,228</b>
Administrative and selling expenses	41	(4,792,695)	(4,820,392)
Other operating expenses	42	(1,796,242)	(20,685,914)
Impairment loss against financial assets		(3,603,933)	(849,498)
		(10,192,870)	(26,355,804)
		(27,243,440)	(24,309,576)
Other income	43	15,429,311	14,247,641
<b>Loss before interest and taxation</b>		<b>(11,814,129)</b>	<b>(10,061,935)</b>
Finance cost	44	(7,234,593)	(6,758,292)
<b>Loss before taxation</b>		<b>(19,048,722)</b>	<b>(16,820,227)</b>
Taxation	45	(2,343,869)	(1,574,541)
<b>Loss for the year</b>		<b>(21,392,591)</b>	<b>(18,394,768)</b>
<b>(Rupees)</b>			
<b>Loss per share - basic and diluted</b>	47	<b>(24.28)</b>	<b>(20.88)</b>

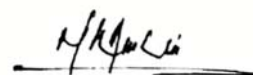
The annexed notes 1 to 60 form an integral part of these unconsolidated financial statements.



Dr. Shamshad Akhtar  
Chairperson



Imran Maniar  
Managing Director



Muhammad Amin Rajput  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2020

	2020	2019
	(Rupees in '000)	
Loss for the year	(21,392,591)	(18,394,768)
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to consolidated statement of profit or loss</b>		
Remeasurement of post retirement benefit obligation	2,476,128	(1,311,533)
Unrealised loss on re-measurement of FVTOCI investments	(56,131)	(135,184)
Gas development surcharge	-	1,311,533
	2,419,997	(135,184)
Revaluation surplus on land arising during the year	3,304,283	7,369,616
<b>Total comprehensive loss for the year</b>	<b>(15,668,311)</b>	<b>(11,160,336)</b>

The annexed notes 1 to 60 form an integral part of these unconsolidated financial statements.



Dr. Shamshad Akhtar  
Chairperson



Imran Maniar  
Managing Director



Muhammad Amin Rajput  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

	Note	2020 Rupees in '000	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(19,048,722)	(16,820,227)
Adjustments for non-cash and other items	48	20,675,832	18,294,118
Working capital changes	49	27,050,116	17,765,165
Financial charges paid		(8,171,305)	(6,322,125)
Employee benefits paid		(113,482)	(109,177)
Payment for retirement benefits		(1,297,160)	(1,874,848)
Long term deposits received - net		2,780,341	2,378,028
Deposits paid - net		(303)	(1,363)
Loans and advances to employee - net		198,496	304,022
Interest income received		99,483	364,378
Income taxes paid		(2,000,268)	(1,561,484)
Net cash flow from operating activities		20,173,028	12,416,487
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(8,824,936)	(9,592,933)
Payments for intangible assets		-	(2,008)
Proceeds from sale of investments		-	5,100
Proceeds from sale of property, plant and equipment		95,635	119,493
Lease rental from net investment in finance lease		94,064	104,425
Payment for obligation against pipeline		(135,733)	(135,732)
Dividend received		1,849	17,020
Net cash used in investing activities		(8,769,121)	(9,484,635)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from local currency loans		65,110	69,044
Repayments of local currency loans		(9,625,000)	(9,600,000)
Customer finance received		-	6,400
Repayment of customer finance		(23,859)	(13,560)
Repayment of lease liability		(144,074)	-
Dividend paid		(4)	(131)
Net cash used in financing activities		(9,727,827)	(9,538,247)
Net increase / (decrease) in cash and cash equivalents		1,676,080	(6,606,395)
Cash and cash equivalents at beginning of the year		(15,955,943)	(9,349,548)
Cash and cash equivalents at end of the year		(14,279,863)	(15,955,943)
Cash and cash equivalent comprises:			
Cash and bank balances	36	699,689	338,294
Short term borrowings	17	(14,979,552)	(16,294,237)
		(14,279,863)	(15,955,943)

The annexed notes 1 to 60 form an integral part of these unconsolidated financial statements.



Dr. Shamshad Akhtar  
Chairperson



Imran Maniar  
Managing Director




Muhammad Amin Rajput  
Chief Financial Officer

## UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY


For the year ended June 30, 2020

	Issued, subscribed and paid-up capital (Note 5)	Capital reserves (Note 6)	Revenue reserves (Note 6)	Surplus on remeasurement of FVTOCI investments	Surplus on revaluation of property, plant and equipment	Accumulated losses	Total
(Rupees in '000)							
Balance as at July 01, 2018	8,809,163	234,868	4,672,533	334,805	13,673,415	(24,586,763)	3,138,021
Total comprehensive loss for the year ended June 30, 2019							
Loss for the year	-	-	-	-	-	(18,394,768)	(18,394,768)
Other comprehensive income for the year	-	-	-	(135,184)	7,369,616	-	7,234,432
Total comprehensive loss for the year	-	-	-	(135,184)	7,369,616	(18,394,768)	(11,160,336)
Balance as at June 30, 2019	8,809,163	234,868	4,672,533	199,621	21,043,031	(42,981,531)	(8,022,315)
Balance as at July 01, 2019	8,809,163	234,868	4,672,533	199,621	21,043,031	(42,981,531)	(8,022,315)
Total comprehensive loss for the year ended June 30, 2020							
Loss for the year	-	-	-	-	-	(21,392,591)	(21,392,591)
Other comprehensive income for the year	-	-	-	(56,131)	3,304,283	2,476,128	5,724,280
Total comprehensive loss for the year	-	-	-	(56,131)	3,304,283	(18,916,463)	(15,668,311)
Balance as at June 30, 2020	8,809,163	234,868	4,672,533	143,490	24,347,314	(61,897,994)	(23,690,626)


The annexed notes 1 to 60 form an integral part of these unconsolidated financial statements.



Dr. Shamshad Akhtar  
Chairperson



Imran Maniar  
Managing Director



Muhammad Amin Rajput  
Chief Financial Officer



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

### 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 Baluchistan. 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 (Here 3/4", 1" & 2" pipe is coated) for Distribution South Karachi and the Company Khadeji P&C Base Camp, M-9 Motorway, Karachi.

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

Region	Address
Karachi West	SITE Office, Karachi. Plot No. F/36 & F/37 SITE Area Karachi.
Karachi East	Plot # 21/1, Sector 22, Korangi Industrial Area, Karachi.
Karachi Central	Azad Trade Center Near Civic Center 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 / short of the above guaranteed return is payable to / recoverable from the Government of Pakistan (GoP) and is adjusted from / to the gas development surcharge balance payable to / receivable from the GoP.

### 1.3 Financial Performance

During the year, the Company has suffered loss after tax of Rs. 21,393 million (2019: Rs.18,395 million) resulting in an increase in its accumulated losses to Rs. 61,898 million (2019: Rs. 42,982 million) and weakening of its equity by Rs. 15,668 million (2019: Rs. 11,429 million) after including the impact of staggering as discussed in note 2.1.1 to these unconsolidated financial statements. As at reporting date, current liabilities exceed its current asset by Rs. 90,551 million (2019: Rs. 65,870 million)

The Company's financial performance for the year has deteriorated mainly because of higher UFG, certain additional disallowances by OGRA on account of UFG, continued non-implementation / disallowances by OGRA of the impact of UFG due to RLNG Volume Handling already approved by the ECC and staggering of losses due to dismissal of Company's petitions by Sindh High Court (refer note 1.4).

In order to improve the financial position and performance of the Company, the management / Board of Directors (Board) have taken / planned following steps:

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Company was allowed 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 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 and as a result OGRA has initiated a process of hiring of 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. ECC also constituted a Committee comprising Secretaries, Petroleum & Finance to sort out the issue between the Company & SNGPL.
- 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 in coming years and the same is under implementation.
- Under new tariff regime, the Company will also be entitled to the guaranteed return on operating asset from 17% to 17.43% from FY 2018-19 for next three years.
- Banks have also waived the debt to equity covenant for financial years 2018-19 and 2019-20. However, the Company has never defaulted in payment of any installment of principal and interest thereon and some of the loans have been totally paid off to date.

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

#### 1.4 Determination of revenue requirements

The Oil and Gas Regulatory Authority (OGRA) in its order dated December 02, 2010, and May 24, 2011, treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge (LPS), and Sale of Gas Condensate as operating income, which OGRA had previously allowed as non-operating income in its decision dated September 24, 2010, for the year ended June 30, 2010. OGRA also in its aforesaid decision reduced benchmark of the allowable Unaccounted for Gas (UFG) from 7% to 4.25% - 5%.

Being aggrieved by the above decision, the Company had filed an appeal against the decision of OGRA in the High Court of Sindh ("the Court"), on which the Court provided interim relief, whereby, OGRA was directed to determine the revenue requirements on the same principles as per its decision of September 24, 2010, pertaining to FY 2010 till final decision of the Court. However, with regard to UFG benchmark, OGRA was directed to carry out an impact assessment study and submit its report to the Court. Afterwards, management estimated the revenue requirement of the Company for the financial years 2011 to 2015 based on the interim relief of the Court, and OGRA also accepted position taken up by the Company for the said financial years, subject to the final decision of the Court.

On November 25, 2016, the Sindh High Court dismissed the Company's petitions through its judgement. Consequently, OGRA in its decision dated December 22, 2016 and October 26, 2017 for determination of FRR for FY 2016 and 2017, respectively, allowed UFG at 4.5% and treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge, and Sale of Gas Condensate as operating income. The Company has filed civil petition for leave to appeal in the Supreme Court of Pakistan on January 25, 2017, against the above mentioned Sindh High Court judgement. But the management has considered OGRA's decision on FRR for FY 2020 dated March 28, 2022 in preparation of financial statements for the year ended June 30, 2020.

## 2. BASIS FOR PREPARATION

### 2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of or directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed. For the determination of Gas Development Surcharge, the directives of OGRA and OGRA Ordinance, 2002 have been followed.

#### 2.1.1 Staggering of losses arising due to Sindh High Court decision

As disclosed in note 1.4, OGRA had disallowed certain expenses for the years ended 2011 to 2015. Consequently, management had approached Securities and Exchange Commission of Pakistan (SECP) through its letter dated December 14, 2016 to allow staggered recognition of the disallowed expenses of Rs. 36,718 million in 3 years. The permission from SECP was sought based on the grounds that recognition of such disallowances in one year will reflect very adverse results and financial position of the Company, considering that OGRA's determination of some significant aspects of revenue requirements are provisional and are likely to be revised.

Accordingly, SECP through its letter dated December 20, 2016 has granted permission to stagger disallowed expense in the unconsolidated financial statements for the year ended June 30, 2016 and 2017 subject to the conditions that disallowed expense been staggered on equal basis, facts and circumstances are adequately disclosed and compliance with the disclosure requirements of IFRSs for departing with IFRSs are met.

Based on above 50% impact (Rs. 18,359 million) of the decision of Sindh High Court for FY 2011 to 2015 was accounted for in FY 2015-16. The remaining Rs. 18,359 million was required to be accounted for in FY 2016-17. However, considering financial position of the Company and the fact that the loss of Rs. 36,718 million pertains to 5 financial years, a summary was moved by Ministry of Energy (Petroleum Division) to Economic Coordination Committee (ECC) to allowing staggering of Rs. 18,359 million in 5 years. The ECC approved the summary through letter dated May 31, 2018 advising SECP to allow staggering of remaining Rs. 18,359 million in five years. The Company approached SECP after considering ECC decision, who through its letter dated June 27, 2018 advised the Board to make the necessary decision to present a true and fair view of the Company's financial position and performance. Based on the letter received from SECP, OGRA, in its decision dated December 24, 2018, endorsed the staggering of remaining Rs. 18,359 million over a period of five years (FY 2016-17 to FY 2020-21) and continued the practice up till FY 2018-19. Remaining amount of staggering i.e. Rs 7,344 million (including Rs. 3,672 million relating to FY 2020-21) has also been accounted for in these unconsolidated financial statements.

Further, the OGRA, in its decision dated December 24, 2018 also directed the Company to review its dividend pay-out policy for future years till such time the above adjustment impact is dispelled.

### 2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except for certain investments which are carried at their fair values, employee benefits which are valued at their present value using actuarial assumptions and freehold and leasehold land which are carried at revalued amount.

## 2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

## 2.4 Use of estimates and judgments

The preparation of these unconsolidated financial statements in conformity with accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including reasonable expectation of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

## 3. APPLICATION OF NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

The Company has adopted all the new standards and amendments to the following accounting and reporting standards as applicable in Pakistan which became effective during the year:

### 3.1 Change in accounting policy

The Company has adopted IFRS 16: "Leases", which is effective from the annual period beginning on or after January 1, 2019. The detail of new accounting policy adopted and the nature and effect of the changes from the previous accounting policy are set out below:

#### 3.1.1 Effective in current year and are relevant to the Company

##### IFRS 16 : "Leases"

The Company has adopted IFRS 16: "Leases", which replaces IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains Lease', SIC-15 'Operating Lease - Incentive' and SIC-27 'Evaluating the substance of transaction involving the legal form of Lease'.

IFRS 16 introduced a single, on balance sheet lease accounting model for leases. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to IAS -17 standard i.e. lessors continue to classify leases as finance or operating lease.

On adoption of IFRS 16, the Company has recognized lease liabilities in relation to leases which had previously been classified as 'Operating Lease' under the principles of IAS-17 'Leases'. These liabilities have been recognized at the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate of 13.21%.

The Company has applied IFRS 16 for the first time as of July 01, 2019 using the cumulative catch-up approach in accordance with the transition provisions set out in IFRS 16. This approach allows the application of IFRS 16 retrospectively without restating the prior-years figures while accounting for the aggregate amount of any transition effects by way of an adjustment to equity and presenting the comparative period in line with previous rules.

The following summary reconciles the Company's operating lease commitments to the lease liability recognized on initial application of IFRS 16 at July 01, 2019.



(Rupees in '000)

Lease liability recognized at July 01, 2019 334,617

The right-of-use assets were measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statements of financial position as at June 30, 2019.

Increase in right of use assets	347,263
Decrease in prepayments - prepaid rent	(12,646)
Increase in total assets	334,617
Increase in lease liability	(334,617)
Decrease in net assets	-

### Impact on profit or loss

The Company operates under fixed tariff regime, therefore, adoption of IFRS 16 has no impact on the Company's profitability as the impact is considered as a pass through item.

**Effective date  
(annual periods  
beginning on or after)**

IFRS 14	Regulatory Deferral Accounts - Original issue	January 01, 2019
IFRS 16	Leases - Original issue	January 01, 2019
IFRS 3	Business Combinations	January 01, 2019

### 3.2 Amendments that are effective in current year and not relevant to the Company

IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 11	Joint Arrangement	January 01, 2019
IAS 12	Income tax	January 01, 2019
IAS 19	Employee Benefits	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 8	Operating Segments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019

### 3.3 New accounting standards / amendments and IFRS interpretations that are not yet effective.

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

		Effective date (annual periods beginning on or after)
	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	January 01, 2020
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 01, 2023
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2022
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022

IAS 41	Agriculture - The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.
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January 01,2020

The Company's expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the future period.

### 3.4 Conceptual Framework for Financial Reporting by IASB

On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future.

The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope outs.

### 3.5 The IASB issued 'Interest Rate Benchmark Reform which amended followings IFRS:

IFRS 7	Financial Instruments "disclosures"	January 01,2020
IFRS 9	Financial Instruments	January 01,2020
IAS 39	Financial Instruments: Recognition and Measurement	January 01,2020

Interest Rate Benchmark Reform amended IFRS 7, IFRS 9 and IAS 39 as a first reaction to the potential effects the IBOR reform could have on financial reporting, this amendment requiring additional disclosures around uncertainty arising from the interest rate benchmark reform.

### 3.6 Exemptions from applicability of certain standards and interpretations to standards

#### 3.6.1 On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Company, under the provisions of amended International Financial Reporting Standard 2 – Share-based Payment (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted there would have been no impact on the net profit of the Company as the annual return of the Company is determined under the regulatory revenue requirement, which would have covered any additional cost if incurred by the Company in respect of the aforesaid Scheme.

- 3.6.2** The Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 985 (I)/2019 dated September 02, 2019 and further clarification vide its letter no. EMD/IACC/4/2009.145 dated September 8, 2020 to the Company has exempted the application of IFRS 9 with respect to recognition requirements of Expected Credit Losses on financial assets due from GoP or ultimately due from the GoP (including receivables in context of circular debt) till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39, in respect of such financial assets.

Accordingly, there is no ECL recorded on the financial assets due from the GoP in these unconsolidated financial statements.

- 3.6.3** IFRS 14: "Regulatory Deferral Accounts" is intended to encourage rate-regulated entities to adopt IFRS while bridging the gap with similar entities that already apply IFRS, but which do not recognize regulatory deferral accounts. This would be achieved by requiring separate presentation of the regulatory deferral account balances (and movements in these balances) in the unconsolidated statement of financial position, unconsolidated statement of profit or loss and unconsolidated statement of comprehensive income. Further, IFRS 14 also requires to disclose multiple earnings per share.

As per S.R.O. 1480 (I)/2019, the Company is required to implement IFRS 14 from July 01, 2019, however, the Company has obtained exemption from the Securities and Exchange Commission of Pakistan (SECP) who vide its letter SMD/PRDD/2(237) 2021/92 dated November 04, 2021 which states that "the Commission has acceded to the application of the Company regarding exemption from implementation of IFRS14 to the Company for a period of 3 years i.e. upto financial year ended June 30, 2022 subject to the condition that "adequate disclosure" shall be provided in the respective financial statements that clearly explain the impact if IFRS 14 had been adopted by the Company."

	2020	2019
	(Rupees in '000)	
Effect on unconsolidated statement of profit and loss		
(Decrease) / increase in:		
Tariff Adjustment	(38,440,095)	(77,902,671)
Net movement in regulatory deferral account balances	38,440,095	77,902,671
Loss for the year before net movement in regulatory deferral account would have been	(59,544,385)	(95,907,926)
Effect on the loss per share - (Rs.)		
basic and diluted	(67.59)	(108.87)
basic and diluted including net movement in regulatory deferral account	(24.28)	(20.88)
Effect on unconsolidated statement of financial position		
(Decrease) / increase in:		
Other receivable	(178,411,641)	(140,160,555)
Trade and Other Payable	14,430,636	9,305,131
	(163,981,005)	(130,855,424)
Regulatory deferral account	163,981,005	130,855,424



#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented except for change in accounting policy as disclosed in note 3.1 to these unconsolidated financial statements.

##### 4.1 Revenue recognition

The Company recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the performance obligations for every contract that must be met.

Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognize revenue when (or as) the Company satisfies a performance obligation.

Revenue comprises the fair value of the consideration received or receivable from contracts with customer in the ordinary course of the Company's activities. The Company recognizes revenue when the amount can be reliably measured and it is highly probable that a significant reversal in the amount of income recognised will not occur and specific criteria has been met for each of the Company's activities as described below:

- Revenue from gas sales is recognized on the basis of gas supplied to customers at the rates notified by the Oil and Gas Regulatory Authority (OGRA). Accruals are made to account for the estimated gas supplied between the date of last meter reading and the year end. The revenue for the Company is recognized on point in time basis as the management has determined that there is a single performance obligation i.e. supply of gas.
- Meter rentals are recognized on a monthly basis, at specified rates by the OGRA for various categories of customers. All the revenue for the Company in this category, is recognized on over the time basis as the Company has determined that there is a single performance obligation i.e. availability of meters to the customers.
- Revenue from sale of meters, liquid petroleum gas and gas condensate is recognised on delivery to the customers.
- Deferred credit from Government is amortised and related income is recognised in the unconsolidated statement of profit or loss over the useful lives on commissioning of the related assets.
- The Company has recognised contract liabilities which represents contribution received from the customers towards the cost of supplying and laying transmission, service and main lines as per requirements of IFRS 15, these contributions are being amortised over the useful lives of the related assets as laying of the pipelines is not a distinct performance obligation, instead is considered a part of the Company's only performance obligation to deliver gas to the customers.
- Income from new service connections is amortised in unconsolidated statement of profit or loss over the useful lives of related assets.
- Dividend income on equity investments is recognised when right to receive the payment is established.
- Return on term deposits are recognised on time proportion basis by reference to the principal outstanding at the effective interest rate.
- Late payment surcharge on gas sales arrears is calculated from the date the billed amount is overdue and recognized when it is probable that economic benefits will flow to the entity. All the revenue for the Company in this category, is recognized on over the time basis.

Income on gas transportation in respect of firm transportation agreement is recognized when the committed contracted capacity is made available for the shipper. Income on the gas transportation in respect of interruptible transportation agreements is recognized when the gas is transported from the network at the rates notified by the Oil and Gas Regulatory Authority (OGRA). Revenue for the Company in this category, is recognized on point over time basis.

## 4.2 Gas development surcharge

Under the provisions of license for transmission and distribution of natural gas granted to the Company by OGRA, the Company is required to earn an annual return of not less than the rate of return calculated using Weighted Average Cost of Capital (WACC) (fixed rate of 17.43% per annum) on the value of its average fixed assets in operation (net of deferred credit), before corporate income taxes, interest and other charges on debt and after excluding interest, dividends and other non operating income and before incorporating the effect of efficiency benchmarks prescribed by OGRA. Any deficit or surplus on account of this is recoverable from or payable to the Government of Pakistan as differential margin or gas development surcharge.

## 4.3 RLNG differential margin

As per the policy guideline issued by the Economic Coordination Committee of the Cabinet (ECC) on pricing of RLNG, the Company is allowed to earn an annual return as a percentage of the value of its average fixed assets in RLNG operation, to be determined by OGRA. Any deficit or surplus on account of this is recoverable from or payable to the RLNG customers through adjustment in future RLNG prices. The surplus or the shortfall, if any, are included in "trade and other payables" or "other receivables" respectively with the corresponding charge or credit respectively, recognised in the unconsolidated statement of profit or loss.

## 4.4 Contract liabilities

The Company has applied IFRS 15 from July 01, 2018 and accordingly, has recognized contract assets and liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. Contract liabilities include the amount received from the customers as contribution towards the cost of supplying and laying transmission, service and main lines. Revenue recognition against such contract liabilities commences upon commissioning of the related asset and is amortized over its useful life.

## 4.5 IFRS 9 'Financial Instruments

A financial instruments is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### 4.5.1 Financial assets

#### (a) Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

#### Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

#### 4.5.2 Financial liabilities

IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised.

#### 4.5.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

#### 4.5.4 Derecognition

The financial assets are de-recognised when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

#### 4.5.5 Derivative financial instruments

Derivative financial instruments if any are recognised initially at cost. Subsequent to initial recognition, the derivative financial instruments are stated at fair value. Changes in fair value of derivative financial instruments are recognised in the unconsolidated statement of profit or loss, along with any changes in the carrying value of the hedged liability. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

#### 4.5.6 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the unconsolidated statement of financial positions only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

#### 4.5.7 Impairment of financial assets

The Company recognises a loss allowance for Expected Credit Losses (ECL) on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company recognises lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

##### (I) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

##### (II) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.



### (III) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation, or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

### (IV) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

### (V) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

## 4.6 Investment in subsidiary

Investment in subsidiary is stated at cost less impairment loss, if any. A reversal of an impairment loss on subsidiary is recognised as it arises, provided the increased carrying amount does not exceed cost.

Gain or loss on sale of investment in subsidiary is recognised in these unconsolidated statement of profit or loss for the year.

## 4.7 Property, plant and equipment

### Initial recognition

The cost of an item of property plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

### Measurement

The cost of the property, plant and equipment includes:

- (a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates; and
- (b) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

### Subsequent measurement

Property, plant and equipment except freehold land, leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment, if any.

Freehold land and leasehold land are stated at revalued amount and surplus arising on revaluation of freehold land and leasehold land is disclosed as surplus on revaluation of property plant and equipment.

### Subsequent expenditure (including normal repairs and maintenance)

Expenditure incurred to replace a component of an item of operating assets is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the items can be measured reliably. All other expenditures (including normal repairs and maintenance) are recognised in unconsolidated statement of profit or loss as an expense when it is incurred.

### Capital work in progress

Capital work in progress is stated at cost less accumulated impairment loss, if any. The cost consists of expenditure incurred and advances made in the course of their construction and installation. Transfers are made to the relevant asset category as and when assets are available for intended use.

### Depreciation

#### Compressors and transmission lines

Depreciation on compressors and transmission lines is charged from the dates these projects are available for intended use up to the date these are disposed off.

#### Other operating assets

Depreciable value of operating assets other than compressors and transmission lines is depreciated over their estimated service life from the month the assets are available for use in service till the month they are disposed off or fully depreciated, except for assets sold to employees under the service rules, in which case, depreciation is charged up to the date of disposal.

Useful lives of the assets are mentioned in the note 21.1 to these unconsolidated financial statements.

Assets' residual values and their useful lives are reviewed and adjusted at each reporting date if significant and appropriate.

### Intangible assets

An intangible asset is recognised as an asset, if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

#### Definite life

Intangible assets are measured initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any.

Intangible asset with a finite useful life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases when the asset is derecognised. Amortisation charge is recognised in unconsolidated statement of profit or loss.

The amortisation period for intangible assets with a finite useful life is reviewed at each year-end and is changed to reflect the useful life expected at respective year end.

### Right-of-use assets and corresponding lease liability

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contains a wide range of different terms and conditions.

Lease liability is initially measured at the present value of the expected lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company. The lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an assets of similar value to the right of use asset in a similar economic environment with similar terms and conditions.

Lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use assets is initially measured based on the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets is adjusted for certain measurements of the lease liability.

### Borrowing costs

Borrowing costs incurred on long term finances attributable for the construction of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use are capitalised up to the date the respective assets are available for the intended use.

Actual borrowing cost is capitalised on funds borrowed specifically for the purpose of construction of qualifying assets, less any investment income on the temporary investment of those borrowings. The Company determines a weighted average capitalisation rate in case of general borrowings attributable to qualifying assets.

All other borrowing costs are charged to unconsolidated statement of profit or loss.

### Gains and losses on disposal

Gains and losses on disposal are taken to unconsolidated statement of profit or loss as finance cost.

## 4.8 Net investment in finance lease

Contractual arrangements, the fulfilment of which is dependent upon the use of a specific asset and whereby the right to use the underlying asset is conveyed to the customer, are classified as finance lease. Net investment in finance lease is recognised at an amount equal to the present value of the lease payments receivable, including any guaranteed residual value determined at the inception of lease. Discount rate used in the calculation of the present value of minimum lease payments is the interest rate implicit in the lease. Any recoveries from customers in respect of the service cost and contingent rent are excluded from the minimum lease payments and are recorded as recoveries of transmission and distribution cost from the lessee and gas transportation income respectively. Interest income from net investment in finance lease is recognised on a pattern reflecting a constant periodic return on the Company's net investment in finance lease.

## 4.9 Stores, spares and loose tools

These are valued at lower of cost and net realisable value less impairment loss, if any. Cost is determined under the moving average basis. Goods-in-transit are valued at lower of cost incurred up to reporting date and net realisable value less impairment loss, if any.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

#### **4.10 Stock-in-trade**

##### **Gas in pipelines**

Stock of gas in transmission pipelines is valued at the lower of cost, determined on weighted average basis, and net realisable value.

##### **Meter manufacturing division**

Components (materials) are valued at lower of moving average cost and net realisable value less impairment loss, if any. Work-in-process includes the cost of components only (determined on a moving average basis). Finished goods are stated at the lower of cost, determined on an average basis, and net realisable value and includes appropriate portion of labour and production overheads. Components in transit are stated at cost incurred up to the reporting date less impairment losses, if any.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **4.11 Impairment of non-financial assets**

The carrying amounts of non-financial assets other than inventories and deferred tax assets, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the unconsolidated statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **4.12 Trade debts and other receivables**

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL), refer accounting policy for impairment of financial assets.

#### **4.13 Trade and other payables**

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

#### **4.14 Mark-up bearing borrowings**

##### **Long term financing**

Mark-up bearing borrowings are recognised initially at fair value which is usually the cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in these unconsolidated statement of profit or loss over the period of the borrowings. Transaction cost is amortised over the term of the loan.



Long term loans received from the Government of Sindh with interest rate lower than prevailing market interest rates for a similar instrument are initially measured at fair value. The fair value is estimated at the present value of all future cash payments discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating. Difference between fair value and proceeds received is treated as government grant and is amortised over the useful life of related asset constructed.

#### 4.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

#### 4.16 Deferred credit

Amounts received from customers and the Government as contributions and grants for providing service connections, extension of gas mains, laying of distribution lines, etc. are deferred and recognised in the unconsolidated statement of profit or loss over the useful lives of the related assets starting from the commissioning of such assets.

##### Contribution from customers

Advance taken from customers before July 01, 2009 and the Government as contributions and grants for providing service connections, extension of gas mains, laying of distribution lines, etc. are deferred and recognised in the unconsolidated profit or loss account over the useful lives of the related assets starting from the commissioning of such assets.

#### 4.17 Taxation

##### Current

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account the available tax credits and rebates.

##### Deferred

Deferred tax is recognised using liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent that it is probable that the taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 4.18 Staff retirement benefits

The Company operates the following retirement schemes for its employees:

- Approved funded pension and gratuity schemes for all employees

Liability under these schemes is recognised in the period in which the benefit is earned based on the actuarial valuations that is carried out annually under the projected unit credit method.

Actuarial gains and losses arising from the actuarial valuation are recognised immediately and presented in unconsolidated statement of comprehensive income. Gas development surcharge with respect to actuarial gains / losses are recognised in unconsolidated statement of comprehensive income, instead of unconsolidated statement of profit or loss.

Past service cost is recognised in unconsolidated statement of profit or loss at the earlier of when the amendment or curtailment occurs.

- Unfunded free medical and gas supply facility schemes for its executive employees.

Liability under these schemes is recognised in the period in which the benefit is earned based on the actuarial valuations that is carried out annually under the projected unit credit method. The free gas supply facilities have been discontinued for employees retiring after December 31, 2000.

Actuarial gains and losses arising from the actuarial valuation are recognised immediately and presented in unconsolidated statement of comprehensive income. Gas development surcharge with respect to actuarial gains / losses are recognised in unconsolidated statement of comprehensive income, instead of unconsolidated statement of profit or loss.

- Approved contributory provident funds for all employees (defined contribution scheme).

The Company operates a recognised provident fund for all its employees. Equal contributions are made, both by the Company and the employees, to the fund at the rate of 7.5% of basic salary in the case of executive employees and 8.33% of basic salary and adhoc relief cost of living allowance in the case of non executive employees and the same is charged to these unconsolidated statement of profit or loss.

- A non-contributory benevolent fund, under which only the employees contribute to the fund.

#### 4.19 **Compensated absences**

The liability for accumulated compensated absences of employees is recognised based on actuarial valuation in the period in which employees render services that increase their entitlement to future compensated absences.

#### 4.20 **Foreign currency translation**

Transactions in foreign currencies are translated into Pakistan rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani rupees at the rates of exchange ruling at the reporting date. Exchange gains and losses are taken to the unconsolidated statement of profit or loss.

#### 4.21 **Segment reporting**

Segment reporting is based on the operating (business) segments of the Company. An operating segment is an identifiable component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are as follows:

#### Gas transmission and distribution

Gas transmission and distribution segment is engaged in transmission and distribution of natural gas and construction contracts for laying of pipelines in Sindh and Baluchistan.

#### Meter manufacturing

Meter manufacturing segment is engaged in manufacture and sale of gas meters.

#### 4.22 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits in banks, short term running finance under mark-up arrangement availed by the Company and short term liquid investments that are readily convertible to known amounts of cash.

#### 4.23 Earnings per share

Earnings per share is calculated by dividing the profit / (loss) after tax for the year by the weighted average number of shares outstanding during the year.

#### 4.24 Dividend and reserves appropriation

Dividend is recognised as a liability in the unconsolidated statement of financial position in the period in which it is declared. Movement in reserves is recognised in the year in which it is approved.

#### 4.25 Share Capital

Ordinary shares are classified as equity and recognised at their face value. Discount on issue of shares is separately reported in unconsolidated statement of changes in equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### 5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020 (Numbers of shares)	2019		2020 (Rupees in '000)	2019
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	2,195,666	2,195,666
661,349,755	661,349,755	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	6,613,497	6,613,497
<b>880,916,309</b>	<b>880,916,309</b>		<b>8,809,163</b>	<b>8,809,163</b>

- 5.1** The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders. All shares rank equally with regard to the Company's residual assets. Currently Government of Pakistan (GoP) holds 53.18% (2019: 53.18%) paid up capital of the Company.

	Note	2020 (Rupees in '000)	2019
<b>6. RESERVES</b>			
<b>Capital reserves</b>			
Share capital restructuring reserve	6.1	146,868	146,868
Fixed assets replacement reserve	6.2	88,000	88,000
		<b>234,868</b>	<b>234,868</b>
<b>Revenue reserves</b>			
Dividend equalisation reserve		36,000	36,000
Special reserve I	6.3	333,141	333,141
Special reserve II	6.4	1,800,000	1,800,000
General reserve	6.5	2,015,653	2,015,653
Reserve for interest on sales tax refund	6.6	487,739	487,739
		<b>4,672,533</b>	<b>4,672,533</b>
		<b>4,907,401</b>	<b>4,907,401</b>

**6.1 Share capital restructuring reserve**

This represents the reduction of share capital of former Sui Gas Transmission Company Limited (SGTC) due to merger of Sui Gas Transmission Company Limited and Southern Gas Company Limited (SGC) in March 1989.

**6.2 Fixed assets replacement reserve**

This represents profit allocated in 1986 by former Southern Gas Company Limited for replacement of gas distribution lines in rural Sindh areas. Subsequently all the rehabilitation activities were carried out from the Company's working capital.

**6.3 Special reserve I**

This represents accumulated balance arising on a price increase of Rs. 4.10 per MCF granted to the Company by the Government of Pakistan in January 1987 retrospectively from July 01, 1985 to enable the Company to meet the requirements of Asian Development Bank regarding debt / equity ratio and other financial covenants specified in loan agreements with them.

**6.4 Special reserve II**

This represents special undistributable reserve created as per the decision of the board of directors to meet the future requirements of the Company.

**6.5 General reserve**

This represents the reserve created by the Company to transfer certain amount from / to unappropriated profit from / to general reserve for the payment of dividends.

**6.6 Reserve for interest on sales tax refund**

This represents the reserve for the interest accrued on the sales tax refundable under Section 67 of the Sales Tax Act, 1990, which is not available for distribution to shareholders till the time it is received.



## 7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book values resulting from the revaluation of the Company's freehold and leasehold land carried out by an independent valuer K.G. Traders (Private) Limited to determine the fair value as of June 30, 2020. The valuation was based on market research.

Market value of buildings / civil works, roads, pavements and related infrastructure, compressors, plant and machinery, construction equipment, motor vehicles and gas transmission and distribution pipelines is Rs. 183,539 million. However, no impact of revaluation has been incorporated in these unconsolidated financial statements as cost model has been adopted for aforesaid assets.

Had the Company's leasehold and freehold land been measured on historical cost basis, the carrying amount would have been as follows:

	2020	2019
	(Rupees in '000)	
Freehold land	472,860	472,860
Leasehold land	216,963	213,540
	<b>689,823</b>	<b>686,400</b>

### 7.1 Details of the Company's freehold and leasehold land and information about fair value hierarchy, as at June 30, 2020 are as follows.

	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Freehold land	-	12,339,027	-	-
Leasehold land	-	12,698,110	-	-

There were no transfers between levels of fair value hierarchy during the year.

### 7.2 Forced sale values of freehold land and leasehold land is Rs. 10,488 million and Rs. 10,793 million, respectively.

## 8. LONG TERM FINANCING

	Note	2020	2019
		(Rupees in '000)	
Secured			
Loans from banking companies	8.1	28,335,321	36,161,848
Unsecured			
Front end fee of foreign currency loan	8.2	23,950	23,950
Customer finance	8.3	146,208	168,326
Government of Sindh loans	8.4	582,056	565,419
		<b>752,214</b>	<b>757,695</b>
		<b>29,087,535</b>	<b>36,919,543</b>

## 8.1 Loans from banking companies

	Installment payable	Repayment period	Mark-up rate p.a. (above 3 months and 6 months* KIBOR)	Note	2020 (Rupees in '000)	2019
Bank Alfalah Limited - Led Consortium	quarterly	2018-2019	0.40%	8.1.3	-	1,750,000
Habib Bank Limited - Led Consortium	quarterly	2018-2022	0.50%	8.1.3	1,500,000	2,100,000
United Bank Limited - Led Consortium	semi - annually	2018-2022	0.50% *	8.1.1 & 8.1.3	7,500,000	10,500,000
Habib Bank Limited - Led Consortium	semi - annually	2018-2026	1.10% *	8.1.2	27,425,000	31,700,000
Unamortised transaction cost					(214,679)	(263,152)
					36,210,321	45,786,848
Less: Current portion shown under current liabilities				16	(7,875,000)	(9,625,000)
					28,335,321	36,161,848

**8.1.1** A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. During the year, repayment of Rs. 3,000 million has been made.

**8.1.2** A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at June 30, 2020, the Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the year, repayment of Rs. 4,275 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.

**8.1.3** 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.

**8.1.4** The Company was required to maintain debt to equity at 80:20. During the financial year 2016, the Company had obtained relaxation letter from respective banks, according to which, debt to equity ratio has been revised from 80:20 to 95:05 from financial year 2016 to 2020. Due to breach in relaxed covenants, banks have further relaxed the covenants for the year 2018-19 and 2019-20.

## 8.2 Front end fee of foreign currency loan

	Installment payable	Principal repayment period	Mark up rate p.a.	Note	2020 (Rupees in '000)	2019
<b>IBRD LOAN-81540</b>	Half-yearly	2020 - 2036	11.80%	8.21	23,950	23,950

**8.2.1** This represents front end fee in respect of USD 100 million loan from the Government of Pakistan through International Bank for Reconstruction and Development (IBRD) for Natural Gas Efficiency Project.

### 8.3 Customer finance

	Note	2020 (Rupees in '000)	2019
Customer finance	8.3.1	170,605	194,464
Less: Current portion shown under current liabilities	16	(24,397)	(26,138)
		<b>146,208</b>	<b>168,326</b>

- 8.3.1** This represents contributions received from certain industrial customers for the laying of distribution mains for supply of gas to their premises. These balances carry mark-up at 25% of (3 year average ask side KIBOR less 2% per annum) for laying of distribution lines. Principal and interest are adjustable in 48 equal installments through credits in the monthly gas bills of the customers.

### 8.4 Government of Sindh loans

	Installment payable	Principal repayment period	Mark up rate p.a.	Note	2020 (Rupees in '000)	2019
Government of Sindh loan - III	yearly	2012 - 2021	4%	8.4.1	80,000	80,000
Government of Sindh loan - IV	yearly	2014 - 2023	4%	8.4.1	500,000	500,000
Government of Sindh loan - V	yearly	2015 - 2024	4%	8.4.1	360,000	360,000
Less: Impact of discounting of Government of Sindh Loan				8.4.2	(171,277)	(187,914)
					<b>768,723</b>	<b>752,086</b>
Less: Current portion shown under current liabilities				16	(186,667)	(186,667)
					<b>582,056</b>	<b>565,419</b>

- 8.4.1** The Company has obtained unsecured development loans from Government of Sindh for supply of gas to various districts and areas of Sindh.

- 8.4.2** This represents the benefit of lower interest rate on Government of Sindh Loan III, IV and V, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan III, IV and V and its initial fair value. The amount of Government of Sindh loan after conversion amounts to Rs 940 million and subsequently it is measured at its initial fair value of Rs. 170 million based on net of waiver as disclosed in note 8.4.3. 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.

- 8.4.3** The management has filed a claim with Government of Sindh, regarding the financial charges recorded and paid in prior years against Rs. 3,000 million loan, for the waiver of said financial charges amounting Rs. 541 million. The Company is charging finance cost and amortising deferred credit on outstanding loan net of waiver claim.

### 9. LONG TERM DEPOSITS

	Note	2020 (Rupees in '000)	2019
Security deposits from:	9.1	20,245,707	17,456,143
Gas customers	9.2	93,995	103,218
Gas contractors		<b>20,339,702</b>	<b>17,559,361</b>

- 9.1** These represent deposits from industrial, commercial and domestic customers. The customer deposits are based on annual average gas sales of 3 months.

Mark-up is payable on deposits of industrial and commercial customers at the rate of 5% per annum, while no mark-up is paid on deposits from domestic customers.

The Company may at its option, use these deposits for its own purpose from time to time and shall, on disconnection of gas supply to the customer, return the security deposits as per the terms and conditions of the contract.

- 9.2** These represent security deposits received from contractors. These deposits are free of mark-up and are refundable upon completion / cancellation of the contract.

	Note	2020 (Rupees in '000)	2019
<b>10. EMPLOYEE BENEFITS</b>			
Provision for post retirement medical and free gas supply facilities - executives		4,268,139	5,018,914
Provision for compensated absences - executives	10.1	828,345	828,345
		<b>5,096,484</b>	<b>5,847,259</b>
<b>10.1 Provision for compensated absences - executives</b>			
Balance as at July 01		828,345	967,630
Provision made during the year		-	(139,285)
Balance as at June 30		<b>828,345</b>	<b>828,345</b>
<b>11. OBLIGATION AGAINST PIPELINE</b>			
Principal amount	11.1	879,330	933,345
Less: Current portion		(59,075)	(54,014)
		<b>820,255</b>	<b>879,331</b>

- 11.1** The Company entered into an agreement with Engro Elengy Terminal Limited (EETL) previously Engro Elengy Terminal (Private) Limited (EETPL) under which the pipeline has been transferred to the Company from EETL and corresponding liability has been recognised using discounted cash flows.

	Note	2020 (Rupees in '000)	2019
<b>12. DEFERRED CREDIT</b>			
<b>Government of Pakistan contributions / grants</b>			
Balance as at July 01		3,064,028	3,285,092
Additions / adjustment during the year		139,427	89,596
Transferred to unconsolidated statement of profit or loss	12.1	(291,808)	(310,660)
Balance as at June 30		<b>2,911,647</b>	<b>3,064,028</b>
<b>Government of Sindh (Conversation of loan into grant)</b>			
Balance as at July 01		2,025,211	2,133,559
Additions / adjustment during the year		86,808	6,367
Transferred to unconsolidated statement of profit or loss		(116,034)	(114,715)
Balance as at June 30		<b>1,995,985</b>	<b>2,025,211</b>
<b>Government of Sindh grants</b>			
Balance as at July 01		149,967	173,218
Transferred to unconsolidated statement of profit or loss	8.4.2	(20,842)	(23,251)
Balance as at June 30		<b>129,125</b>	<b>149,967</b>
Less: Current portion of deferred credit		(432,236)	(394,735)
		<b>4,604,521</b>	<b>4,844,471</b>

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

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

	Note	2020 (Rupees in '000)	2019
<b>13. CONTRACT LIABILITIES</b>			
Contribution from customers	13.1 & 13.2	1,823,259	1,406,461
Advance received from customers for laying of mains, etc.	13.2	4,374,239	2,995,930
		<b>6,197,498</b>	<b>4,402,391</b>
<b>13.1 Contribution from customers</b>			
Balance as at July 01		1,573,394	1,016,899
Addition during the year		623,385	721,747
Transferred to unconsolidated statement of profit or loss		(181,317)	(165,252)
		<b>2,015,462</b>	<b>1,573,394</b>
Less: Current portion of contributions from customers		(192,203)	(166,933)
Balance as at June 30		<b>1,823,259</b>	<b>1,406,461</b>

- 13.2** 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.

	2020 (Rupees in '000)	2019
<b>14. LEASE LIABILITY</b>		
Balance as on July 01	-	-
Impact on application of IFRS 16	334,617	-
Interest expense	32,101	-
	<b>366,718</b>	-
Payments during the year	(144,074)	-
	<b>222,644</b>	-
Less: current maturity	(117,409)	-
	<b>105,235</b>	-

The expected maturity analysis of undiscounted lease payment is as follows:

within one year	134,676	-
between 2 to 5 years	115,725	-
after 5 years	-	-
	<b>250,401</b>	-

## 15. LONG TERM ADVANCES

These represent amounts received from Government of Pakistan for gas supply to new towns and villages and laying of distribution lines, etc. These advances are transferred to deferred credit once the related projects are commissioned, which is amortised over the estimated useful lives of related assets.

		2020 (Rupees in '000)	2019
<b>16. CURRENT PORTION OF LONG TERM FINANCING</b>			
Loans from banking companies	8.1	7,875,000	9,625,000
Customer finance	8.3	24,397	26,138
Government of Sindh loans	8.4	186,667	186,667
		<b>8,086,064</b>	<b>9,837,805</b>



## 17 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 (2019: Rs. 25,000 million) and carry mark-up ranging from 0.00% to 0.20% (2019: 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.

- 17.1** As at June 30, 2020, the aggregate unavailed short term borrowing facilities amounting to Rs. 10,021 million (2019: Rs. 8,706 million).

	Note	2020 (Rupees in '000)	2019
<b>18. TRADE AND OTHER PAYABLES</b>			
Creditors for:			
Indigenous gas	18.1	386,072,492	332,632,340
RLNG	18.2	92,860,338	44,018,023
		<b>478,932,830</b>	376,650,363
RLNG differential margin payable to SNGPL		-	1,681,019
RLNG differential margin payable to GoP		14,430,636	9,305,131
Engro Energy Terminal Limited		1,901,685	1,984,729
Accrued liabilities		3,794,449	4,240,256
Provision for compensated absences -			
non executives	18.3	303,441	303,441
Payable to gratuity fund	46.1	4,076,196	5,091,663
Payable to pension fund	46.1	129,230	-
Payable to provident fund		74,872	74,816
Deposits / retention money		622,876	668,656
Advance for sharing right of way	18.4	18,088	18,088
Withholding tax		114,457	186,402
Sales tax and Federal Excise Duty		456,824	311,293
Sindh sales tax		130,433	131,616
Processing charges payable to JJVL		8,528,447	8,528,447
Gas infrastructure development cess payable	18.5	7,234,826	7,338,595
Unclaimed term finance certificate redemption profit		1,800	1,800
Workers' Profit Participation Fund	18.6	174,515	174,515
Others	18.7	437,954	917,760
		<b>521,363,559</b>	417,608,590

- 18.1** Creditors for gas supplies includes Rs. 308,399 million (2019: Rs. 241,478 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 (2019: Rs. 15,832 million) on their balances which have been presented in note 19.1 of these unconsolidated financial statements.

- 18.2** On December 12, 2017, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Company and thereafter, allocated further 37 BCF. The ECC in its decision dated March 03, 2020 has allocated 71 BCF (in total to the Company) in order to resolve the matter of short supply with the direction to enter into an agreement with SNGPL.

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 allocated volumes.

During the year, out of 71 BCF allocated volume, the Company has recorded purchase of 31.2 BCF (2019: 29.7 BCF) allocated volume for SNGPL amounting to Rs. 43,609 million (2019: Rs 35,025 million) based on OGRA's decision dated November 20, 2018.

2020                      2019  
(Rupees in '000)

**18.3 Provision for compensated absences  
- non-executives**

Balance as at July 01	<b>303,441</b>	309,391
Provision / (reversal) during the year	-	(5,950)
Balance as at June 30	<b>303,441</b>	<b>303,441</b>

**18.4** This amount was received by the Company from Pak Arab Refinery Limited (PARCO) in accordance with an agreement dated October 12, 1988. It represents consideration for 50% share of PARCO in the Indus Right Bank Pipeline common right of way and is the full settlement of PARCO's total liability for its share, irrespective of the final amount of compensation payable to the land owners by the Company. The final liability of the Company has not been estimated, as the amount of compensation due to land owners has not been determined by the Authorities. Accordingly, the amount received from PARCO has been classified as an advance.

**18.5** Gas Infrastructure Development (GID) Cess was levied with effect from December 15, 2011 and is chargeable from industrial gas customers at different rates as prescribed by the Federal Government through OGRA notification. GID Cess is collected and deposited with the Ministry of Petroleum and Natural Resources (MP & NR) in a manner prescribed by the Federal Government.

On June 13, 2013, the Peshawar High Court declared the levy, imposition and recovery of GID Cess unconstitutional with the direction to refund GID "Cess" so far collected. The Supreme Court of Pakistan examined the case and vide its findings dated August 22, 2014, concluded that GID Cess is a fee and not a tax and on either count GID "Cess" could not have been introduced through a money bill under Article 73 of the Constitution and the same was, therefore, not validly levied in accordance with the Constitution. However, on September 25, 2014, the President of Pakistan had promulgated GID Cess Ordinance 2014, which is applicable to the whole of Pakistan and has to be complied by all parties.

On September 29, 2014, the Sindh High Court gave a stay order to various parties against the promulgation of Presidential order on September 25, 2014.

On May 22, 2015, the GID Cess Act (GIDC Act) was passed by Parliament applicable on all customers. Following the imposition of the said Act, many customers filed a petition in Sindh High Court and obtained stay order against GIDC Act passed by the Parliament. The Company has obtained a legal opinion, which states that management has to comply with the stay order of High Court of Sindh.

On October 26, 2016, a Single Judge of Sindh High Court passed an order to refund / adjust the GID Cess collected in the future bills of the respective plaintiff. The said order was stayed by the Sindh High Court through Order dated November 10, 2016.

The Company is a collecting agent and depositing GID Cess to the MP & NR and the Company will refund to the customers once it will be received from MP & NR.

Supreme Court of Pakistan has upheld the promulgation of the GIDC Act and instructed that all arrears of 'GID Cess' that have become due up to July 31, 2020 shall be recovered by the Companies responsible under the GIDC Act, 2015 to recover from their customers.

However, as a concession, the same is to be recovered in twenty four equal monthly instalments starting from August 01, 2020 without the component of late payment surcharge. The Company has initiated the billing of GIDC from August 01, 2020. The same is recovered from customers and submitted to MP & NR. Supreme Court of Pakistan (SCP) in its judgment dated November 03, 2020 dismissed all review petitions filed against its earlier judgment dated August 13, 2020, stating that the companies claiming any relief under GIDC Act 2015 may approach the right forum. Subsequent to Supreme Court Judgment dated August 13, 2020, more than 1700 customers have filed fresh cases before Sindh High Court, wherein, customers stated that they are not liable to pay GID Cess as the same has not been collected by them, SHC restrained the Company from collection of GID Cess installments and the matter is pending adjudication before SHC.

2020                      2019  
(Rupees in '000)

**18.6 Workers' Profit Participation Fund**

Balance as at July 01	174,515	12,860
Amount received by the company	-	161,655
Balance as at June 30	<u>174,515</u>	<u>174,515</u>

**18.7** This includes Rs. 212 million (2019: Rs. 230 million) on account of amount payable to disconnected customers for gas supply deposits.

	2020	2019
	(Rupees in '000)	
<b>19. INTEREST ACCRUED</b>		
	<b>Note</b>	
Long term financing - loans from banking companies	562,364	760,139
Long term deposits from customers	481,020	440,115
Short term borrowings	123,043	405,542
Late payment surcharge on processing charges	438,392	438,392
Late payment surcharge on gas development surcharge	4,826	4,826
Late payment surcharge on gas supplies	19.1      15,832,411	15,832,411
	<u>17,442,056</u>	<u>17,881,425</u>

**19.1** As disclosed in note 30.1 and 30.2, effective from July 01, 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. Management's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

In response to the Company's above request, the MP & NR vide their letter dated January 3, 2017 has supported the contention of the Company that it will not recognize LPS expense payable to the Government Controlled E&P Companies (OGDCL, PPL and GHPL), effective from July 01, 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 01, 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.

Had the management not reversed the LPS expense payable from July 01, 2012 to June 30, 2016 of Rs. 26,222 million and recorded LPS expense for the year ended June 30, 2017; June 30, 2018; June 30, 2019 and June 30, 2020 amounting to Rs. 7,569 million; Rs. 7,477 million; Rs. 10,525 and Rs. 26,335 million respectively on outstanding payables to Government Controlled E&P Companies, the effect on these unconsolidated financial statement would be as follows:

(Rupees in million)

- Increase in loss before tax	26,335
- Increase in loss after tax / accumulated loss	18,698
- Increase in loss per share - rupees	21.23
- Increase in accumulated losses	78,128
- Increase trade payables	78,128
- Increase deferred tax liability	23,670

2020 2019  
(Rupees in million)

## 20. CONTINGENCIES AND COMMITMENTS

### 20.1 Contingencies

20.1.1	Guarantees issued on behalf of the Company	6,908,524	5,377,792
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**20.1.2** Jamshoro Power Company Limited (JPCL) has lodged claims against the Company amounting to Rs. 144,120 million (2019: 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 (2019: 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.

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.

**20.1.3** As disclosed in note 19.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019 and June 30, 2020 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million and Rs. 26,335 million in these unconsolidated 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.

**20.1.4** As disclosed in note 34.5, 34.6, 43.2 and 43.5 for other matters arbitration proceedings between JJVL and the Company has been 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 8 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 informed us that once the matter is finalized by the Court 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 be deemed to be the receivers of the Court and would supervise the Project. In addition, firm is to determine an appropriate sharing arrangement for both parties which shall be final, subject to the approval of the Supreme Court of Pakistan.

Subsequently, the firm of Chartered Accountants after consultation with both parties came up with a mechanism of revenue sharing of 57% to the 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 SSGC consideration will be subject to conclusion of this matter at SCP.

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

**20.1.5** 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.

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

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

**20.1.7** 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 and 2018-19.

All the Orders were contested before Commissioner (Appeals) who decided the cases in Company's favor (except for FY 2018-19 which is currently sub-judice). However, the said Commissioner (Appeals) Orders in SSGC favor have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue.



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.

- 20.1.8** 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 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.

- 20.1.9** The Additional Commissioner Inland Revenue passed an order against the Company with demand of Rs. 1,314 million alongwith default surcharge and penalty for incorrect adjustment of withholding sales tax against input invoices. The principal tax demand 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.

- 20.1.10** 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.

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 financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

- 20.1.11** As disclosed in Note 30 to these unconsolidated financial statements – trade debts, interest income from K-Electric (KE) and Pakistan Steel Mills Limited (PSML) is not being recognized in the unconsolidated 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 2017-18 on said unrecognized interest income from KE and PSML. Appeal against the said orders have been filed before Commissioner (Appeals), who decided the case against the Company upon which the Company has filed appeal before Appellate Tribunal Inland Revenue.

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.

- 20.1.12** 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) and has also applied to Alternate Dispute Resolution Committee (ADRC), which is pending adjudication.

In remand back proceedings, Tax Authority has again passed same Order levying FED on supply of Natural Gas to customers which has been challenged before Commissioner (Appeals).

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.

- 20.1.13** 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.

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.

- 20.1.14** 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 confirmed Demand on RLNG Swap & transportation while other GDS & other observations were remanded back to Tax Officer.

Against Commissioner (Appeals) Order on RLNG, SSGC has filed appeal before Appellate Tribunal Inland Revenue (ATIR) and has also applied to Alternate Dispute Resolution Committee (ADRC), which is pending adjudication.

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.

- 20.1.15** The Company is subject to various other claims totaling Rs. 8,896 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

- 20.1.16** The Company is party to number of cases in respect of billing disputes and related matters. Based on the opinion of the Company's legal department, the management is confident that the outcome of these cases will be in favor of the Company. Accordingly, no provision has been made in respect of those cases in these unconsolidated financial statements.

	2020 (Rupees in million)	2019
<b>20.1.17</b> Claims against the Company not acknowledged as debt	<b>66,327</b>	77,477
The management is confident that ultimately these claims would not be payable.		
<b>20.2 Commitments</b>		
Commitments for capital and other expenditure	<b>5,550,445</b>	5,279,534

21.	PROPERTY, PLANT AND EQUIPMENT	Note	2020	2019
			(Rupees in '000)	
	Operating assets	21.1	122,483,833	118,193,544
	Capital work in progress	21.7	11,862,383	11,526,948
			<b>134,346,216</b>	<b>129,720,492</b>

### 21.1 Operating assets

	2020						"USEFUL LIFE" LIFE"	
	COST / REVALUATION			ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2019	Additions / (deletions) / transfers * Revaluation **	As at June 30 2020	As at July 01, 2019	Depreciation / (deletions) / transfers *	As at June 30 2020		As at June 30 2020
	(Rupees in '000)							
Freehold land	10,512,545	- 1,826,482 **	12,339,027	-	- - **	-	12,339,027	
Leasehold land	11,216,886	3,423 1 * 1,477,801 **	12,698,111	-	- - * - **	-	12,698,111	
Buildings on freehold land	324,492	-	324,492	303,637	16,225	319,862	4,630	20
Buildings on leasehold land	2,636,519	135,337	2,771,856	1,682,690	75,532	1,758,222	1,013,634	20
Roads, pavements and related infrastructures	797,026	-	797,026	376,934	39,934	416,868	380,158	20
Gas transmission pipeline	57,822,165	2,452,128 (1) 2,863 *	60,277,155	17,450,382	1,198,684 - (1,659) *	18,647,407	41,629,748	40
Gas distribution system	87,304,051	5,756,262 (792,910)	92,267,403	43,673,023	5,137,020 (687,668)	48,122,375	44,145,028	10-20
Compressors	10,178,857	632,017	10,810,874	3,712,471	716,810	4,429,281	6,381,593	17
Telecommunication	1,186,456	13,603 (163,141) 605 *	1,037,523	937,770	89,608 (162,443) 605 *	865,540	171,983	2 & 6.67
Plant and machinery	3,791,850	244,781 (47,308) 8,343 *	3,997,666	2,391,032	266,507 (45,912) 1,668 *	2,613,295	1,384,371	10
Tools and equipment	499,708	13,150 (13,828) (200) *	498,830	470,018	23,255 (13,757) (385) *	479,131	19,699	3
Motor vehicles	3,239,354	177,994 (123,648) 1 *	3,293,701	1,988,042	269,596 (94,410) - *	2,163,228	1,130,473	5
Furniture and fixture	549,800	24,864 (12,443) (60) *	562,161	525,555	16,176 (12,443) 1 *	529,289	32,872	5
Office equipment	585,335	27,238 (15,321) (6,421) *	590,831	467,833	49,752 (15,321) 145 *	502,409	88,422	5
Computer and ancillary equipments	1,224,835	117,617 (45,633) 1 *	1,296,820	1,098,570	111,085 (45,616) (376) *	1,163,663	133,157	3
Supervisory control and data acquisition system	1,228,136	-	1,228,136	879,667	80,167	959,834	268,302	6.67
Construction equipment	3,218,821	- (42,062) (4,528) *	3,172,231	2,165,668	385,765 (41,827) - *	2,509,606	662,625	5 5
	196,316,836	9,598,414 (1,256,295) 604 * 3,304,283 **	207,963,843	78,123,292	8,476,116 (1,119,397) (1) * - **	85,480,010	122,483,833	

	2019							"USEFUL LIFE LIFE"
	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2018	Additions / (deletions) / transfers * Revaluation **	As at June 30 2019	As at July 01, 2018	Depreciation / (deletions) / transfers *	As at June 30 2019	As at June 30 2019	
	(Rupees in '000)							
Freehold land	5,476,034	- *	10,512,545	-	- *	-	10,512,545	
Leasehold land	8,883,781	5,036,511 **	11,216,886	-	- **	-	11,216,886	
Buildings on freehold land	324,492	2,333,105 **	324,492	288,734	14,903	303,637	20,855	20
Buildings on leasehold land	2,587,179	53,232 (3,892) *	2,636,519	1,576,977	105,747 (34) *	1,682,690	953,829	20
Roads, pavements and related infrastructures	797,026	-	797,026	337,001	39,933	376,934	420,092	20
Gas transmission pipelines	55,347,086	2,476,748 (1,669) *	57,822,165	16,270,966	1,132,776 46,640 *	17,450,382	40,371,783	40
Gas distribution system	81,391,434	5,987,626 (75,011) 2 *	87,304,051	38,966,369	4,782,931 (75,011) (1,266) *	43,673,023	43,631,028	10-20
Compressors	9,818,753	705,235 (387,176) 42,045 *	10,178,857	3,148,676	611,243 (47,448) -	3,712,471	6,466,386	17
Telecommunication	1,175,930	10,525 (167) 168 *	1,186,456	838,638	99,136 (148) 144 *	937,770	248,686	2 & 6.67
Plant and machinery	3,634,499	126,480 (12,433) 43,304 *	3,791,850	2,132,697	270,065 (12,157) 427 *	2,391,032	1,400,818	10
Tools and equipment	491,059	17,162 (4,386) (4,127) *	499,708	440,368	38,016 (4,232) (4,134) *	470,018	29,690	3
Motor vehicles	3,175,744	252,338 (187,250) (1,478) *	3,239,354	1,858,537	274,135 (146,169) 1,539 *	1,988,042	1,251,312	5
Furniture and fixture	560,235	13,653 (3,060) (21,028) *	549,800	533,427	16,220 (3,060) (21,032) *	525,555	24,245	5
Office equipment	623,629	26,596 (6,438) (58,452) *	585,335	450,297	49,244 (6,428) (25,280) *	467,833	117,502	5
Computer and ancillary equipments	1,238,926	12,946 (26,972) (65) *	1,224,835	1,003,121	124,022 (26,972) (1,601) *	1,098,570	126,265	3
Supervisory control and data acquisition system	1,149,870	78,266	1,228,136	798,191	81,477	879,667	348,469	6.67
Construction equipment	3,190,380	23,858 (609) 5,192 *	3,218,821	1,769,153	392,526 (609) 4,598 *	2,165,668	1,053,153	5
	179,866,057	9,784,665 (703,502) -	196,316,836	70,413,152	8,032,374 (322,234) -	78,123,292	118,193,544	
		7,369,616 **			- **			

## 21.2 Details of depreciation for the year are as follows:

Transmission and distribution costs  
Administrative expenses  
Selling expenses

Meter manufacturing division  
LPG air mix  
Capitalised on projects

	2020	2019
	(Rupees in '000)	
	7,672,333	7,127,853
	203,027	315,170
	10,014	21,026
	7,885,374	7,464,049
	24,114	24,381
	94,566	67,768
	472,062	476,176
	8,476,116	8,032,374

## 21.3 Disposal of property, plant and equipment

Details of disposal of operating assets are as follows:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
------(Rupees in '000)'-----							
<b>Gas Distribution Pipeline</b>	702,182	596,940	105,242	-	(105,242)	Gas meters retired	Written off
<b>Motor Vehicle</b>							
Jeep Rexton	2,505	2,004	501	900	399	Open auction	Ramzan Ali
Jeep Rexton	2,505	2,004	501	980	479	Open auction	Rashid Ayub
Pickup Double Cabin	2,671	2,136	535	705	170	Open auction	Javed Iqbal
Honda Civic	1,975	1,384	591	1,240	649	Open auction	Rashid Ayub
Volvo High Bed Trailor	3,017	2,415	602	1,305	703	Open auction	Imdad Ali
Honda Civic	2,101	1,470	631	1,080	449	Open auction	Bilal
Honda Civic	2,298	1,608	690	860	170	Open auction	Nusrat Iqbal
Pickup Double Cabin	3,999	3,199	800	965	165	Open auction	Imdad Ali
Pickup Double Cabin	3,538	1,934	1,604	2,680	1,076	Open auction	NICL Claim
Cultus	1,143	509	634	236	(398)	Open auction	Waqarul Islam Shaikh-DGM
Toyota Corolla 1.3	1,930	855	1,075	375	(700)	3rd party calims	Ghulam Abbas Mangi (GM)
Toyota Corolla 1.3	1,929	820	1,109	469	(640)	Service rules	Malik Usman Hasan (GM)
Toyota Corolla 1.3	1,930	661	1,269	764	(505)	Service rules	Azam Akhtar (GM)
Toyota Corolla 1.3	2,298	460	1,838	1,466	(372)	Service rules	Nadeem Qayum (GM)

## 21.4 Particular of Land and Building

	District	Area of Land Sq. Yards
LPG Air Mix Plant	Awaran	19,360
LPG Plant at Gwadar, Allotment of Government Land in Mauza Karwat	Gwadar	19,360
LPG Plant at Gwadar.	Gwadar	19,360
Regional Office Hyderabad	Hyderabad	38,893
Billing Office Hyderabad	Hyderabad	1,079
Plot ensured for Community Centre for offices at Hyderabad.	Hyderabad	2,398
HQ-3 Hyderabad - Compressor Station	Hyderabad	40,667
Head Office Building	Karachi	24,200
Karachi Terminal Station (K.T	Karachi	185,131
Distribution Office Karachi West	Karachi	9,680
Site Office Karachi	Karachi	19,360
Zonal Billing Office & CFC Nazimabad	Karachi	2,221
Medical Centre M.A Jinnah Road	Karachi	115
Khadija Base Camp	Karachi	125,841
Land for Construction of Distribution Central Offices	Karachi	355
Land for Construction of Distribution Central Offices	Karachi	572
Site proposed for CFC and Distribution office DHA	Karachi	600
Dope Yard for Distribution East	Karachi	653
LPG Air Mix Plant	Kot Ghulam Muhammad	19,360
Regional Office Larkana	Larkana	16,214
Site proposed for Distribution offices in Mastung	Mastung	1,320
Zonal Office	Naushero Feroz	3,572
Regional Office Nawab Shah	Nawab Shah	6,111
HQ-2 Nawab Shah - Compressor Station	Nawab Shah	46,667
LPG Air Mix Plant	Noshki	19,360
Land proposed for SSGC building in Pishin	Pishin	2,556
Regional Office Quetta	Quetta	4,840
Stores, Dope yard for Quetta Region.	Quetta	2,420
HQ Quetta	Quetta	108,460
Land proposed for Zonal Office at Sanghar	Sanghar	4,414
Mini Stadium , CFC & Distribution Office.	Shahdadkot	32,307
Sinjhoro Office	Sinjhoro	600
LPG Air Mix Plant	Sohrab	19,360
Regional Office Sukkur / Pipe Yard Sukkur	Sukkur	115
HQ-1 Sukkur	Sukkur	43,333



**21.5** As at June 30, 2020, property, plant and equipment having gross carrying amount of Rs. 252.150 million (2019: Rs. 204.712 million) are fully depreciated.

**21.6** Borrowing costs capitalised during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 632 million (2019: Rs. 326 million). Borrowing costs related to general borrowings were capitalised at the rate of 13.84% (2019: 9.73%) per annum.

	Note	2020 (Rupees in '000)	2019
<b>21.7 Capital work in progress</b>			
Projects:			
Gas distribution system		4,326,675	3,713,508
Gas transmission system		199,292	841,719
Cost of buildings under construction and Others		46,097	23,393
		4,572,064	4,578,620
Stores and spares held for capital projects	21.7.1	7,342,880	6,817,512
LPG air mix plant		399,991	583,368
		7,742,871	7,400,880
Impairment of capital work in progress		(452,552)	(452,552)
		11,862,383	11,526,948
<b>21.6.1 Stores and spares held for capital projects</b>			
Gas distribution and transmission		7,603,548	7,083,316
Provision for impaired stores and spares		(260,668)	(265,804)
		7,342,880	6,817,512

## 22. INTANGIBLE ASSETS

		(Rupees in '000)						Written down value as at June 30, 2020	Useful life (Years)
		COST		AMORTISATION					
		As at July 1, 2019	Additions / (Deletion)	As at June 30, 2020	As at July 1, 2019	For the year	As at June 30, 2020		
<b>Computer software</b>	2020	601,053	(317)	600,736	579,640	19,017	598,657	2,079	3
	2019	599,046	2,007	601,053	550,193	29,447	579,640	21,413	3

## 23. RIGHT OF USE ASSETS

	2020 (Rupees in '000)	2019
Balance as at July 01	-	-
Impact on application of IFRS 16	347,263	-
Additions during the year	-	-
	347,263	-
<b>Movement during the year</b>		
Additions	-	-
Less: depreciation charge for the year	(125,911)	-
Balance as at June 30	221,352	-
Cost	347,263	-
Accumulated depreciation	(125,911)	-
<b>Net book value</b>	221,352	-

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

		Percentage of holding (if over 10%)	2020 (Rupees in '000)	2019
	Note			
<b>24. LONG TERM INVESTMENTS</b>				
Investment - at cost	24.1		1,000,001	1,000,001
Investment - at fair value through other comprehensive income	24.2		180,017	236,148
			<b>1,180,018</b>	<b>1,236,149</b>
<b>24.1 Investment - at cost</b>				
<b>Subsidiary - related parties</b>				
SSGC LPG (Private) Limited				
100,000,000 (2019: 100,000,000) ordinary shares of Rs. 10 each (wholly owned subsidiary)		100%	1,000,000	1,000,000
Sui Southern Gas Provident Fund Trust Company (Private) Limited				
100 (2019: 100) ordinary shares of Rs. 10 each		100%	1	1
			<b>1,000,001</b>	<b>1,000,001</b>
<b>24.2 Investment - at fair value through other comprehensive income</b>				
<b>Associates - Related parties</b>				
Sui Northern Gas Pipelines Limited (SNGPL)				
2,414,174 (2019: 2,414,174) ordinary shares of Rs. 10 each	24.3 & 24.4		131,814	167,761
<b>Other investments</b>				
Pakistan Refinery Limited				
3,150,000 (2019: 3,150,000) ordinary shares of Rs. 10 each			35,942	50,904
United Bank Limited				
118,628 (2019: 118,628) ordinary shares of Rs. 10 each			12,261	17,483
			<b>180,017</b>	<b>236,148</b>
<b>24.3</b>	Investments in SNGPL with a shareholding of 0.38% (2019: 0.38%) represent investment in 'associated companies' in terms of provisions of Companies Act 2017. However, the Company has not accounted for this as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company does not have significant influence in this associated companies. This investment is measured at fair value through other comprehensive income under IFRS 9.			
<b>24.4</b>	Sale of these shares has been restricted by the Government of Pakistan, due to investee's privatisation, till further directives.			
<b>24.5</b>	The Company holds 5,000 shares of Pakistan Tourism Development Corporation. Fair value of these shares as at reporting date is nil. These were carried at cost except in prior years.			

## 25. NET INVESTMENT IN FINANCE LEASE

	2020		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
	(Rupees in '000)		
Not later than one year	86,806	28,992	57,814
Later than one year and not later than five years	142,542	11,407	131,135
Later than five years	-	-	-
	142,542	11,407	131,135
	229,348	40,399	188,949

	2019		
Not later than one year	97,161	39,347	57,814
Later than one year and not later than five years	229,348	40,399	188,949
Later than five years	-	-	-
	229,348	40,399	188,949
	326,509	79,746	246,763

- 25.1 The Company entered into agreements with Oil and Gas Development Company Limited (OGDCL), Sui Northern Gas Pipelines Limited and ENI Pakistan Limited to use the Company's transmission pipelines for distribution of gas. The terms of the agreements entered into are for a substantial portion of the useful economic lives of the related assets. The agreement with OGDCL and ENI Pakistan expired on June 30, 2013 and November 25, 2015 respectively and management is negotiating for renewal of these agreements. The interest rates used to discount future minimum lease payments under the leases are based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in finance leases.

	Note	2020 (Rupees in '000)	2019
26. LONG TERM LOANS AND ADVANCES (secured, considered good)			
Due from executives	26.1 & 26.2	344	560
Less: receivable within one year	31	(224)	(263)
		120	297
Due from other employees	26.1 & 26.2	213,262	217,023
Less: receivable within one year	31	(33,320)	(33,281)
		179,942	183,742
		180,062	184,039

## 26.1 Reconciliation of the carrying amount of loans and advances:

	2020		2019	
	Executives	Other employees	Executives	Other employees
	(Rupees in '000)			
Balance as at July 01	560	217,023	815	212,846
Disbursements	-	49,131	-	47,961
Repayments	(216)	(52,892)	(255)	(43,784)
Balance as at June 30	344	213,262	560	217,023

**26.2** These loans represent house building and transport loans to the employees under the terms of employment and are recoverable in monthly instalments over a period of 6 to 10 years. These loans are secured against the retirement benefit balances of respective employees and deposit of title deeds. Loans to the executive staff, carrying a mark-up of 10% per annum, have been discontinued under the revised compensation package of the Company w.e.f. January 1, 2001. Loans to non-executive employees are free from mark-up. The Company has not discounted these loans at market interest rate as effect of such discounting is not material to these unconsolidated financial statements.

**26.3** The maximum aggregate amount of long term loans due from the executives at the end of any month during the year was Rs. 0.563 million (2019: Rs. 0.815 million).

## 27. STORES, SPARES AND LOOSE TOOLS

	2020	2019
	(Rupees in '000)	
Stores	464,471	387,165
Spares	2,006,908	1,463,913
Stores and spares in transit	604,856	835,026
Loose tools	853	820
	3,077,088	2,686,924
<b>Provision against impairment</b>		
Balance as at July 01	(323,244)	(301,987)
Provision made during the year	(36,873)	(21,257)
Balance as at June 30	(360,117)	(323,244)
	2,716,971	2,363,680
<b>27.1</b> Stores, spares and loose tools are held for the following operations:		
Transmission	2,409,597	2,108,789
Distribution	307,374	254,891
	2,716,971	2,363,680

28. STOCK-IN-TRADE	2020	2019
	(Rupees in '000)	
<b>Gas</b>		
Gas in pipelines	1,248,028	1,214,410
Stock of Synthetic Natural Gas	14,336	18,067
	<b>1,262,364</b>	<b>1,232,477</b>
<b>Gas meters</b>		
Components	757,168	451,234
Work-in-process	29,006	12,203
Finished meters	95,883	139,338
	<b>882,057</b>	<b>602,775</b>
<b>Provision against impaired inventory</b>		
Balance as at July 01	(35,960)	(26,916)
Provision made during the year	(2,583)	(9,044)
Balance as at June 30	<b>(38,543)</b>	<b>(35,960)</b>
	<b>2,105,878</b>	<b>1,799,292</b>

## 29. CUSTOMERS' INSTALLATION WORK-IN-PROGRESS

This represents cost of work carried out by the Company on behalf of the customers at their premises. Upon completion of work, the cost thereof is transferred to transmission and distribution cost and recoveries from such customers are shown as deduction there from as reflected in note 40.2 of these unconsolidated financial statements.

## 30. TRADE DEBTS

Considered good		
Secured	32,655,739	26,903,030
Unsecured	78,389,700	72,886,457
	<b>111,045,439</b>	<b>99,789,487</b>
Provision against financial assets	(19,236,535)	(15,632,602)
	<b>91,808,904</b>	<b>84,156,885</b>

**30.1** 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 Financial Reporting Standards 15: "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants .

In accordance with the revised accounting treatment, the trade debts includes Rs. 33,415 million (2019: Rs. 32,888 million) as at June 30, 2020 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,652 million (2019: Rs. 29,652 million) as at June 30, 2020 are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 116,743 million (2019: Rs. 100,319 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

Considering that the Company has valid legal claim for recovery of LPS together with outstanding principal amount, the Company filed the aforementioned suit against KE amounting to Rs. 55,705 million. The above suit has been filed based on the following grounds:

As per the agreement dated June 30, 2009 which was entered between the Company and KE for making outstanding payment in 18 installments, the Company was entitled to charge LPS on outstanding principal amount at rate of:

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



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

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

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

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

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

**30.2** 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 Financial Reporting Standards 15: "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,332 million (2019: Rs. 23,661 million) including overdue balance of Rs. 24,282 million (2019: Rs. 23,598 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 67,665 million (2019: Rs. 61,217 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

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

		2020	2019
		(Rupees in '000)	
<b>30.3</b>	<b>Provision against financial assets</b>		
	Balance as at July 01	15,632,602	14,783,343
	Provision recognised during the year	3,603,933	849,259
	Balance as at June 30	19,236,535	15,632,602
<b>30.4</b>	The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 36,121 million (2020: Rs. 32,070 million).		

		2020	2019
		(Rupees in '000)	
<b>31.</b>	<b>LOANS AND ADVANCES</b>		
	<b>Considered good</b>		
	<b>Unsecured</b>		
	Loan to related party	31.1	1,535,103
	<b>Secured</b>		
	Advances to:		
	Executives	31.2	98,546
	Other employees	31.2	516,924
		420,951	615,470
	Current portion of long term loans and advances		
	Executives	26	263
	Other employees	26	33,281
		33,544	33,544
		1,989,598	2,184,117

- 31.1** This amount represents unsecured loan provided to SSGC LPG (Private) Limited (a wholly owned subsidiary), carrying mark-up equivalent to the weighted average bank borrowing rate of the Company. Subsequent to the year end, the Company has received a repayment amounting to Rs. 835 million. The Company has finalized the repayment schedule and signed an agreement dated June 30, 2021 that outstanding loan would be paid in twenty eight equal quarterly instalment commencing from October 04, 2022.
- 31.2** Advances represent interest free establishment advance and festival advance to the employees according to the terms of employment. These are repayable in ten equal instalments and are secured against the retirement benefit balances of the related employees.

	Note	2020 (Rupees in '000)	2019
<b>32. ADVANCES, DEPOSITS, AND SHORT TERM PREPAYMENTS</b>			
Advances for goods and services - unsecured, considered good		582,688	84,965
Trade deposits - unsecured, considered good		5,871	4,382
Prepayments		110,633	113,094
		<b>699,192</b>	<b>202,441</b>
<b>33. INTEREST ACCRUED</b>			
Interest accrued on late payment of bills / invoices from			
WAPDA		4,390,715	3,741,367
SNGPL		8,685,480	7,546,501
JJVL		578,798	578,798
		<b>13,654,993</b>	<b>11,866,666</b>
Interest accrued on sales tax refund	6.6	487,739	487,739
Interest accrued on loan to related party	33.1	1,082,222	868,410
		<b>15,224,954</b>	<b>13,222,815</b>
Provision against financial assets	33.2	(112,400)	(112,400)
		<b>15,112,554</b>	<b>13,110,415</b>
<b>33.1</b>	This amount represents interest accrued on amount due from SSGC LPG (Private) Limited (a wholly owned subsidiary). The amount includes interest accrued on a short term loan amounting to Rs. 1,046 million (2019: Rs. 832 million) and interest accrued on late payment of bills against sale of LPG amounting to Rs. 36 million (2019: Rs. 36 million).		
<b>33.2 Provision against financial assets</b>	Note	2020 (Rupees in '000)	2019
Balance as at July 01		112,400	84,392
Provision during this year		-	28,008
Reversal made during the year		-	-
Balance as at June 30		<b>112,400</b>	<b>112,400</b>
<b>34. OTHER RECEIVABLES</b>			
Gas development surcharge receivable from GoP	34.1	178,411,641	140,160,555
Receivable from SNGPL for differential tariff		4,284,080	-
Receivable from HCPCL	34.2	4,157,839	4,157,839
Staff pension fund	41.1	-	7,133
Receivable for sale of gas condensate		46,438	42,107
Receivable from Sui Northern Gas Pipelines Limited	34.3	99,834,232	71,884,848
Receivable from JJVL	34.5 & 34.6	11,427,831	11,530,044
Receivable from SSGC LPG (Private) Limited		19,829	30,129
Sales tax receivable	34.4	41,588,995	46,812,396
Sindh sales tax		112,976	112,976
Receivable against asset contribution	34.7	418,118	451,011
Miscellaneous receivables		67,063	90,946
		<b>340,369,042</b>	<b>275,279,984</b>
Provision against impaired receivables	34.8	(2,586,874)	(2,586,874)
		<b>337,782,168</b>	<b>272,693,110</b>

### 34.1 Gas development surcharge receivable from GoP

	Note	2020 (Rupees in '000)	2019
Balance as at July 01		140,160,555	53,499,313
Recognized during the year	38	37,600,501	84,884,740
Claim under IAS 19 during the year	34.1.2	-	1,311,533
Subsidy for LPG air mix operations		650,585	464,969
Balance as at June 30		178,411,641	140,160,555

**34.1.1** This includes Rs. 390 million (2019: Rs. 390 million) recoverable from the Government of Pakistan (GoP) on account of remission of gas receivables from people of Ziarat under instructions from GoP. Although, management is confident that this amount is fully recoverable, being prudent full provision has made in these unconsolidated financial statements.

**34.1.2** The Company had accounted for actuarial gains and (losses) in determining revenue requirement of the Company for the year ended June 30, 2019 having total impact of Rs. 1,312 million. However, the OGRA has disallowed the adjustment of actuarial gain / (loss) in the determination of estimated revenue requirement dated August 17, 2021. Accordingly, during the year the actuarial gains and (losses) mounting to Rs.2,476 million has not been accounted for by the Company .

### 34.2 Receivable from HCPCL

Amount of LD Charges as per arbitration award	3,938,382	3,938,382
Subsequent LDs raised by HCPCL on award principle	219,457	219,457
Total receivable	4,157,839	4,157,839

**34.2.1** 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 interest on Liquidated Damages (LD) and legal and professional charges. The said final reward was adjusted by HCPCL against running gas bills issued by the Company.

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

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

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

### 34.3 At the reporting date, receivable balance from SNGPL comprises of the following:

	Note	2020 (Rupees in '000)	2019
Uniform cost of gas		15,818,845	15,818,845
Lease rentals		593,033	224,440
Contingent rent		3,535	3,535
Capacity and utilisation charges of RLNG	34.3.1	51,063,909	33,298,113
LSA margins of RLNG		2,877,266	1,897,684
RLNG transportation income		29,477,644	20,642,231
		<b>99,834,232</b>	<b>71,884,848</b>

#### 34.3.1 At June 30, 2020, the Company has invoiced an amount of Rs. 94,910 million, including Sindh Sales Tax of Rs. 11,062 million, to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

SNGPL has disputed the terminal charges that have not been allowed to it by OGRA, terminal charges of a third party i.e. Pak-Arab Fertilizer Company Limited (PAFL) and terminal charges with respect to those quantities which were not supplied to SNGPL. SNGPL is of the view that it will only pay terminal charges as per OGRA Notification and for those quantities which are actually supplied to SNGPL and not the actual cost billed by the Company. For quantity supplied, PAFL is making payment directly to the Company according to the payment plan finalised, that requires PAFL to make eight equal monthly instalments of Rs. 201 million per month. The Company has received all eight instalments up to July, 2019.

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

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

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

Based on initialed agreement between the Company and SNGPL dated January 25, 2021, SNGPL is raising invoice for RLNG volumes retained by the Company from June 01, 2020 based on RLNG reconciliation statement mutually agreed. The rate is based on OGRA decision dated November 20, 2018. SNGPL has started payments of such invoices issued by the Company from June 2020 onwards on monthly basis.

#### 34.4 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. Subsequent to the year end, the Company has made extensive efforts and accordingly refunds of around Rs. 11,900 million were released during July 2019 to March 2021.



**34.5** 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.

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, 2020, 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.

**34.6** 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 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. (35) million (2019: Rs. 214 million), Rs. 6,831 million (2019: Rs. 6,831 million), Rs. 2,067 million (2019: Rs. 2,067 million), Rs. 1,070 million (2019: Rs. 1,070 million), Rs. 646 million (2019: Rs. 646 million), Rs. 32 million (2019: 32 million) Rs. 817 million (2019: 670 million) respectively.

As at year end, amount payable to JJVL as Rs. 8,528 million (2019: Rs. 8,528 million) as disclosed in note 18 to these unconsolidated financial statements.

**34.7** 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.

**34.8 Provision against impaired receivables**

**2020**                      **2019**  
(Rupees in '000)

Balance as at July 01	<b>2,586,874</b>	2,346,359
Effect of adoption of IFRS 9	-	240,276
Provision for expected credit losses	-	239
Balance as at June 30	<b>2,586,874</b>	<b>2,586,874</b>

		2020	2019
	Note	(Rupees in '000)	
<b>35. TAXATION - NET</b>			
Advance tax		32,840,479	30,840,655
Provision for taxation		(13,648,073)	(11,304,648)
		<b>19,192,406</b>	<b>19,536,007</b>
<b>36. CASH AND BANK BALANCES</b>			
Cash at banks			
deposit accounts	36.2	121,713	39,596
current accounts		571,352	293,938
		<b>693,065</b>	<b>333,534</b>
Cash in hand	36.1	6,624	4,760
		<b>699,689</b>	<b>338,294</b>
<b>36.1</b>	This includes foreign currency cash in hand amounting to Rs. 2.525 million (2019: Rs. 3.300 million).		
<b>36.2</b>	Rate of return on bank deposits ranges from 3.75% to 11.25% (2019: 4.50% to 10.50%) per annum.		
<b>37. SALES</b>			
Sales-Indigenous gas		246,484,348	203,861,134
Sales-RLNG		49,237,877	47,784,098
		<b>295,722,225</b>	<b>251,645,232</b>
Less: Sales tax			
Indigenous gas		36,690,600	25,990,221
RLNG		7,231,354	6,390,978
		<b>43,921,954</b>	<b>32,381,199</b>
		<b>251,800,271</b>	<b>219,264,033</b>
<b>38. GAS DEVELOPMENT SURCHARGE (GDS)</b>			
GDS recovered during the year		(3,480,425)	5,664,483
Price increase adjustment		49,075,081	83,357,011
Impact of staggering	2.1.1	(7,343,570)	(3,671,785)
Subsidy for LPG air mix operations	43.4	(650,585)	(464,969)
		<b>37,600,501</b>	<b>84,884,740</b>

**38.1** The revenue recognized above is receivable from Government of Pakistan (GoP) under the provisions of license for transmission and distribution of natural gas granted to the Company by OGRA.

OGRA vide its decision dated June 21, 2018 on the Estimated Revenue Requirement ('ERR') of the Company for the year 2019 and in its letter dated June 01, 2018 "Tariff Regime for Regulated Natural Gas Sector" decided in consultation with the Federal Government and other licensees in the natural gas sector to revise the tariff regime including the rate of return which is to be based on Weighted Average Cost of Capital ('WACC') from the year 2019 in place of the existing rate of return of 17% of the average operating assets. Weighted Average Cost of Capital ('WACC') was computed at 17.43% for year 2019 and onwards, however, the same will automatically reset if the WACC changes by  $\pm 2\%$  from the reference figure i.e. 17.43%. As per the revised tariff regime, the Company will earn an annual return calculated based on the Weighted Average Cost of Capital ('WACC') on the value of its average fixed assets in operation (net of deferred credit), before corporate income taxes and subject to efficiency benchmarks prescribed by OGRA. All prudently incurred expenses in the operation of the licensed regulated activities excluding financial charges on loans and debt servicing charges, taxes and dividend shall be treated as operating expenses.

		2020	2019
	Note	(Rupees in '000)	
<b>39</b>	<b>RLNG DIFFERENTIAL MARGIN</b>		
RLNG Differential Margin - OGRA	4.3	(5,125,505)	(6,788,764)
RLNG Differential Margin - SNGPL	39.1	5,965,099	(193,305)
		<b>839,594</b>	<b>(6,982,069)</b>

- 39.1** The OGRA vide its decision dated November 20, 2018 has directed that the stock of RLNG withheld by the Company to be purchased from SNGPL based on historical weighted average cost price in Pakistani Rupees. Consequently, the Company shall record sales as per relevant applicable OGRA notified rates. Any gain / loss owing to the difference between the current and historical rates shall be passed on to the SNGPL after deducting cost of supply and T&D losses.

#### 40 COST OF SALES

Cost of gas	40.1	284,344,157	274,794,155
Transmission and distribution costs	40.2	22,946,779	20,326,321
		<b>307,290,936</b>	<b>295,120,476</b>
<b>40.1</b>	<b>Cost of gas</b>		
Gas in pipelines as at July 01		1,214,410	689,805
RLNG purchases	40.1.1	43,609,212	35,025,067
Indigenous gas purchases		246,776,815	243,160,738
		<b>291,600,437</b>	<b>278,875,610</b>
Gas consumed internally		(6,008,251)	(2,867,045)
Gas in pipelines as at June 30		(1,248,029)	(1,214,410)
		<b>(7,256,280)</b>	<b>(4,081,455)</b>
		<b>284,344,157</b>	<b>274,794,155</b>

- 40.1.1** During the year 2015, the Company started swapping of natural gas in lieu of RLNG, which it received from Engro Elengy Terminal Limited (EETL) and Pakistan Gasport Consortium Limited (PGPCL) transferred to SNGPL. However, the gas transferred to SNGPL in lieu of RLNG is not in accordance with the gas received from EETL due to the difference of Gas Colorific Value (GCV) in the gas volume received and transmitted to SNGPL. From March 2015 till June 30, 2020, the Company received 1,315,119,152 Million Metric British Thermal Units (MMBTUs) from EETL and supplied 1,230,263,769 MMBTUs to SNGPL with a short supply of 84,855,383 MMBTU.

On December 12, 2017, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Company. On September 10, 2018, 18 BCF and on February 7, 2019 another 11 BCF on June 14, 2019 another 8 BCF, on November 18, 2019 another 11 BCF, on March 3, 2020 another 11 BCF (in total 71 BCF) of RLNG volume was allocated to the Company in order to resolve the matter of short supply, with the direction to enter into an agreement with SNGPL.

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 allocated volumes.

During the year, out of 71 BCF allocated volume, the Company has recorded a purchase 31 BCF (2019: 29.7 BCF) allocated volume from SNGPL amounting to Rs. 43,609 million (2019 : Rs. 35,025 million) based on OGRA decision dated November 20, 2018.

ECC in its decision dated May 17, 2018 suspended the current treatment of weighted average cost of gas (WACOG) for the period of 3 months i.e. till August 2018. Further ECC may consider the revision of WACOG based on the recommendations made by the committee for the purpose. Based on the decision, the Company did not raise the bill for the month of June 2018 to SNGPL.

Subsequent to year end no further direction has been provided by ECC, however it was mutually agreed and signed by the representatives of both Sui companies on May 2019 that both Sui companies should pay the undisputed amount to narrow down the differences of both companies, however no settlement has been made till date.

**40.1.2** UFG in parlance of a gas distribution and transmission company means the difference between gas purchased in volume, gas billed in volume and gas used internally by the Company in volumes for its operations. UFG results from a number of factors which inter alia comprises of gas leakages both underground and over ground, measurement errors, meter tampering, meter getting slow with time and use, illegal connections and such other connections which bypass the meters installed. While it is almost impossible to estimate the amount of gas theft in UFG, it is estimated that it is a significant percentage of the total UFG.

The Company is taking a number of measures to control and reduce UFG. These are elaborated below:

- Vigilance for identification of theft cases, illegal networks and necessary remedial measures thereafter.
- Measurement errors identification and rectification.
- Above ground and underground leakage identification and rectification.

The Company's actions are likely to be more effective with the co-operation of various stakeholders and law enforcement agencies.

OGRA has determined UFG at 17.25% without considering RLNG volume handled. Although, the Company had claimed UFG at 9.51% based on the RLNG volume handled and transmitted RLNG to SNGPL. The matter of RLNG volume handling benefit to the Company is under review at ECC level.

As per the UFG study report finalized by a firm of Chartered Accountant, revised UFG allowance formula is gas volume available for sale X [5% + (2.6% X percentage of achievement of KMI's)]. OGRA has determined Benchmark with KMI achievement at 6.90% [5% + (1.90% based on KMI achievement)] as against the claim of the Company at 7.37% [5% + (2.37% based on KMI achievement)].

		2020	2019
	Note	(Rupees in '000)	
<b>40.2 Transmission and distribution costs</b>			
Salaries, wages and benefits		9,970,715	8,734,744
Contribution / accruals in respect of staff retirement benefit schemes	40.2.1	2,264,136	1,529,667
Depreciation on operating assets	21.2	7,672,333	7,127,853
Depreciation - right of use		58,788	-
Repairs and maintenance		1,796,342	1,601,414
Stores, spares and supplies consumed		519,956	571,576
Gas consumed internally		826,229	858,047
Legal and professional charges		93,336	16,145
Software maintenance		59,687	36,375
Electricity		121,006	110,395
Security expenses		740,859	607,150
Insurance and royalty		99,975	103,156
Travelling		60,550	63,417
Material and labor used on customers' installation		9,217	17,509
Impairment of capital work in progress		-	70,494
Postage and revenue stamps		2,037	120,600
Rent, rates and taxes		55,624	181,383
Others		1,044,514	948,131
		<b>25,395,304</b>	<b>22,698,056</b>
<b>Recoveries / allocations to:</b>			
Gas distribution system capital expenditure		(2,014,495)	(1,983,991)
Installation costs recovered from customers	29	(44,882)	(41,710)
		<b>(2,059,377)</b>	<b>(2,025,701)</b>
<b>Recoveries of service cost from</b>			
Sui Northern Gas Pipeline Limited - related party	40.2.2	(372,879)	(316,449)
Allocation to sale of gas condensate		(16,269)	(22,754)
Reimbursement of management fee from SLL		-	(6,831)
		<b>22,946,779</b>	<b>20,326,321</b>
<b>40.2.1 Contributions to / accrual in respect of staff retirement benefit schemes</b>			
Contributions to the provident fund		278,093	300,963
Charge in respect of pension funds:			
executives		432,519	285,710
non executives		342,135	132,617
Charge in respect of gratuity funds:			
executives		211,706	(291,344)
non executives		124,393	569,383
Accrual in respect of unfunded post retirement medical facility:		875,290	630,947
Accrual in respect of compensated absences			
Executives		-	(139,285)
Other employees		-	40,676
		<b>2,264,136</b>	<b>1,529,667</b>



**40.2.2** This includes recovery in respect of obligation against pipeline transferred to the Company from Engro Elengy Terminal Limited amounting to Rs. 135.7 million (2019: Rs. 135.7 million).

	Note	2020 (Rupees in '000)	2019
<b>41. ADMINISTRATIVE AND SELLING EXPENSES</b>			
Administrative expenses	41.1	2,848,969	3,032,703
Selling expenses	41.2	1,943,726	1,787,689
		<b>4,792,695</b>	<b>4,820,392</b>
<b>41.1 Administrative Expenses</b>			
Salaries, wages and benefits		1,845,380	1,855,234
Contribution / accruals in respect of staff retirement benefit schemes	41.1.1	204,675	186,077
Depreciation on operating assets	21.2	203,027	315,170
Depreciation - right of use		24,953	-
Amortisation of intangible assets	22	19,017	29,447
Repairs and maintenance		141,686	121,536
Stores, spares and supplies consumed		30,748	45,347
Legal and professional		105,607	112,343
Software maintenance		76,191	77,389
Electricity		4,388	5,421
Security expenses		15,412	12,617
Insurance and royalty		12,822	12,502
Travelling		48,665	64,161
Postage and revenue stamps		7,144	7,444
Rent, rates and taxes		8,907	20,655
Others		138,823	199,363
		<b>2,887,445</b>	<b>3,064,706</b>
Allocation to meter manufacturing division	43.3	(38,476)	(32,003)
		<b>2,848,969</b>	<b>3,032,703</b>
<b>41.1.1 Contribution / accrual in respect of staff retirement benefit schemes</b>			
Contribution to the provident fund		55,381	51,962
Charge in respect of pension funds:			
executives		57,434	56,695
non-executives		6,114	6,331
Charge in respect of gratuity funds:			
executives		37,837	37,617
non-executives		4,182	4,412
Accrual in respect of unfunded post retirement:			
gas facility		36,470	26,289
medical facility		7,257	2,771
		<b>204,675</b>	<b>186,077</b>

		2020	2019
	Note	(Rupees in '000)	
<b>41.2 Selling expenses</b>			
Salaries, wages and benefits		1,099,629	982,413
Contribution / accruals in respect of staff retirement benefit schemes	41.2.1	124,654	120,725
Depreciation on operating assets	21.2	10,014	21,026
Depreciation - right of use		42,170	-
Repairs and maintenance		2,047	2,003
Stores, spares and supplies consumed		14,471	20,939
Electricity		155,700	115,850
Insurance and royalty		852	921
Travelling		991	1,548
Gas bill and collection charges		477,904	472,411
Postage and revenue stamps		397	1,050
Rent, rates and taxes		499	33,268
Others		14,398	15,535
		<b>1,943,726</b>	<b>1,787,689</b>
<b>41.2.1 Contribution / accrual in respect of staff retirement benefit schemes</b>			
Contribution to the provident fund		38,210	32,906
Charge in respect of pension funds:			
executives			
non-executives		28,192	29,445
		23,590	22,960
Charge in respect of gratuity funds:			
executives		18,552	19,416
non-executives		16,110	15,998
		<b>124,654</b>	<b>120,725</b>
<b>42. OTHER OPERATING EXPENSES</b>			
Auditors' remuneration			
Statutory audit		5,022	4,832
Fee for other audit related services		1,267	1,108
Fee for taxation services		-	6,366
Out of pocket expenses		588	500
		<b>6,877</b>	<b>12,806</b>
HCPCL arbitration award		-	3,855,196
Sports expenses		130,653	76,300
Corporate social responsibility		54,896	32,460
Provision against impaired stores and spares		31,737	104,851
Loss on disposal of property, plant and equipment		41,533	263,400
Exchange loss		1,530,546	16,340,901
		<b>1,796,242</b>	<b>20,685,914</b>

		2020	2019
	Note	(Rupees in '000)	
<b>43. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Income for receivable against asset contribution		42,972	41,784
Interest income on loan to related party		213,812	166,569
Income from net investment in finance lease from SNGPL		36,250	46,608
Return on term deposits and profit and loss bank account		99,483	30,831
		<b>392,517</b>	<b>285,792</b>
Interest income on late payment of gas bills from Jamshoro Joint Venture Limited (JJVL)	43.5	-	164,818
Water & Power Development Authority (WAPDA)		<b>649,348</b>	<b>319,879</b>
		<b>649,348</b>	<b>484,697</b>
Dividend income		<b>1,849</b>	<b>17,020</b>
		<b>1,043,714</b>	<b>787,509</b>
<b>Income from other than financial assets</b>			
Late payment surcharge		<b>1,696,811</b>	<b>1,044,431</b>
Interest income on late payment of gas bills from - SNGPL - Related Party		<b>1,138,979</b>	<b>1,130,142</b>
Sale of gas condensate - net		<b>(16,019)</b>	<b>(36,825)</b>
Income from LPG NGL - net	43.1 & 43.2	<b>257,975</b>	<b>133,192</b>
Meter manufacturing division profit - net		<b>13,988</b>	<b>9,097</b>
Meter rentals		<b>799,764</b>	<b>775,555</b>
RLNG transportation income		<b>8,353,000</b>	<b>8,748,858</b>
Recognition of income against deferred credit and contract liabilities		<b>549,302</b>	<b>523,513</b>
Income from LPG air mix distribution - net	43.4	<b>112,273</b>	<b>75,545</b>
Recoveries from customers		<b>58,377</b>	<b>87,891</b>
Liquidated damages recovered		<b>29,430</b>	<b>52,449</b>
Income from sale of tender documents		<b>3,787</b>	<b>5,994</b>
Amortization of Government grant		<b>20,842</b>	<b>23,251</b>
Rental income from SSGC LPG (Private) Limited		<b>770</b>	<b>770</b>
Income against LNG service agreement		<b>895,868</b>	<b>804,326</b>
Miscellaneous		<b>470,450</b>	<b>81,943</b>
		<b>15,429,311</b>	<b>14,247,641</b>

**43.1** The gross income from LPG and NGL amounts to Rs. 4,683 million (2019: Rs 1,530 million) and total related shrinkage amounts to Rs. 4,425 million (2019: Rs 1,397 million).

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

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

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

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

		2020	2019
	Note	(Rupees in '000)	
<b>43.3 Meter manufacturing division profit - net</b>			
Gross Sale of gas meters:			
Company's consumption		2,029,605	2,119,891
Outside sales		31,702	42,000
		2,061,307	2,161,891
Sales tax		(297,430)	(351,241)
Net sales		1,763,877	1,810,650
Cost of sales			
Raw material consumed		1,152,855	1,208,493
Stores and spares		4,203	6,468
Fuel, power and electricity		18,486	22,640
Salaries wages and other benefits	43.3.2	505,614	501,844
Insurance		821	788
Repairs and maintenance		7,345	7,030
Depreciation	21.2	24,114	24,381
Transportation		2	3
Other expenses		691	554
Cost of goods sold		1,714,131	1,772,201
Gross profit		49,746	38,449
Administrative expenses	41.1	(38,476)	(32,003)
Operating profit		11,270	6,446
Other income		2,718	2,651
Net profit		13,988	9,097

**43.3.1** Gas meters used by the Company are included in operating assets at manufacturing cost.

<b>43.3.2</b>	Salaries, wages and other benefits	489,243	482,405
	Provident fund contribution	6,592	8,828
	Pension fund	5,818	6,304
	Gratuity	3,961	4,307
		505,614	501,844

		2020	2019
		(Rupees in '000)	
<b>43.4</b>	<b>Income from LPG air mix distribution - net</b>		
	Sales	66,953	33,829
	Cross subsidy	650,585	464,969
	Cost of sales	(410,522)	(288,430)
	Gross profit	307,016	210,368
	Distribution, selling and administrative expenses		
	Salaries, wages and other benefits	(61,041)	(56,234)
	Depreciation expenses	(94,566)	(67,768)
	Other operating expenses	(85,121)	(83,329)
		(240,728)	(207,331)
	Amortisation of deferred credit	39,909	67,138
	Other income	6,076	5,370
	Profit for the year	112,273	75,545
<b>43.5</b>	In terms of the MoUs, interest is charged on the receivable from JJVL at the State Bank of Pakistan (SBP) discount rate plus 2%. Moreover, interest is charged at 3 months KIBOR + 1% on reconciled outstanding amount as at December 31, 2014 to be repaid in 12 equal quarterly instalments.		
	As per new agreement any unpaid amount shall carry late payment surcharge at 2% p.a applicable on monthly KIBOR.		
<b>44.</b>	<b>FINANCE COST</b>	2020	2019
		(Rupees in '000)	
	Mark-up on:		
	loan from banking companies	5,822,103	5,156,227
	short term borrowings	1,421,794	1,250,030
	customer deposits	457,436	442,372
	customer finance	1,849	943
	Government of Sindh loans	32,615	35,004
	obligation against pipeline	81,718	86,345
	finance cost of lease liability	32,101	-
	others	16,981	113,194
		7,866,597	7,084,115
	Less: Finance cost capitalised during the year	(632,004)	(325,823)
		7,234,593	6,758,292
<b>45.</b>	<b>TAXATION</b>		
	Current year	(2,341,883)	(1,574,541)
	Prior year	(1,986)	-
		(2,343,869)	(1,574,541)
<b>45.1</b>	Relationship between unconsolidated accounting profit and tax expense for the year is as follows:		
	Accounting loss for the year	(19,048,722)	(16,820,227)
	Tax rate	29%	29%
	Tax charge @ 29% (2019: 29%)	(5,524,129)	(4,877,866)
	Effect of lower tax rate on dividend income	259	2,383
	Effect of prior year tax	1,986	-
	Effect of deferred tax not recognised	8,170,207	6,068,026
	Minimum income tax u/s 153 (1) (b)	833	5,243
	Others	(305,287)	376,755
		2,343,869	1,574,541



### Management assessment on sufficiency of provision for income taxes

A comparison of provision on account of income taxes with most recent tax assessment for last three tax years is as follows:

Tax Year	Current Tax provision as per Accounts	Tax assessment
2019	1,574,541	1,576,527
2018	1,135,550	970,049
2017	1,503,430	904,032

The Company computes tax provisions based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. Accordingly, the management of the Company has assessed the sufficiency of the tax provisions and believes that the tax provisions are sufficient to reflect the actual tax liability of the Company.

45.2	Deferred Tax	2020	2019
		(Rupees in '000)	
	<b>Taxable temporary differences</b>		
	Accelerated tax depreciation	14,608,538	15,113,498
	Net investment in finance lease	54,795	71,562
	<b>Deductible temporary differences</b>		
	Provision against employee benefits	(1,515,457)	(1,695,705)
	Provision against impaired debts, other receivables and receivable from staff pension fund	(6,328,788)	(5,281,579)
	Provision against impaired store and spares	(115,611)	(104,169)
	Liability not paid within three years	(13,695,953)	(14,666,858)
	Carry forward of tax losses	(8,849,501)	(4,717,818)
	Minimum income tax	(5,161,293)	(2,813,466)
	Others	(1,309,719)	(32,710)
	Sub total	(22,312,989)	(14,127,245)
	Deferred tax asset not recognised	22,312,989	14,127,245
	<b>Total</b>	<b>-</b>	<b>-</b>

As at June 30, 2020, the Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 36,976 million (2019: Rs. 29,312 million) out of which deferred tax asset amounting to Rs. 14,663 million has been recognised and remaining balance of Rs. 22,313 million is unrecognised. As at year end, the Company's minimum tax credit amounted to Rs. 5,161 million (2019: Rs. 2,813 million) having expiry period ranging between 2022 and 2025.

## 46. STAFF RETIREMENT BENEFITS

### 46.1 Funded post retirement pension and gratuity schemes

As mentioned in note 4.18 to these unconsolidated financial statements, the Company operates approved funded pension and gratuity schemes for all employees. Contributions are made to these schemes based on actuarial valuation. Latest actuarial valuations were carried out as at June 30, 2020 under the projected unit credit method for both non-executive and executive staff members.

#### Fair value of plan assets and present value of obligations

The fair value of plan assets and present value of defined benefit obligations of the pension and gratuity schemes at the valuation date were as follows:

2020			
Executives		Non-executives	
Pension	Gratuity	Pension	Gratuity
----- (Rupees in '000) -----			

#### (Asset) / liability in unconsolidated statement of financial position

Fair value of plan assets	(868,076)	(4,706,318)	(77,945)	(3,082,206)
Present value of defined benefit obligation	1,296,098	6,752,619	14,787	5,192,580
	<u>428,022</u>	<u>2,046,301</u>	<u>(63,158)</u>	<u>2,110,374</u>

The Company has made additional payment during the year amounting to Rs. 80.479 million and Rs. 235.634 million in respect of Gratuity fund Pension fund against the actuarial liability.

#### Movement in present value of defined benefit obligation

Obligation as at July 01, 2019	1,283,366	6,596,505	19,402	5,433,108
Current service cost	45,216	358,747	-	256,055
Interest cost	184,876	931,095	2,574	760,722
Remeasurement	(155,910)	(604,318)	(4,819)	(501,424)
Benefits paid	(61,450)	(529,410)	(2,370)	(755,881)
Obligation as at June 30, 2020	<u>1,296,098</u>	<u>6,752,619</u>	<u>14,787</u>	<u>5,192,580</u>

#### Movement in fair value of plan assets

Fair value as at July 01, 2019	1,110,520	3,718,709	199,381	3,219,240
Expected return on plan assets	161,832	547,435	26,568	465,575
Remeasurement	(116,261)	464,611	(42,782)	(121,783)
Benefits paid	(61,450)	(529,410)	(2,370)	(755,881)
Contribution to the fund	238,046	570,799	76,648	95,555
Amount transferred out	(464,611)	(65,826)	(179,500)	179,500
Fair value as at June 30, 2020	<u>868,076</u>	<u>4,706,318</u>	<u>77,945</u>	<u>3,082,206</u>

#### Movement in (asset) / liability in unconsolidated statement of financial position

(Asset) / liability as at July 01, 2019	172,846	2,877,796	(179,979)	2,213,868
Expense recognised for the year	532,871	277,796	378,161	149,047
Remeasurement	(39,649)	(538,492)	(184,692)	(156,986)
Contribution to the fund	(238,046)	(570,799)	(76,648)	(95,555)
(Asset) / liability as at June 30, 2020	<u>428,022</u>	<u>2,046,301</u>	<u>(63,158)</u>	<u>2,110,374</u>

2020			
Executives		Non-executives	
Pension	Gratuity	Pension	Gratuity
(Rupees in '000)			

#### Expense recognised in the unconsolidated statement of profit or loss

Expense recognised in the unconsolidated statement of profit or loss during the current year in respect of the above schemes were as follows:

Current service cost	45,216	358,747	-	256,055
Interest cost	184,876	931,095	2,574	760,722
Interest income	(161,832)	(547,435)	(26,568)	(465,575)
Amount transferred out / (in)	464,611	(464,611)	402,155	(402,155)
	<u>532,871</u>	<u>277,796</u>	<u>378,161</u>	<u>149,047</u>
<b>Total remeasurements recognised in unconsolidated statement of comprehensive income</b>				
<b>Remeasurement on obligation arising on</b>				
Financial assumptions	4,483	671,781	294	523,421
Experience adjustments	151,427	(67,463)	4,525	(21,997)
	<u>155,910</u>	<u>604,318</u>	<u>4,819</u>	<u>501,424</u>
<b>Remeasurement on plan assets arising on</b>				
Actual return on plan assets	(40,045)	(479,460)	18,331	(300,473)
Expected return on plan assets	161,832	547,435	26,568	465,575
Net return on plan assets over interest income	(121,787)	(67,975)	(44,899)	(165,102)
Difference in opening fair value of assets after audit	5,526	2,149	2,117	43,319
Adjustment for previous amount	-	-	222,655	(222,655)
	<u>(116,261)</u>	<u>(65,826)</u>	<u>179,873</u>	<u>(344,438)</u>
	<u>39,649</u>	<u>538,492</u>	<u>184,692</u>	<u>156,986</u>
<b>Composition / fair value of plan assets used by the fund</b>				
Quoted Shares	8.83%	1.67%	58.35%	3.60%
Debt instruments	81.47%	95.47%	34.48%	86.62%
Mutual funds	7.96%	2.25%	0.00%	6.60%
Others including cash & cash equivalents	1.74%	0.62%	7.17%	3.17%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Quoted Shares	76,659	78,456	45,481	111,081
Debt instruments	707,228	4,492,924	26,872	2,669,938
Mutual funds	69,126	105,930	-	203,380
Others including cash & cash equivalents	15,063	29,008	5,592	97,807
Total	<u>868,076</u>	<u>4,706,318</u>	<u>77,945</u>	<u>3,082,206</u>

### Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2020.

	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Total number of employees	2,361	2,361	-	4,167
Total monthly salaries	269,835	269,835	-	134,522
Total number of pensioner	127	-	23	-
Total monthly pension	2,559	-	169	-

	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			

### (Asset) / liability in unconsolidated statement of financial position

Fair value of plan assets	(1,110,520)	(3,718,709)	(199,381)	(3,219,240)
Present value of defined benefit obligation	1,283,366	6,596,505	19,402	5,433,108
	<u>172,846</u>	<u>2,877,796</u>	<u>(179,979)</u>	<u>2,213,868</u>

### Movement in present value of defined benefit obligation

Obligation as at July 01, 2018	1,119,613	6,027,693	22,700	4,285,293
Current service cost	40,701	324,777	-	196,302
Interest cost	101,956	534,490	1,912	377,661
Remeasurement	121,323	159,174	(2,502)	931,792
Benefits paid	(100,227)	(449,629)	(2,708)	(357,940)
Obligation as at June 30, 2019	<u>1,283,366</u>	<u>6,596,505</u>	<u>19,402</u>	<u>5,433,108</u>

### Movement in fair value of plan assets

Fair value as at July 01, 2018	1,201,027	2,739,909	260,882	3,023,241
Expected return on plan assets	108,974	251,069	22,444	268,866
Remeasurement	(131,388)	(169,315)	(58,839)	(233,363)
Benefits paid	(100,227)	(449,629)	(2,708)	(357,940)
Contribution to the fund	385,142	993,667	167,054	328,984
Amount transferred (out) / in	(353,008)	353,008	(189,452)	189,452
Fair value as at June 30, 2019	<u>1,110,520</u>	<u>3,718,709</u>	<u>199,381</u>	<u>3,219,240</u>

### Movement in (asset) / liability in unconsolidated statement of financial position

(Asset) / liability as at July 01, 2018	(81,414)	3,287,784	(238,182)	1,262,052
Expense recognised for the year	386,691	255,190	168,920	115,645
Remeasurement	252,711	328,489	56,337	1,165,155
Contribution to the fund	(385,142)	(993,667)	(167,054)	(328,984)
(Asset) / liability in unconsolidated statement of financial position	<u>172,846</u>	<u>2,877,796</u>	<u>(179,979)</u>	<u>2,213,868</u>

## Expense recognised in the unconsolidated statement of profit or loss

Expense recognised in the unconsolidated statement of profit or loss during the current year in respect of the above schemes were as follows:

	2019			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	40,701	324,777	-	196,302
Interest cost	101,956	534,490	1,912	377,661
Interest income on plan assets	(108,974)	(251,069)	(22,444)	(268,866)
Amount transferred out / (in)	353,008	(353,008)	189,452	(189,452)
	<u>386,691</u>	<u>255,190</u>	<u>168,920</u>	<u>115,645</u>

## Total remeasurements recognised in unconsolidated statement of comprehensive income

### Remeasurement on obligation arising on

Financial assumptions	(4,157)	(205,635)	(349)	(54,533)
Experience adjustments	(117,166)	46,461	2,851	(877,259)
	<u>(121,323)</u>	<u>(159,174)</u>	<u>2,502</u>	<u>(931,792)</u>

### Remeasurement on plan assets arising on

Return on plan assets excluding interest income	(20,352)	124,766	(36,561)	36,683
Interest income	(108,974)	(251,069)	(22,444)	(268,866)
Net return on plan assets over interest income	(129,326)	(126,303)	(59,005)	(232,183)
Difference in opening fair value of assets after audit	(2,062)	(43,012)	166	(1,180)
	<u>(131,388)</u>	<u>(169,315)</u>	<u>(58,839)</u>	<u>(233,363)</u>
	<u>(252,711)</u>	<u>(328,489)</u>	<u>(56,337)</u>	<u>(1,165,155)</u>

### Composition / fair value of plan assets used by the fund

Quoted Shares	10.70%	3.21%	35.36%	5.27%
Debt instruments	79.33%	83.54%	56.61%	88.98%
Mutual funds	5.74%	2.68%	0.00%	4.78%
Others including cash & cash equivalents	4.23%	10.57%	8.03%	0.97%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Quoted Shares	118,839	119,209	70,506	169,727
Debt instruments	880,929	3,106,707	112,877	2,864,588
Mutual funds	63,762	99,815	-	153,958
Others including cash & cash equivalents	46,990	392,978	15,998	30,967
Total	<u>1,110,520</u>	<u>3,718,709</u>	<u>199,381</u>	<u>3,219,240</u>

### Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2020.

Total number of employees	2,367	2,367	-	4,301
Total monthly salaries	253,005	253,005	-	138,936
Total number of pensioner	122	-	29	-
Total monthly pension	2,468	-	214	-



### Significant actuarial assumptions

Significant assumptions used for the valuation of above schemes are as follows:

	Executives and Non-executives	
	2020 (%)	2019 (%)
Discount rate	8.50	14.25
Salary increase rate in the first year	0.00	12.50
Expected rate of increase in salary level	6.50	12.25
Increase in pension	2.50	8.25
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Ultra-Light	Light

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of salary and pension increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

			Impact of change in assumptions in present value of defined benefit obligation			
			Executives		Non-executives	
Change in assumption			Pension	Gratuity	Pension	Gratuity
			(Rupees in '000)			
Discount rate	1%	Increase in assumption	1,177,619	6,402,210	13,934	4,866,570
Salary increase rate	1%		1,348,374	7,107,586	-	5,530,931
Pension increase rate	1%		1,247,654	-	15,800	-
Discount rate	1%	Decrease in assumption	1,437,179	7,137,126	15,750	5,553,304
Salary growth rate	1%		1,247,654	6,422,929	-	4,880,734
Pension increase rate	1%		1,222,176	-	13,879	-

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the unconsolidated statement of financial position.

### Maturity profile of the defined benefit obligation

Weighted average duration of the PBO		9.14	5.19	5.77	6.28
Distribution of timing of benefit payments (time in years)					
	1	17,273	652,095	2,076	381,792
	2	37,461	883,354	2,128	446,947
	3	42,672	775,745	2,181	460,747
	4	48,186	948,424	2,236	513,196
	5	54,569	1,068,058	2,292	670,979
	6-10	392,146	6,656,037	12,346	4,885,800

The expected pension and gratuity expense for the next one year from July 01, 2020 is as follows:

	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	40,628	336,422	-	225,818
Interest cost	111,141	560,830	1,170	434,876
Interest income on plan assets	(76,213)	(393,847)	(6,324)	(262,664)
Interest cost	34,928	166,983	(5,154)	172,212
Expected return on plan assets				
Amount transferred out / (in)	242,336	(242,336)	266,790	(266,790)
	317,892	261,069	261,636	131,240

#### 46.2 Unfunded post retirement medical benefit and gas supply facilities

The Company provides free medical and gas supply facilities to its retired executive employees. The free gas supply facility has been discontinued for employees who had retired after December 31, 2000. The latest actuarial valuations of the liability under these schemes were carried out as at June 30, 2020 under the projected unit credit method, results of which are as follows:

##### Number of employees under the scheme

The number of employees covered under the following defined benefit plans are 2,272 (2019: 2,367) and 153 (2019: 153) for medical and gas facility respectively.

	2020		
	Post retirement medical facility	Post retirement gas facility	Total
	(Rupees in '000)		
Present value of defined benefit obligation	4,215,314	52,959	4,268,273

The Company has made additional payments during the year amounting to Rs. 0.134 million in respect of post retirement medical and gas facility the actuarial liability.

##### Movement in present value of defined benefit obligation

Liability as at July 01, 2019	4,965,955	52,959	5,018,914
Expense recognised for the year	911,760	7,257	919,017
Payments during the year	(109,170)	(4,179)	(113,349)
Remeasurement	(1,553,231)	(3,078)	(1,556,309)
Liability as at June 30, 2020	4,215,314	52,959	4,268,273

##### Expense recognised in the unconsolidated statement of profit or loss

Current service cost	198,734	-	198,734
Interest cost	713,026	7,257	720,283
	911,760	7,257	919,017

2020		
Post retirement medical facility	Post retirement gas facility	Total
------(Rupees in '000)-----		

#### Total remeasurements recognised in unconsolidated statement of comprehensive income

##### Remeasurement on obligation arising on

financial assumptions  
experience adjustments

(697,121)	-	(697,121)
(856,110)	-	(856,110)
<u>(1,553,231)</u>	<u>-</u>	<u>(1,553,231)</u>

##### Details of employees valued

Detail of employee valued related to above scheme are as follows for the year ended June 30, 2020.

Total number of actives  
Total number of beneficiaries

2,272	-
2,306	153

2019		
Post retirement medical facility	Post retirement gas facility	Total
------(Rupees in '000)-----		

#### Liability in unconsolidated statement of financial position

Present value of defined benefit obligation

4,965,955	52,959	5,018,914
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#### Movement in present value of defined benefit obligation

Liability as at July 01, 2018  
Expense recognised for the year  
Payments during the year  
Remeasurement  
Liability as at June 30, 2019

4,935,796	31,974	4,967,770
648,709	2,771	651,480
(105,000)	(4,177)	(109,177)
(513,550)	22,391	(491,159)
<u>4,965,955</u>	<u>52,959</u>	<u>5,018,914</u>

#### Expense recognised in the unconsolidated statement of profit or loss

Current service cost  
Interest cost

196,014	-	196,014
452,695	2,771	455,466
<u>648,709</u>	<u>2,771</u>	<u>651,480</u>

#### Total remeasurements recognised in unconsolidated statement of comprehensive income

##### Remeasurement on obligation arising on

Financial assumptions  
Experience adjustments

(61,220)	-	(61,220)
(452,330)	22,391	(429,939)
<u>(513,550)</u>	<u>22,391</u>	<u>(491,159)</u>

##### Details of employees valued

Detail of employee valued related to above scheme are as follows for the year ended June 30, 2019.

Total number of actives  
Total number of beneficiaries

2,367	-
2,249	153

## Significant actuarial assumptions

Significant assumptions used for the valuation of above schemes are as follows:

	Executives	
	2020 (%)	2019 (%)
Discount rate	8.50%	14.25%
Medical inflation rate - (Post-Retirement)	6.50%	14.25%
Medical inflation rate - (Pre-Retirement)	6.50%	12.25%
Gas inflation rate	8.50%	14.25%

	Executives	
	2020 (Rupees)	2019 (Rupees)
Benefit limit - Gas	27,500	27,500
Expected medical expense for adult - retirees and deceased staff	50,500	51,000
Expected medical expense for adult - active (family of two)	101,000	102,000
Expected medical expense for children	10,000	10,000
Mortality rates (for death in service & post retirement mortality)	SLIC (2001-05)	SLIC (2001-05)
Rate of employees turnover	Ultra light	Light

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of medical and gas increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Impact of change in assumptions in present value of defined benefit obligation			Post retirement medical facility		Post retirement gas facility	
Change in assumption			(Rupees in '000)		(Rupees in '000)	
Discount rate	1%		3,654,008		49,345	
Medical inflation rate	1%	Increase in assumption	4,353,730		-	
Gas inflation rate	1%		-		56,998	
Discount rate	1%	Decrease in assumption	4,916,924		57,037	
Medical inflation rate	1%		4,086,889		-	
Gas inflation rate	1%		-		49,314	

The expected medical and gas expense for the next one year from July 01, 2020 is as follows:

Current service cost	149,160	-
Net interest cost	359,512	4,326
	<u>508,672</u>	<u>4,326</u>

#### 46.3 Defined contribution plan - recognized provident fund

The information related to the provident funds established by the Holding Company based on management records are as follows:

	Executives		Non-Executives	
	2020 (Audited)	2019 (Audited)	2020 (Audited)	2019 (Audited)
	(Rupees in '000)			
Size of provident fund	4,679,583	4,184,961	4,337,053	3,810,725
Cost of investments made	4,190,178	3,651,386	3,875,219	3,268,452
Percentage of investments made	89.5%	87.3%	89.4%	85.8%
Fair value of investment	4,412,916	3,900,830	4,135,876	3,661,452
<b>Break-up of investments:</b>				
<b>- Balance in savings accounts</b>				
Amount of investment	69,799	144,898	67,108	64,649
Percentage of investment as size of the fund	1.5%	3.4%	1.5%	1.7%
<b>- Term deposit receipts</b>				
Amount of investment	690,836	673,058	557,463	929,295
Percentage of investment as size of the fund	14.7%	16.1%	12.9%	24.4%
<b>- Units of mutual fund</b>				
Amount of investment	344,212	331,382	234,801	219,713
Percentage of investment as size of the fund	7.4%	7.9%	5.4%	5.8%
<b>- Special savings certificate</b>				
Amount of investment	1,663,819	1,489,261	1,987,618	1,159,743
Percentage of investment as size of the fund	35.6%	35.6%	45.8%	30.4%
<b>- Treasury bills</b>				
Amount of investment	339,142	-	464,478	-
Percentage of investment as size of the fund	7.2%	0.0%	10.7%	0.0%
<b>- Pakistan Investment Bonds (PIBs)</b>				
Amount of investment	1,231,668	1,151,929	758,401	1,188,101
Percentage of investment as size of the fund	26.3%	27.5%	17.5%	31.2%
<b>- Term Finance Certificates (TFCs)</b>				
Amount of investment	-	4,953	-	4,158
Percentage of investment as size of the fund	-	0.1%	-	0.1%
<b>- Quoted shares</b>				
Amount of investment	73,440	105,349	66,007	95,793
Percentage of investment as size of the fund	1.6%	2.5%	1.5%	2.5%

46.4 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Act, 2017 and the rules formulated for this purpose.



47.	LOSS PER SHARE - BASIC AND DILUTED	Note	2020	2019
			(Rupees in '000)	
	Loss for the year		(21,392,591)	(18,394,768)
			(Number in '000)	
	Average number of ordinary shares		880,916	880,916
	Loss per share - basic and diluted		(24.28)	(20.88)
48.	ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS			
	Provisions	48.1	5,895,145	2,466,577
	Depreciation on owned assets		8,004,054	7,556,198
	Depreciation on right of use assets		125,911	-
	Amortization of intangibles		19,017	29,447
	Finance cost		7,072,301	6,621,951
	Amortization of transaction cost		48,473	49,996
	Recognition of income against deferred credit and contract liability		(589,159)	(590,627)
	Amortization of government grant		(20,842)	(23,251)
	Dividend income		(1,849)	(17,020)
	Interest income		(2,101,622)	(1,812,239)
	Income from net investment in finance lease		(36,250)	(46,608)
	Loss on disposal of property plant and equipment		41,263	261,775
	Decrease in long term advances		(101,515)	(78,815)
	Increase in deferred credit and contract liability		2,207,086	3,790,389
	Impact of IFRS 16: Finance cost		32,101	-
	Increase in obligation under finance lease		81,718	86,345
			20,675,832	18,294,118
48.1	Provisions			
	Provision against slow moving / obsolete stores		34,320	113,895
	Provision against financial assets		3,603,933	849,498
	Reversal for compensated absences		-	(145,236)
	Provision for post retirement medical and free gas supply facilities		919,017	651,480
	Provision for retirement benefits		1,337,875	926,446
	Impairment of Capital work in Progress		-	70,494
			5,895,145	2,466,577
49.	WORKING CAPITAL CHANGES			
	Increase in current assets			
	Store, spares and loose tools		(390,164)	(369,742)
	Stock-in-trade		(309,169)	(682,895)
	Customers' installation work-in-progress		(30,217)	(31,658)
	Trade debts		(11,255,952)	(8,244,792)
	Advances, deposits and short term prepayments		(509,397)	(30,712)
	Other receivables		(65,096,191)	(120,178,245)
			(77,591,090)	(129,538,044)
	Increase in current liabilities			
	Trade and other payables		104,641,206	147,303,209
			27,050,116	17,765,165

## 50. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2020	2019
	----- (Rupees in '000) -----	
Balance as at July 01	46,757,348	56,295,466
Proceed from long term loan	65,110	75,444
Repayment of long term loan	(9,648,859)	(9,613,562)
Addition in lease	334,617	-
Repayment of lease liability	(144,074)	-
Others	32,101	-
Balance as at June 30	37,396,243	46,757,348

## 51. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the unconsolidated financial statements for remuneration, including all benefits, to Managing Director, Directors and Executives of the Company are given below:

	2020		2019	
	Managing Director	Executives	Managing Director	Executives
	----- (Rupees in '000) -----			
Managerial remuneration	14,974	2,436,857	18,405	2,160,877
Housing	6,253	995,511	7,295	858,003
Utilities	1,389	221,224	1,621	190,667
Retirement benefits	1,309	440,305	1,578	469,606
	23,925	4,093,897	28,899	3,679,153
Number	1	1,054	1	936

The Chairman, Managing Director and certain executives are also provided the Company maintained vehicles in accordance with their entitlement. In addition, the Chairman of the Company was paid Rs. 1.78 million (2019: Rs. 1.39 million). Executives are also provided medical facilities in accordance with their entitlement.

Aggregate amount charged in these unconsolidated financial statements in respect of fee paid to 22 directors was Rs. 47 million (2019: Rs. 38.2 million for 22 directors).

## 52. CAPACITY AND ACTUAL PERFORMANCE

### 52.1 Natural gas transmission

	2020		2019	
	MMCF	HM3	MMCF	HM3
Transmission operation Capacity - annual rated capacity at 100% load factor with compression	990,610	279,092,975	990,610	279,092,975
Utilisation - volume of gas transmitted	723,145	203,737,872	774,988	218,343,957
Capacity utilisation factor (%)	73.0	73.0	78.2	78.2

## 52.2 Natural gas distribution

The Company has no control over the rate of utilisation of its capacity as the use of available capacity is dependent on off-takes by the customers.

## 52.3 Meter manufacturing division

During the year meter manufacturing division produced and assembled 452,670 meters (2019: 583,590 meters) against an annual capacity of 356,000 meters on a single shift basis.

## 53. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Oil and Gas Regulatory Authority. Remuneration of key management personnel are in accordance with the term of employment / appointment. The prices and other conditions are not influenced by the Company. Other transaction with the related parties are carried out as per agreed terms. The details of transactions with related parties not disclosed else where in these unconsolidated financial statements are as follows:

	Relationship	2020 ----- (Rupees in '000) -----	2019
<b>* Attock Cement Limited</b>	Associate		
- Billable charges		-	47,042
<b>Government related entities - various</b>			
- Purchase of fuel and lubricant		40,984	53,408
- Billable charges		85,752,710	43,799,008
- Mark-up expense on short term finance		77,971	109,274
- Markup expense on long term finance		685,103	583,833
- Income from net investment in finance lease		42,972	46,608
- Gas purchases		124,511,003	121,021,617
- Sale of gas meters and spare parts		30,311	20,332
- Rent of premises		6,830	6,209
- Insurance premium		113,650	107,049
- Uniform cost of gas		-	-
- Electricity expense		281,093	231,666
- Interest income		1,788,327	1,450,021
- Professional charges		17	22
- RLNG transportation income		8,353,000	8,748,858
- LPG Purchases		424,557	-
- Income against LNG service agreement		895,868	804,326
<b>* Habib Bank Limited</b>	Associate		
- Profit on investment		-	315
- Mark-up on short term finance		-	114,910
- Mark-up on long term finance		-	176,575
- Billable Charges		-	6,743
<b>Karachi Grammar School</b>	Associate		
- Billable charges		65	-
<b>Key management personnel</b>			
- Remuneration		193,398	224,618
<b>* Minto &amp; Mirza</b>	Associate		
- Professional charges		-	4,500
<b>* Petroleum Institute of Pakistan</b>	Associate		
- Subscription / contribution		-	980

	Relationship	2020 ----- (Rupees in '000) -----	2019 -----
<b>Pakistan Institute of Corporate Governance</b>	Associate		
- Subscription / Trainings		4,624	-
<b>SSGC LPG (Private) Limited</b>	Wholly owned subsidiary		
- Interest Income on loan		213,812	166,569
- LPG sales		-	-
- LPG purchases		-	80,885
- Rent on premises		770	770
- Reimbursement of management fees		-	6,831
<b>Staff Retirement Benefit Plans</b>	Associate		
- Contribution to provident fund		386,507	403,096
- Contribution to pension fund		911,032	555,672
- Contribution to gratuity fund		426,844	370,192
<b>Thatta Cement Company Limited</b>	Associate		
- Billable charges		-	2,481

\* Current year transactions with these parties have not been disclosed as they did not remain related parties during the year.

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

Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice. Balance payable to / receivable from these employees benefit plans are disclosed in notes 10, 18, 34 and 46 to these unconsolidated financial statements.

Remuneration to the executive officers of the Company (disclosed in note 51 to these unconsolidated financial statements) and loans and advances to them (disclosed in notes 26 and 31 to these unconsolidated financial statements) are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Company is received at rates prescribed by the Government of Pakistan.

#### Amount (due to) / receivable from related parties

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

2020                      2019  
Relationship ----- (Rupees in '000) -----

#### Government related entities - various

- Billable charges	63,591,878	62,745,107
- Mark up accrued on borrowings	(4,221,975)	(5,158,965)
- Net investment in finance lease	418,118	224,440
- Gas purchases	(316,626,683)	247,927,553
- Gas meters and spare parts	73,432	360,181
- Uniform cost of gas	15,818,845	15,818,845
- Cash at bank	24,951	5,527
- Stock Loan	4,912	4,912
- Payable to insurance	(837)	(475,580)
- Gas supply deposit	(51,263)	(43,392)
- Interest expense accrued - late payment surcharge		
- on gas bills	(15,832,411)	(15,832,411)
- Interest income accrued - late payment on gas bills	13,076,195	11,287,868
- Contingent rent	3,535	3,535
- Capacity and utilisation charges of RLNG	51,063,909	33,298,113
- RLNG transportation income	29,477,644	20,642,231
- LSA Margins	2,877,266	1,897,684
- Advance for Sharing Right of Way	(18,088)	(18,088)
- Professional Charges	57	57

#### Karachi Grammar School

Associate

- Billable charges	5	-
- Gas supply deposit	22	-

#### SSGC LPG (Private) Limited

Wholly owned subsidiary

- Long term investment	1,000,000	1,000,000
- Short term loan	1,535,103	1,535,103
- Interest on loan	1,082,222	868,410
- LPG purchases	-	-
- LPG sales	5,698	5,698
- Rent on Premises	1,442	649
- Receivable against management fees	12,688	23,782

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

## 54. FINANCIAL RISK MANAGEMENT

The objective of Company's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work and policies.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk



## 54.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Credit risk arises from trade debts, net investment in finance lease, loans and advances, trade deposits, bank balances, interest accrued and other receivables. To reduce the exposure toward the credit risk, comprehensive customer category wise credit limits and terms have been established. Gas supply deposits of industrial, commercial and domestic customers equivalent of three months estimated gas consumption as per the OGRA notification are taken to reduce credit exposure. The Company continuously monitors the credit given to customers and interest accrued thereon and has established a dedicated recovery department for follow-up, recovery or disconnection of gas supply as the case may be. Loans and advances given to employees are secured against retirement benefits of the employees and title deed of properties of employees. Balances are maintained with banks of sound credit rating. The Company attempts to control credit risk in respect of other receivables by monitoring credit exposures of counterparties.

The maximum exposure to credit risk before any credit enhancement at year end is the carrying amount of the financial assets as set out below:

	2020	2019
	(Rupees in '000)	
Trade debts	91,808,904	84,156,885
Net investment in finance lease	188,949	246,763
Loans and advances	2,169,660	2,368,156
Deposits	24,975	23,183
Bank balances	693,065	333,534
Interest accrued	14,624,815	12,622,676
Other receivables	125,288,726	97,504,300
	<b>234,799,094</b>	<b>197,255,497</b>

### 54.1.1 Collateral and other credit enhancements obtained

Security against supply of gas to industrial, commercial and domestic customers is taken on the basis of average three months gas consumption as per OGRA notification. These collaterals are adjusted / called following on disconnection of gas supply. Details of security held at year end is as follows:

	2020	2019
	(Rupees in '000)	
Cash deposits	20,245,707	17,456,143
Bank guarantee / irrevocable letter of credit	36,927,002	35,940,539

### 54.1.2 Credit Quality

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of all financial assets which are neither past due nor impaired are given in the note 54.1.3 to these unconsolidated financial statements.

The credit quality of the Company's major bank accounts is assessed with reference to external credit ratings which are as follows:

Bank	Rating Agency	Rating	
		Short Term	Long Term
National Bank of Pakistan	PACRA	A1+	AAA
Allied Bank Limited	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Faysal Bank Limited	JCR-VIS	A-1+	AA
MCB Bank Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA+
First Women Bank Limited	PACRA	A2	A-
Summit Bank Limited	JCR-VIS	A3	BBB-
Bank Al-Habib Limited	PACRA	A1+	AAA
BankIslami Pakistan Limited	PACRA	A1	A+
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AAA
Samba Bank Limited	JCR-VIS	A-1	AA
Silk Bank Limited	JCR-VIS	A-2	A-
Soneri Bank Limited	PACRA	A-1+	AA-
Telenor Micro Finance Bank Limited	PACRA	A1	A+
Citi Bank N. A.	Moody's	P-1	Aa3
Deutsche Bank A.G,	Standard & Poor's	A2	BBB+
The Bank of Tokyo- Mitsubishi-UFJ, Limited	Standard & Poor's	A-1	A

### 54.1.3 Past due and impaired financial assets

#### Industrial and commercial customers

The age analysis of trade debt balances relating to industrial and commercial customers at year end is as follows:

	2020		2019	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	22,307,991	-	21,991,924	-
Past due but not impaired	52,885,918	-	46,949,862	-
Past due and impaired	9,346,192	4,066,411	11,641,445	4,686,016
Disconnected customers	1,522,403	1,515,524	1,179,486	1,179,486
Total	86,062,504	5,581,935	81,762,717	5,865,502

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 59,527 million and are subject to inter corporate circular debt of government entities and K-Electric.

The Company has collateral / security against industrial and commercial customers amounting to Rs. 47,212 million (2019: Rs. 45,276 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due. In case of past due balances the Company starts recovery process through recovery department and where the amount is in excess of collateral and is not recovered by recovery department, then disconnection of meter (disconnected customers) is considered. Receivables which are past due and against which recoveries are not made or which are disconnected are considered as impaired debts.

#### Domestic customers

The age analysis of trade debt balances relating to domestic customers at year end is as follows:

	2020		2019	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	3,096,643	-	2,610,497	-
Past due but not impaired:				
Past due 1 - 3 month	3,117,904	-	1,799,800	-
Past due and impaired:				
Past due 4 - 6 months	4,295,893	1,004,664	2,115,318	2,116
Past due 7 - 9 months	1,642,144	1,180,305	837,457	177,938
Past due 10 - 12 months	1,208,396	789,750	428,589	114,406
Over 12 months	3,969,492	3,020,554	2,689,587	2,369,896
	11,115,925	5,995,273	6,070,951	2,664,356
Disconnected customers	7,652,447	7,659,328	7,102,744	7,102,744
Total	24,982,919	13,654,601	17,583,992	9,767,100

The Company has collateral / security against domestic customers amounting to Rs. 9,961 million (2019: Rs. 8,119 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due.

### Interest accrued

As at June 30, 2020, interest accrued net of provision was Rs. 15,113 million (2019: Rs. 13,110 million). Interest is mainly accrued on customer balances which are past due. Interest on past due balances includes receivable from WAPDA and SNGPL amounting to Rs. 13,076 million (2019: 11,288 million), recovery of which is subject to inter corporate circular debt of Government entities.

### Other receivables

As at June 30, 2020, other receivable financial assets amounted to Rs. 125,276 million (2019: Rs. 97,504 million). Past due other receivables amounting to Rs. 79,801 million (2019: Rs. 60,822 million) include over due balances of SNGPL amounting to Rs. 68,730 million (2019: Rs. 49,613 million), JJVL amounting to Rs. 11,051 million (2019: Rs. 11,179 million) and of SSGC LPG amounting to Rs. 19.829 million (2019: Rs. 30.129 million).

#### 54.1.4 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. Concentration of credit risk is determined with references to the individual customers / counter parties, type as well as geographical distribution of customers / counterparties. Concentration of credit risk in financial assets of the Company is as follows:

### Trade debts

Customer category wise concentration of credit risk in respect of trade debts at year end is as follows:

	2020	2019
	(Rupees in '000)	
Power generation companies	39,623,399	39,918,329
Cement industries	7,012	20,339
Fertilizer and steel industries	24,889,094	24,034,596
Other industries	13,828,428	11,180,411
Total industrial customers	78,347,933	75,153,675
Commercial customers	2,132,636	1,446,575
Domestic customers	11,328,318	7,556,635
	91,808,887	84,156,885

At year end the Company's most significant receivable balances were K-Electric, PSML, and WAPDA which amounted to Rs. 33,415 million (2019: Rs. 32,888 million), Rs. 24,332 million (2019: Rs.23,661 million), and Rs. 4,242 million (2019: Rs. 5,196 million) respectively. These balances have aggregated due to inter corporate circular debt.

Geographical region wise concentration of credit risk in respect of trade debts at year end is as follows:

	2020	2019
	(Rupees in '000)	
Karachi	75,554,416	69,021,495
Sindh (excluding Karachi)	12,243,559	11,432,610
Balochistan	4,010,913	3,702,780
	91,808,888	84,156,885

### Net investment in finance lease

The Company's most significant investment in finance lease amounted to Rs. 188.949 million (2019: Rs. 246.763 million) in respect of SNGPL.

### Interest accrued

Most significant counter parties of the Company in respect of interest accrued are disclosed in note 33 to these unconsolidated financial statements.

### Other receivables

Most significant other receivables of the Company are in respect of lease rental, lease service cost, contingent rent and uniform cost of gas agreement with SNGPL as disclosed in note 34 to these unconsolidated financial statements. These balances are subject to inter circular corporate debt.

## 54.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
<b>As at June 30, 2020</b>						
<b>(Rupees in '000)</b>						
Long term finance	37,173,599	(37,918,291)	(4,962,548)	(4,815,776)	(9,778,324)	(18,361,642)
Obligation against pipeline	879,330	(1,323,386)	(67,866)	(67,866)	(135,732)	(1,051,922)
Short term borrowings	14,979,552	(14,979,552)	(14,979,552)	-	-	-
Trade and other payables	494,220,041	(494,505,471)	(494,505,471)	-	-	-
Interest accrued	17,442,056	(17,881,425)	(17,881,425)	-	-	-
Deposits	20,339,702	(36,927,002)	-	-	-	(36,927,002)
Lease liability	222,644	(250,401)	(67,338)	(67,338)	(115,725)	-
	<u>585,256,924</u>	<u>(603,785,528)</u>	<u>(532,464,200)</u>	<u>(4,950,980)</u>	<u>(10,029,781)</u>	<u>(56,340,566)</u>



	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
(Rupees in '000)						
<b>As at June 30, 2019</b>						
Long term finance	46,757,348	(52,722,971)	(7,668,805)	(5,645,098)	(10,586,997)	(28,822,071)
Obligation against pipeline	933,345	(1,459,118)	(67,866)	(67,866)	(135,732)	(1,187,654)
Short term borrowings	16,294,237	(16,294,237)	(16,294,237)	-	-	-
Trade and other payables	392,992,011	(393,277,445)	(393,277,445)	-	-	-
Interest accrued	17,881,425	(17,881,425)	(17,881,425)	-	-	-
Deposits	17,559,361	(36,231,877)	-	-	-	(36,231,877)
	<u>492,417,727</u>	<u>(517,867,073)</u>	<u>(435,189,778)</u>	<u>(5,712,964)</u>	<u>(10,722,729)</u>	<u>(66,241,602)</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of latest available market rates. The rates of mark-up have been disclosed in notes 8 and 9 to these unconsolidated financial statements. Contractual cash flows of the long term deposits are determined on the assumption that adjusted / refund of these deposits will not be required before expiry of 40 years from reporting date.

### 54.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The market risk comprises of currency risk, interest rate risk and other price risk (equity price risk).

#### 54.3.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on creditors for gas that are denominated in a currency other than functional currency of the Company. The currency in which these transactions primarily are denominated is US Dollars. The Company's exposure to foreign currency risk is as follows:

	2020		2019	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Creditors for gas	60,485,661	358,434	84,653,566	514,611
Estimated forecast gas purchases	93,582,113	585,147	11,500,169	75,759
	<u>154,067,774</u>	<u>943,581</u>	<u>96,153,735</u>	<u>590,370</u>

Above net exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtain forward cover against the gross exposure as exchange loss / gain on purchases of gas and supplies is recovered from / paid to Government of Pakistan as part of guaranteed return.

The following significant exchange rates applied during the year:

Average rates		Reporting date rate	
2020	2019	2020	2019
159.93	151.80	168.75	164.50

#### Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2020 would have (decreased) / increased trade creditors by Rs. 6,049 million (2019: Rs.8,465 million). There is no effect of strengthening / (weakening) of US dollar on unconsolidated equity and unconsolidated statement of profit or loss of the Company as exchange loss / gain on purchases of gas and store and supplies is recovered from / paid to Government of Pakistan as part of 17.43% guaranteed return. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2019.

#### 54.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were as follows:

	2020	2019
	(Rupees in '000)	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Net investment in finance lease	188,949	246,763
Loan and advances	344	560
Trade debts	32,681,876	26,724,698
Cash and bank balances	121,713	39,596
Receivable against Asset contribution	418,118	451,011
	33,411,000	27,462,628
<b>Financial liabilities</b>		
Long term deposits	(10,284,352)	(9,336,259)
Government of Sindh loan	(768,723)	(752,086)
Front end fee of foreign currency loan	(23,950)	(23,950)
Obligation against pipeline	(879,330)	(933,345)
Lease liability	(222,644)	-
	(12,178,999)	(11,045,640)
	21,232,001	16,416,988
<b>Variable rate instruments</b>		
<b>Financial assets</b>		
Other receivables	27,246,676	27,348,889
Loan to related party	1,535,103	1,535,103
	28,781,779	28,883,992
<b>Financial liabilities</b>		
Long term loan except Government of Sindh loan	(28,505,479)	(36,354,124)
Short term borrowings	(14,979,552)	(16,294,237)
Trade and other payables	(308,398,863)	(241,478,043)
	(351,883,894)	(294,126,404)
	(323,102,115)	(265,242,412)

Fixed rate instruments bear fixed interest rate while all other borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs. The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through unconsolidated statement of profit or loss. Therefore, a change in interest rates at the reporting date would not affect the unconsolidated statement of profit or loss and the equity of the Company.

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased or (net decreased) the unconsolidated statement of profit or loss of the Company as at June 30, 2020 by Rs. 3,231 million (2019: Rs. 2,652 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2019.

#### 54.3.3 Equity price risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in listed equity securities. This arises from investments held by the Company for which prices in the future are uncertain. The fair value of listed equity investments of the Company that are exposed to price risk as at June 30, 2020 is Rs. 180.017 million (2019: Rs. 236.148 million).

A ten percent increase / decrease in the prices of listed equity securities of the Company at the reporting date would have increased / (decreased) long term investment and unconsolidated equity by Rs. 18.002 million (2019: Rs. 23.615 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

#### 54.4 Fair value of financial assets and liabilities

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

The carrying values of all financial instruments reflected in these unconsolidated financial statements approximate their fair values except for investment in unquoted companies which are reflected at cost less impairment losses.

#### 53.4.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices).

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

2020			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			

#### Fair Value through OCI financial assets

Quoted equity securities	180,017	-	-	180,017
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2019			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			

#### Fair Value through OCI financial assets

Quoted equity securities	236,148	-	-	236,148
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There have been no transfers during the year (2019: no transfers in either direction).

#### Financial instruments by categories

	Financial assets		
	Amortized cost	FVTOCI	Total
(Rupees in '000)			
<b>As at June 30, 2020</b>			
Trade debts	91,808,904	-	91,808,904
Net investment in finance lease	188,949	-	188,949
Loans and advances	2,169,660	-	2,169,660
Deposits	24,975	-	24,975
Cash and bank balances	699,689	-	699,689
Interest accrued	14,624,815	-	14,624,815
Other receivables	125,288,726	-	125,288,726
Long term investments	-	180,017	180,017
	<b>234,805,718</b>	<b>180,017</b>	<b>234,985,735</b>

	Financial assets		
	Amortized cost	FVTOCI	Total
(Rupees in '000)			
<b>As at June 30, 2019</b>			
Trade debts	84,156,885	-	84,156,885
Net investment in finance lease	246,763	-	246,763
Loans and advances	2,368,156	-	2,368,156
Deposits	23,183	-	23,183
Cash and bank balances	338,294	-	338,294
Interest accrued	12,622,676	-	12,622,676
Other receivables	97,504,300	-	97,504,300
Long term investments	-	236,148	236,148
	<b>197,260,257</b>	<b>236,148</b>	<b>197,496,405</b>

### Financial liabilities at amortised cost

2020 2019  
(Rupees in '000)

Long term finance	37,173,599	46,757,348
Obligation against pipeline	879,330	933,345
Short term borrowings	14,979,552	16,294,237
Trade and other payables	494,220,041	392,992,011
Interest accrued	17,442,056	17,881,425
Long term deposits	20,339,702	17,559,361
Lease liability	222,644	-
	<b>585,256,924</b>	<b>492,417,727</b>

## 54.5 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

The Company is not subject to externally imposed regulatory capital requirements.

The gearing ratio as at June 30 is as follows:

2020 2019  
(Rupees in '000)

### Total borrowings

Long term finance	29,087,535	36,919,543
Short term borrowings	14,979,552	16,294,237
Current portion of long term finance	8,086,064	9,837,805
	<b>52,153,151</b>	<b>63,051,585</b>
Less: Cash and bank balances	(699,689)	(338,294)
Net debts	<b>51,453,462</b>	<b>62,713,291</b>
Capital employed	<b>28,462,525</b>	<b>55,029,270</b>
Gearing ratio	<b>1.81</b>	<b>1.14</b>

## 55. 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)



## 55.1 Segment revenue and results

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

	Segment revenue		Segment profit	
	2020	2019	2020	2019
	(Rupees in '000)			
Gas transmission, distribution and marketing	251,800,271	219,264,033	(18,578,314)	2,725,431
Meter Manufacturing	1,763,877	1,810,650	13,988	9,097
Total segment results	253,564,148	221,074,683	(18,564,326)	2,734,528
<b>Unallocated - other expenses</b>				
Other operating expenses			(1,796,242)	(20,685,914)
<b>Unallocated - other income</b>				
Non-operating income			1,311,846	1,131,159
<b>Profit / (loss) before tax</b>			(19,048,722)	(16,820,227)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 2,030 million (2019: Rs. 2,120 million).

The accounting policies of the reportable segments are same as disclosed in note 4.21 to these unconsolidated financial statements.

## 55.2 Segment assets and liabilities

### Segment assets

	2020	2019
	(Rupees in '000)	
Gas transmission, distribution and marketing	584,900,720	504,530,624
Meter manufacturing	1,036,492	762,427
Total segment assets	585,937,212	505,293,051
Unallocated		
- Loans and advances	2,169,660	2,368,156
- Taxation - net	19,192,406	19,536,007
- Interest accrued	487,739	487,739
- Cash and bank balances	699,689	338,294
	22,549,494	22,730,196
Total assets as per unconsolidated statement of financial position	608,486,706	528,023,247
<b>Segment Liabilities</b>		
Gas transmission, distribution and marketing	631,885,178	535,759,843
Meter manufacturing	292,154	285,719
Total liabilities as per unconsolidated statement of financial position	632,177,332	536,045,562

## **56. ACCOUNTING ESTIMATES AND JUDGMENTS**

### **56.1 Income tax**

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

### **56.2 Staff retirement and other service benefit obligations**

Certain actuarial assumptions have been adopted as disclosed in note 46 to the financial statements for valuation of these obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

### **56.3 Property, plant and equipment**

In accordance with the accounting policy, the management carries out an annual assessment of depreciable amount and useful lives of property, plant and equipment. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

### **56.4 Trade debts and other receivables**

The Company reviews its receivable against provision required there against on a ongoing basis and appropriate provision is made against outstanding receivable based on systematic basis as approved by the Board of Directors.

### **56.5 Stock in trade and stores, spares and loose tools**

The management continuously reviews its inventory for existence of any items which may have become obsolete. The estimates against slow moving and obsolete items are made based on systematic basis as approved by the Board of Directors.

### **56.6 Fair value of investments**

Management has determined fair value of certain investments by using quotations from active market of the financial instruments.

### **56.7 Recognition of income from sale of Natural Gas Liquid (NGL) and Liquefied Petroleum Gas (LPG)**

Income from sale of NGL to Jamshoro Joint Venture Limited is recognized based on provisional invoice price / quantity being the best estimate available. Any change in provisional price / quantity will be accounted for prospectively in the year in which there is change in price / quantity.

### **56.8 Recognition of gas development surcharge**

Management has recognised income from gas development surcharge according to Final Revenue Requirement (FRR) issued by OGRA based on stay orders as mentioned in note 1.4.

### **56.9 Purchases of gas**

Company records purchases of gas at the rates notified by Oil and Gas Regulatory Authority. Effect of adjustments, if any, arising from revision in purchase price is reflected as and when the prices are approved by OGRA.

## 57. EVENTS AFTER THE REPORTING DATE

There were no events occurred after the reporting date.

## 58. IMPACT OF COVID-19

The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard predicting at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations except those disclosed in notes to the unconsolidated financial statements.

## 59. GENERAL

### 59.1 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation, the effect of which is immaterial.

### 59.2 Number of employees

Total number of employees and average number of employees as at year end are 6,711 and 6,827 respectively (2019: 6,943 and 7,016).

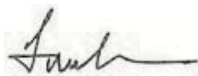
### 59.3 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

## 60. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue in Board of Directors meeting held on April 25, 2022.



Dr. Shamshad Akhtar  
Chairperson



Imran Maniar  
Managing Director



Muhammad Amin Rajput  
Chief Financial Officer

# CONSOLIDATED FINANCIAL STATEMENTS

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# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SUI SOUTHERN GAS COMPANY LIMITED

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Qualified opinion

We have audited the annexed consolidated financial statements of Sui Southern Gas Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Group's affairs as at June 30, 2020 and of the loss and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

#### Basis for qualified opinion

1. As disclosed in notes 31.1 and 31.2 to the consolidated financial statements, trade debts include receivables of Rs. 33,415 million and Rs. 24,332 million from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML), respectively. Significant portion of such receivables include overdue amounts, which have been considered good by management and classified as current assets in the consolidated financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances due to which management has decided to recognise LPS on a receipt basis from the aforesaid entities effective from July 01, 2012.

Due to the adverse operational and financial conditions of PSML, disputes by KE and PSML with the Holding Company on LPS, and large accumulation of their respective overdue amounts, we were unable to determine the extent to which the total amounts due from KE and PSML were likely to be recovered and the timeframe over which such recovery will be made;

2. As disclosed in note 34 to the consolidated financial statements, interest accrued includes interest receivable of Rs. 8,685 million and Rs. 4,391 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA), respectively. These have been accounted for in line with Holding Company's policy of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to dispute with WAPDA, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered and the timeframe over which such recovery will be made.
3. On April 30, 2018, The International Court of Arbitration decided against the Holding Company in the case with Habibullah Coastal Power Company (Private) Limited (HCPCL) and imposed liquidated damages amounting to Rs. 4,158 million. Prior to the decision, the Economic Coordination Committee (ECC) through its meeting held on February 07, 2018 had proposed waiver of liquidated damages and directed Ministry of Energy - Petroleum Division to work out modalities in consultation with all stakeholders. Based on that decision, management has recognised a receivable of Rs. 4,158 million from HCPCL as disclosed in note 35 to the consolidated financial statements. However, no agreement has been finalized to date between the relevant stakeholders. In the absence of the agreement, there is no contractual right to receive cash or financial asset from HCPCL and the requirements of IFRS 9 'Financial Instruments' are not met.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Emphasis of Matter

Without further modifying our opinion, we draw attention to the following:

1. Note 21 to the consolidated financial statements that describe that the Holding Company is subject to various material litigations and claims involving different courts. The outcome of these cases is uncertain and beyond management's control;
2. Note 1.4 to the consolidated financial statements which states that in view of the financial position of the Holding Company, the Government of Pakistan (Finance Division) has confirmed to extend necessary financial support to the Holding Company for the foreseeable future to maintain its going concern status. Hence, the sustainability of the future operations of the Holding Company is dependent on the said support;
3. Note 20.1 to the consolidated financial statements that describes that the Holding Company has reversed the late payment surcharge (LPS) expense of Rs. 26,222 million on delayed / payables pertaining to gas supplied by Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) with effect from July 01, 2012 to June 30, 2016 and not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019 and June 30, 2020 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million and Rs. 26,335 million, respectively, for reasons described in the said note; and
4. Note 2.1.1 to the consolidated financial statements that describes the reasons why the Holding Company has staggered losses, due to the effect of Sindh High Court decision, based on the permission received from the ECC, Securities and Exchange Commission of Pakistan (SECP) and the Oil and Gas Regulatory Authority (OGRA).

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1	<b>REVENUE</b>	
	<p>The Holding Company's total revenue is amounting to Rs. 290,240 million, which is predominantly generated from sales of indigenous gas, representing a significant element of the consolidated financial statements as disclosed in note 39, 40 and 41.</p> <p>Revenue includes sales of indigenous gas to the customers under an agreement based on single performance obligation satisfied over time, whereas progress of the performance obligation is measured using the output method, by an amount representing volume of natural gas delivered as metered monthly in arrears, that may include estimates for provisional billing and passing-unregistered-gas, at the various rates prescribed by the OGRA and Gas Development Surcharge and RLNG differential margin which are calculated as per OGRA Ordinance, 2002 and Final Revenue Requirement issued by the OGRA.</p> <p>As such, revenue recognition is not an area of significant risk for our audit but does require significant time and resource to audit due to its magnitude.</p> <p>The risk of material misstatement was considered significant due to high control risk on completeness and accuracy of revenue and high inherent risk of fraud on existence of revenue.</p> <p>In view of the significance of revenue and high assessed risk of material misstatement revenue is considered as key audit matter.</p>	<p>We performed a range of audit procedures in relation to revenue including the following:</p> <ul style="list-style-type: none"> <li>■ obtained understanding of the process for recognition of revenue and considered the appropriateness of the Holding Company's revenue recognition accounting policies as per requirement of applicable financial reporting framework;</li> <li>■ tested the design and operating effectiveness of key controls in relation to the recognition of revenue;</li> <li>■ performed test of details on revenue recognized during the year, on a sample basis, inspected meter reading documents, sales agreement, gas bills and rates from OGRA Notification;</li> <li>■ obtained and examined the Final Revenue Requirement issued by the OGRA and checked that Gas Development Surcharge is as per the revenue requirement; and</li> <li>■ assessed the adequacy of the disclosures made in respect of revenue in accordance with the financial reporting standards.</li> </ul>



S. No	Key audit matters	How the matter was addressed in our audit
2	<b>POTENTIAL RISK RELATING TO DETECTING IRREGULARITIES INCLUDING FRAUD</b>	
	<p>A large part of the Holding Company's business is characterized by dealing in significant contracts with customers, suppliers and vendors. The processes and procedures associated with these activities are highly susceptible to the risk of irregularities including fraud.</p> <p>Information communication is appropriately made organization-wide relating to Business Principles and Ethics Policy (BPEP) by the management, whereas its violations are regarded as misconduct and any severe breaches of this policy can lead to fines, penalties, commercial litigation, criminal prosecution etc. to the Holding Company.</p> <p>BPEP addresses conflict of interest, confidentiality, inducement payments, relationship and dealings with government officials and other parties, and receiving gifts etc.</p> <p>The Holding Company has approved policies, such as whistle blowing policy and use of third party whistle blowing service which states that management of SSGC is committed to the highest possible standards for openness, probity and accountability and the policy is intended to:</p> <ul style="list-style-type: none"> <li>■ to report suspected or actual occurrence of illegal, unethical or inappropriate events; and</li> <li>■ to provide an avenue to raise concerns in line with the Holding Company's commitment to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication.</li> </ul> <p>In common with all audits under ISAs, we are also required to perform specific procedures to respond to the risk of management override of controls.</p>	<p>Our procedures to respond to risks identified in assessing risks of material misstatement in respect of irregularities, including fraud, included the following:</p> <ul style="list-style-type: none"> <li>■ enquired from management and in-house legal counsel concerning actual and potential fraud or suspected frauds irregularities; reviewed the Audit Committee minutes;</li> <li>■ performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and</li> <li>■ read minutes of meetings of those charged with governance, internal audit reports and reviewing correspondence with relevant regulatory authorities.</li> <li>■ In addressing the risk of irregularities including fraud through management override of controls our procedures included: <ul style="list-style-type: none"> <li>+ made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;</li> <li>+ performed data analysis, we selected and tested journal entries and other adjustments made at the end of a reporting period or which identified activity that exhibited certain characteristics of audit interest;</li> <li>+ assessed whether the judgements made in making accounting estimates are indicative of a potential bias, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;</li> <li>+ performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and</li> <li>+ considered whether there were any significant transactions that are outside the normal course of business, or that otherwise appear to be unusual due to their nature, timing or size.</li> </ul> </li> <li>■ We also communicated potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud throughout the audit.</li> </ul>

S. No	Key audit matters	How the matter was addressed in our audit
<b>3</b>	<b>IT SYSTEM AND CONTROLS</b>	
	<p>We focused on this area because the Holding Company's billing system i.e. Oracle Customer Care &amp; Billing (CC&amp;B) and financial accounting and reporting system i.e. Oracle E-business Suite are having complex configuration and operations with access controls and separation of duties where both applications transfer data through an interface from CC&amp;B system to Oracle General Ledger Module for customers and similarly from CC&amp;B system to Oracle Payable Module for contractors payments and there is a challenge that key automated accounting procedures and related IT enabled and other manual controls are designed appropriately and operating effectively.</p> <p>The financial controls accompanied by relevant IT controls, process and procedures across the Holding Company are focused on ensuring that internal control over financial reporting in place are robust and reliable.</p> <p>The effectiveness of the Holding Company's IT controls was important to our audit since we had planned to apply an audit approach with reliance on IT system and controls.</p>	<p>Our audit addressed this area as below:</p> <ul style="list-style-type: none"> <li>■ assessed overall IT control environment of the Holding Company including meetings with IT management department and reviewed governance model as part of review of IT general controls;</li> <li>■ reviewed the IT organization-wide automated and manual controls over program development and changes, access to programs and data and over critical IT operations, including compensating controls where required;</li> <li>■ reviewed mechanism of data transfer interface and data transfer protocols and procedures to assess the integrity and completeness such data transfer and controls for reliability of output;</li> <li>■ Where necessary we also carried out direct tests of certain aspects of the security of the Holding Company's IT systems including access management and separation of duties; and</li> <li>■ assessed and tested the design and operating effectiveness of the controls over the integrity and reliability of the IT systems that are relevant to financial reporting.</li> </ul> <p>The combination of the tests of the controls and the direct tests that we carried out gave us sufficient evidence to enable us to rely on the continued and proper operation of the Holding Company's IT systems for the purpose of our audit.</p>
<b>4</b>	<b>CONTINGENCIES IN RESPECT OF CLAIMS AND LITIGATIONS</b>	
	<p>As disclosed in note 21 of the consolidated financial statements, the Group is faced with claims and litigations resulting in contingencies primarily for cases in respect of legal (customers, vendors, employees and with third parties), sales tax and income tax matters, which are pending adjudication at various legal and taxation forums available.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of relevant laws, rules and regulations, probability of outcome and financial impact, if any, for recognition, measurement and disclosure of any related provision or any other element of consolidated financial statements.</p> <p>The Group updated the legal positions with the use of internal legal and tax advisors and external legal and tax experts where applicable.</p>	<p>Responded with a number of procedures, which included among other, as described below, and we:</p> <ul style="list-style-type: none"> <li>■ assessed and tested the design and operating effectiveness of the controls over the identification and reporting cases in respect of legal, sales and income tax matters. We determined that we could rely on these controls, and examined more material provisions in detail and sought additional evidence.</li> <li>■ obtained list of cases and reviewed the details of significant pending cases with respect to legal (customers, vendors, employees and with third parties), sales tax and income tax matters and discussed the same with the management;</li> <li>■ followed the progress of significant cases and the Group's estimate of the cost to be incurred and judgements in respect of the existence of any potential present obligations;</li> </ul>

S. No	Key audit matters	How the matter was addressed in our audit
	<p>Due to significance of amounts involved, inherent subjectivity and uncertainties with respect to the outcome of such cases and positions, use of significant management judgments and estimates to assess the same including related financial impacts hence, we considered contingencies relating to claims and litigations with respect to legal, sales tax and income tax matters, a key audit matter.</p>	<ul style="list-style-type: none"> <li>■ reviewed the key elements of the methodology employed by management in challenging reasonableness of the cost estimates;</li> <li>■ considered the impact on future case costs from changes arising in the regulatory environment;</li> <li>■ obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year;</li> <li>■ checked orders by relevant authority on previous lawsuits / cases appearing in the consolidated financial statements;</li> <li>■ obtained legal advice on the above cases with the legal advisors to ensure that the any outflow is possible and not probable.</li> <li>■ In respect of one claim, the Holding Company used the exemption as allowed in paragraph 92 of IAS 37 which allows that disclosures may be limited where this might prejudice the position of the Group while we assessed the specific circumstances that allow the use of this exemption; and</li> <li>■ assessed the adequacy of the disclosures made in respect of contingencies in accordance with the financial reporting standards.</li> </ul>
5	<b>FIRST TIME ADOPTION OF IFRS 16 "LEASES"</b>	
	<p>As disclosed in note 3.1.1 to the consolidated financial statements, IFRS 16 "Leases" has become effective for the current year. The standard has introduced a new accounting model for operating lease contracts from the standpoint of a lessee. As per the new requirements, the Holding Company is required to recognize right of use assets for leased assets and liabilities for the lease payments over the lease term.</p> <p>The impacts of the adoption of the standard are disclosed in note 3.1.1 to the consolidated financial statements.</p> <p>The application of the new standard requires management to make significant estimates and judgements in relation to determination of lease term and appropriate discount rate for measurement of lease liability.</p> <p>We considered this as a key audit matter due to the first time adoption of IFRS-16, its consequential accounting change and the involvement of significant management judgements in respect of the first time application of the new standard.</p>	<p>Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have:</p> <ul style="list-style-type: none"> <li>■ evaluated the appropriateness of the new accounting policies for recognition of lease contracts and their measurement in the consolidated financial statements;</li> <li>■ corroborated the completeness of the leases identified by the management by reviewing the reconciliations of leases with list of premises in the use of the Group and reviewing the rent expense ledgers for the year;</li> <li>■ performed independent checks of lease accounting computations for a sample of lease contracts through reperformance of such computations and tracing the terms with the relevant contracts;</li> <li>■ evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease term; and</li> <li>■ evaluated the adequacy of disclosures made regarding the application of the standard and its impact on the consolidated financial statements of the Group for the year.</li> </ul>

S. No	Key audit matters	How the matter was addressed in our audit
6	<b>EMPLOYEE BENEFITS OBLIGATION</b>	
	<p>As disclosed in note 11 and 48 to the consolidated financial statements, the Holding Company operates various defined benefit plans. The Holding Company's obligation in respect of these plans as at June 30, 2020 aggregated to Rs. 9,302 million.</p> <p>Valuation of these plans requires significant level of judgment and technical expertise to select appropriate valuation assumptions. Changes in the key assumptions (discount rate, salary increase and retirement age etc.) may have a material impact on the calculation of these obligations, under the plans.</p> <p>We identified this area as a key audit matter because of significant estimation, uncertainty and use of management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>■ We assessed competence and objectivity of the actuaries engaged by the Holding Company to value obligations under the plans and reviewed the actuarial valuation reports to understand the basis and methodology used for such valuation.</li> <li>■ We tested data provided by the Holding Company to actuaries for the purpose of valuation.</li> <li>■ We reviewed the adequacy of the related disclosures in the consolidated financial statements in accordance with applicable financial reporting framework.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the effects of the matter described in basis for qualified opinion section of our report:

- a) Proper books of account have been kept by the Group as required by the Companies Act, 2017 (XIX of 2017);

- b) The consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Group's business; and
- d) No zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### Other matter

The consolidated financial statements of the Group for the year ended June 30, 2019, were audited by another firm of Chartered Accountants, who vide their report dated July 14, 2021 issued a modified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI  
DATED: April 28, 2022

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS





# CONSOLIDATED STATEMENT OF FINANCIAL POSITION


As at June 30, 2020

	Note	2020 (Rupees in '000)	2019
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
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	5	8,809,163	8,809,163
Reserves	6	4,907,401	4,907,401
Surplus on re-measurement of FVTOCI securities		143,490	199,621
Surplus on revaluation of property, plant and equipment	7	25,254,815	21,950,532
Accumulated losses		(62,242,789)	(43,450,758)
		(23,127,920)	(7,584,041)
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	8	29,087,535	36,919,543
Long term deposits	9	20,690,732	17,873,911
Employee benefits	11	5,136,092	5,875,230
Obligation against pipeline	12	820,255	879,331
Deferred credit	13	4,604,521	4,844,471
Contract liabilities	14	6,197,498	4,402,391
Lease liability	15	127,250	-
Long term advances	16	2,968,518	3,070,033
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>69,632,401</b>	<b>73,864,910</b>
<b>CURRENT LIABILITIES</b>			
Current portion of long term financing	17	8,086,064	9,837,805
Short term borrowings	18	14,979,552	16,294,237
Trade and other payables	19	521,503,284	417,723,048
Short term deposits		18,440	18,407
Current portion of obligation against pipeline	12	59,075	54,014
Current portion of deferred credit	13	432,236	394,735
Current portion of contract liabilities	14	192,203	166,933
Current portion lease liability	15	118,000	-
Unclaimed dividend		285,430	285,434
Interest accrued	20	17,442,056	17,881,425
<b>TOTAL CURRENT LIABILITIES</b>		<b>563,116,340</b>	<b>462,656,038</b>
<b>TOTAL LIABILITIES</b>		<b>632,748,741</b>	<b>536,520,948</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>609,620,821</b>	<b>528,936,907</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

The annexed notes 1 to 63 form an integral part of these consolidated financial statements.

  
Dr. Shamshad Akhtar  
Chairperson

  
Imran Maniar  
Managing Director

  
Muhammad Amin Rajput  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Note	2020 (Rupees in '000)	2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	22	137,364,439	132,803,572
Intangible assets	23	9,747	29,475
Deferred tax	10	187,577	193,319
Right of use assets	24	241,120	-
Long term investments	25	180,017	236,148
Net investment in finance lease	26	131,135	188,949
Long term loans and advances	27	180,062	184,039
Long term deposits		28,617	42,596
<b>TOTAL NON-CURRENT ASSETS</b>		<b>138,322,714</b>	<b>133,678,098</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	28	2,719,897	2,365,773
Stock-in-trade	29	2,221,947	1,889,640
Current maturity of net investment in finance lease	26	57,814	57,814
Customers' installation work-in-progress	30	241,566	211,349
Trade debts	31	91,835,466	84,191,799
Loans and advances	32	454,495	651,391
Advances, deposits, and short term prepayments	33	831,984	255,651
Interest accrued	34	14,030,332	12,242,005
Other receivables	35	337,818,379	272,723,898
Taxation - net	36	19,406,544	19,717,006
Other financial asset	37	129,000	116,000
Cash and bank balances	38	1,550,683	836,483
<b>TOTAL CURRENT ASSETS</b>		<b>471,298,107</b>	<b>395,258,809</b>
<b>TOTAL ASSETS</b>		<b>609,620,821</b>	<b>528,936,907</b>



Dr. Shamshad Akhtar  
Chairperson



Imran Maniar  
Managing Director



Muhammad Amin Rajput  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2020

	Note	2020 (Rupees in '000)	2019
Sales	39	295,722,225	251,645,232
Sales tax	39	(43,921,954)	(32,381,199)
		251,800,271	219,264,033
Gas development surcharge	40	37,600,501	84,884,740
RLNG differential margin	41	839,594	(6,982,069)
Net sales		290,240,366	297,166,704
Cost of sales	42	(307,290,936)	(295,127,307)
<b>Gross (loss) / profit</b>		<b>(17,050,570)</b>	<b>2,039,397</b>
Administrative and selling expenses	43	(4,947,623)	(4,941,889)
Other operating expenses	44	(1,797,088)	(20,686,660)
Impairment loss against financial assets		(3,603,933)	(849,498)
		(10,348,644)	(26,478,047)
		(27,399,214)	(24,438,650)
Other income	45	15,769,045	14,409,908
<b>Loss before interest and taxation</b>		<b>(11,630,169)</b>	<b>(10,028,742)</b>
Finance cost	46	(7,241,278)	(6,759,183)
<b>Loss before taxation</b>		<b>(18,871,447)</b>	<b>(16,787,925)</b>
Taxation	47	(2,397,285)	(1,574,884)
<b>Loss for the year</b>		<b>(21,268,732)</b>	<b>(18,362,809)</b>
		(Rupees)	
<b>Loss per share - basic and diluted</b>	49	<b>(24.14)</b>	<b>(20.85)</b>

The annexed notes 1 to 63 form an integral part of these consolidated financial statements.



Dr. Shamshad Akhtar  
Chairperson



Imran Maniar  
Managing Director



Muhammad Amin Rajput  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2020

	2020	2019
	(Rupees in '000)	
Loss for the year	(21,268,734)	(18,362,809)
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to consolidated statement of profit or loss</b>		
Remeasurement of post retirement benefit obligation - net of deferred tax	2,476,703	(1,310,756)
Unrealised loss on re-measurement of FVTOCI investments	(56,131)	(135,184)
Gas development surcharge	-	1,311,533
	2,420,572	(134,407)
Revaluation surplus on land arising during the year	3,304,283	8,277,117
<b>Total comprehensive loss for the year</b>	<b>(15,543,879)</b>	<b>(10,220,099)</b>

The annexed notes 1 to 63 form an integral part of these consolidated financial statements.



Dr. Shamshad Akhtar  
Chairperson



Imran Maniar  
Managing Director



Muhammad Amin Rajput  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(18,871,447)	(16,787,925)
Adjustments for non-cash and other items	50	21,055,371	18,588,547
Working capital changes	52	26,987,540	17,869,283
Financial charges paid		(9,256,500)	(7,191,474)
Employee benefits paid		(114,467)	(110,690)
Payment for retirement benefits		(1,297,824)	(1,875,658)
Long term deposits received - net		2,816,821	2,427,576
Deposits paid - net		(269)	(5,560)
Loans and advances to employee - net		198,496	301,450
Interest income received		1,181,705	1,232,788
Income taxes paid		(2,081,320)	(1,606,397)
Net cash flow from operating activities		20,618,106	12,841,940
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(8,899,300)	(9,733,238)
Payments for intangible assets		(1,842)	(2,325)
Proceeds from sale of investments		-	5,100
Proceeds from sale of property, plant and equipment		95,692	126,319
Lease rental from net investment in finance lease		94,064	104,425
Payment for obligation against pipeline		(135,733)	(135,732)
Other financial assets		(13,000)	-
Dividend received		1,849	17,020
Net cash used in investing activities		(8,858,270)	(9,618,431)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from local currency loans		65,110	69,044
Repayments of local currency loans		(9,625,000)	(9,775,000)
Customer finance received		-	6,400
Repayment of customer finance		(23,859)	(13,560)
Repayment of lease liability		(147,198)	-
Dividend paid		(4)	(131)
Net cash used in financing activities		(9,730,951)	(9,713,247)
Net increase / (decrease) in cash and cash equivalents		2,028,885	(6,489,738)
Cash and cash equivalents at beginning of the year		(15,457,754)	(8,968,016)
Cash and cash equivalents at end of the year		(13,428,869)	(15,457,754)
<b>Cash and cash equivalent comprises:</b>			
Cash and bank balances	38	1,550,683	836,483
Short term borrowings	18	(14,979,552)	(16,294,237)
		(13,428,869)	(15,457,754)

The annexed notes 1 to 63 form an integral part of these consolidated financial statements.



Dr. Shamshad Akhtar  
Chairperson



Imran Maniar  
Managing Director




Muhammad Amin Rajput  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

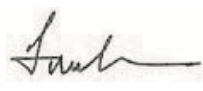
For the year ended June 30, 2020

	Issued, subscribed and paid-up capital (Note 5)	Capital reserves (Note 6)	Revenue reserves (Note 6)	Surplus on remeasurement of FVTOCI investments	Surplus on revaluation of property, plant and equipment	Accumulated losses	Total
	(Rupees in '000)						
Balance as at July 01, 2018	8,809,163	234,868	4,672,533	334,805	13,673,415	(25,088,726)	2,636,058
Total comprehensive income for the year ended June 30, 2019							
Loss for the year	-	-	-	-	-	(18,362,809)	(18,362,809)
Other comprehensive income for the year	-	-	-	(135,184)	8,277,117	777	8,142,710
Total comprehensive loss for the year	-	-	-	(135,184)	8,277,117	(18,362,032)	(10,220,099)
Balance as at June 30, 2019	8,809,163	234,868	4,672,533	199,621	21,950,532	(43,450,758)	(7,584,041)
Balance as at July 01, 2019	8,809,163	234,868	4,672,533	199,621	21,950,532	(43,450,758)	(7,584,041)
Total comprehensive income for the year ended June 30, 2020							
Loss for the year	-	-	-	-	-	(21,268,734)	(21,268,734)
Other comprehensive income for the year	-	-	-	(56,131)	3,304,283	2,476,703	5,724,855
Total comprehensive loss for the year	-	-	-	(56,131)	3,304,283	(18,792,031)	(15,543,879)
Balance as at June 30, 2020	8,809,163	234,868	4,672,533	143,490	25,254,815	(62,242,789)	(23,127,920)


The annexed notes 1 to 63 form an integral part of these consolidated financial statements.



Dr. Shamshad Akhtar  
Chairperson



Imran Maniar  
Managing Director



Muhammad Amin Rajput  
Chief Financial Officer



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

### 1 THE GROUP AND ITS OPERATIONS

#### 1.1 The "Group" consists of:

##### Holding Company

- Sui Southern Gas Company Limited

##### Subsidiary Companies

- SSGC LPG (Private) Limited
- Sui Southern Gas Provident Fund Trust Company (Private) Limited

##### Percentage of holding

	2020	2019
SSGC LPG (Private) Limited	100	100
Sui Southern Gas Provident Fund Trust Company (Private) Limited	100	100

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

##### Sui Southern Gas Company Limited

Sui Southern Gas Company Limited ("the Holding Company") is a public limited Company incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges (now Pakistan Stock Exchange). The main activity of the Holding Company is transmission and distribution of natural gas in Sindh and Balochistan. The Holding Company is also engaged in certain activities related to the gas business including the manufacturing and sale of gas meters and construction contracts for laying of pipelines.

The registered office of the Holding Company is situated at SSGC House, Sir Shah Suleman Road, Block 14, Gulshan e Iqbal, Karachi. The Holding Company's pipe coating plant is situated at Plot No. F-76 SITE Avenue Karachi (Here 3/4", 1" & 2" pipe is coated for Distribution South Karachi and Khadeji P&C Base Camp M-9 Motorway Karachi).

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

Region	Address
Karachi West	SITE Office, Karachi. Plot No. F/36 & F/37 SITE Area Karachi.
Karachi East	Plot # 21/1, Sector 22, Korangi Industrial Area, Karachi.
Karachi Central	Azad Trade Center Near Civic Center 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.

##### Sui Southern Gas Provident Fund Trust Company (Private) Limited

Sui Southern Gas Provident Fund Trust Company (Private) Limited is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office is situated at ST-4/B, Block-14, Sir Shah Muhammad Suleman Road, Gulshan-e-Iqbal, Karachi and was formed to facilitate administration of employees retirement funds of the Holding Company.

##### SSGC LPG (Private) Limited

SSGC LPG (Private) Limited ("the Subsidiary Company") is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office of the Subsidiary Company is situated at LDC building Karachi Terminal Main University road, Karachi and its main activity is supply of liquefied petroleum gas and provision of terminal and storage services.

The Subsidiary Company acquired the assets including:

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

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

## 1.2 Basis of consolidation

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

## 1.3 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA), the Holding Company is provided a minimum annual return before taxation of 17.43% per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial and other non-operating expenses and non-operating income. The determination of annual required return is reviewed by OGRA, under the terms of the license for transmission, distribution and sale of natural gas, targets and parameters set by OGRA. Income earned in excess or short of the above guaranteed return is payable to or recoverable from the Government of Pakistan (GoP) and is adjusted from or to the gas development surcharge balance payable to / receivable from the GoP.

## 1.4 Financial performance

During the year, the Holding Company has suffered loss after tax of Rs. 21,269 million (2019: Rs 18,363 million) resulting in an increase in its accumulated losses to Rs. 62,243 million (2019: Rs. 43,451 million) and weakening of its equity by Rs. 15,544 million (2019: Rs. 18,630 million) after including the impact of staggering as discussed in note 2.1.1 to these consolidated financial statements. As at reporting date, current liabilities exceed its current asset by Rs. 91,828 million (2019: Rs. 67,397 million).

The Holding Company's financial performance for the year has deteriorated mainly because of higher UFG, certain additional disallowances by OGRA on account of UFG, continued non-implementation / disallowances by OGRA of the impact of UFG due to RLNG volume handling already approved by the ECC and staggering of losses due to dismissal of Company's petitions by Sindh High Court (refer note 1.5).

In order to improve the financial position and performance of the Holding Company, the management / Board of Directors (Board) have taken / planned following steps:

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Holding Company was allowed 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 for FY 2017-18 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 and as a result OGRA has initiated a process of hiring of 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. ECC also constituted a Committee comprising Secretaries, Petroleum & Finance to sort out the issue between the Holding Company and SNGPL.

- Government of Pakistan (Finance Division) in its letter dated July 06, 2020, GoP 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 in coming years and the same is under implementation.
- Under new tariff regime, the Holding Company will also be entitled to the guaranteed return on operating asset from 17% to 17.43% from FY 2019 for next three years.
- Banks have also waived the debt to equity covenant for financial years 2018-19 and 2019-20. However, the Holding Company has never defaulted in payment of any installment of principal and interest thereon and some of the loans have been totally paid off to date.

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

## 1.5 Determination of revenue requirements

The Oil and Gas Regulatory Authority (OGRA) in its order dated December 02, 2010, and May 24, 2011, treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge (LPS), and Sale of Gas Condensate as operating income, which OGRA had previously allowed as non-operating income in its decision dated September 24, 2010, for the year ended June 30, 2010. OGRA also in its aforesaid decision reduced benchmark of the allowable Unaccounted for Gas (UFG) from 7% to 4.25% - 5%.

Being aggrieved by the above decision, the Holding Company filed an appeal against the decision of OGRA in the High Court of Sindh ("the Court"), on which the Court provided interim relief, whereby, OGRA was directed to determine the revenue requirements on the same principles as per its decision of September 24, 2010, pertaining to FY 2010 till final decision of the Court. However, with regard to UFG benchmark, OGRA was directed to carry out an impact assessment study and submit its report to the Court. Afterwards, management estimated the revenue requirement of the Holding Company for the financial years 2011 to 2015 based on the interim relief of the Court, and OGRA also accepted position taken up by the Holding Company for the said financial years, subject to the final decision of the Court.

On November 25, 2016, the Sindh High Court dismissed the Holding Company's petitions through its judgement. Consequently, OGRA in its decision dated December 22, 2016 and October 26, 2017 for determination of FRR for FY 2016 and 2017 respectively allowed UFG at 4.5% and treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge, and Sale of Gas Condensate as operating income. The Holding Company has filed civil petition for leave to appeal in the Supreme Court of Pakistan on January 25, 2017, against the abovementioned Sindh High Court judgement. But the management has considered OGRA's decision in preparation of financial statements for the year ended June 30, 2020.

## 2. BASIS FOR PREPARATION

### 2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of or directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed. For the determination of Gas Development Surcharge, the directives of OGRA and OGRA Ordinance, 2002 have been followed.

### 2.1.1 Staggering of losses arising due to Sindh High Court decision

As disclosed in note 1.5, OGRA had disallowed certain expenses for the years ended 2011 to 2015. Consequently, management had approached Securities and Exchange Commission of Pakistan (SECP) through its letter dated December 14, 2016 to allow staggered recognition of the disallowed expenses of Rs. 36,718 million in 3 years. The permission from SECP was sought based on the grounds that recognition of such disallowances in one year will reflect very adverse results and financial position of the Holding Company, considering that OGRA's determination of some significant aspects of revenue requirements are provisional and are likely to be revised.

Accordingly, SECP through its letter dated December 20, 2016 granted permission to stagger disallowed expense in the consolidated financial statements for the year ended June 30, 2016 and 2017 subject to the conditions that disallowed expense been staggered on equal basis, facts and circumstances are adequately disclosed and compliance with the disclosure requirements of IFRSs for departing with IFRSs are met.

Based on above 50% impact (Rs. 18,359 million) of the decision of Sindh High Court for FY 2011 to 2015 was accounted for in FY 2015-16. The remaining Rs. 18,359 million was required to be accounted for in FY 2016-17. However, considering financial position of the Holding Company and the fact that the loss of Rs. 36,718 million pertains to 5 financial years, a summary was moved by Ministry of Energy (Petroleum Division) to Economic Coordination Committee (ECC) to allowing staggering of Rs. 18,359 million in 5 years. The ECC approved the summary through letter dated May 31, 2018 advising SECP to allow staggering of remaining Rs. 18,359 million in five years. The Holding Company approached SECP after considering ECC decision, who through its letter dated June 27, 2018 advised the Board to make the necessary decision to present a true and fair view of the Holding Company's financial position and performance.

Based on the letter received from SECP, OGRA, in its decision dated December 24, 2018, endorsed the staggering of remaining Rs. 18,359 million over a period of five years (FY 2016-17 to FY 2020-21) and continued the practice up till FY 2018-19. Remaining amount of staggering i.e. Rs 7,344 million (including Rs. 3,672 million relating to FY 2020-21) has also been accounted for in these consolidated financial statements.

Further, the OGRA, in its decision dated December 24, 2018 also directed the Holding Company to review its dividend pay-out policy for future years till such time the above adjustment impact is dispelled (i.e. FY 2020-21).

### 2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain investments which are carried at their fair values, employee benefits which are valued at their present value using actuarial assumptions and freehold and leasehold land which are carried at revalued amount.

### 2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is the group's functional and presentation currency.

### 2.4 Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including reasonable expectation of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

## 3. APPLICATION OF NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

The Group has adopted all the new standards and amendments to the following accounting and reporting standards as applicable in Pakistan which became effective during the year:

### 3.1 Change in accounting policy

The Group has adopted IFRS 16: "Leases", which is effective from the annual period beginning on or after January 1, 2019. The detail of new accounting policy adopted and the nature and effect of the changes from the previous accounting policy are set out below:

### 3.1.1 Effective in current year and are relevant to the Group

#### IFRS 16 : "Leases"

The Group has adopted IFRS 16: "Leases", which replaces IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains Lease', SIC-15 'Operating Lease - Incentive' and SIC-27 'Evaluating the substance of transaction involving the legal form of Lease'.

IFRS 16 introduced a single, on balance sheet lease accounting model for leases. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to IAS -17 standard i.e. lessors continue to classify leases as finance or operating lease.

On adoption of IFRS 16, the Group has recognized lease liabilities in relation to leases which had previously been classified as 'Operating Lease' under the principles of IAS-17 'Leases'. These liabilities have been recognized at the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate of 13.21% and 16.65%.

The Group has applied IFRS 16 for the first time as of July 01, 2019 using the cumulative catch-up approach in accordance with the transition provisions set out in IFRS 16. This approach allows the application of IFRS 16 retrospectively without restating the prior-years figures while accounting for the aggregate amount of any transition effects by way of an adjustment to equity and presenting the comparative period in line with previous rules.

The following summary reconciles the Group's operating lease commitments to the lease liability recognized on initial application of IFRS 16 at July 01, 2019.

(Rupees in '000)

Lease liability recognized at July 01, 2019	356,635
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The right-of-use assets were measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statements of financial position as at June 30, 2019.

Increase in right of use assets	369,281
Decrease in prepayments - prepaid rent	(12,646)
Increase in total assets	356,635
Increase in lease liability	(356,635)
Decrease in net assets	-

#### Impact on profit or loss

The Holding Company operates under fixed tariff regime, therefore, adoption of IFRS 16 has no impact on the Holding Company's profitability as the impact is considered as a pass through item.

**Effective date  
(annual periods  
beginning on or  
after)**

IFRS 14	Regulatory Deferral Accounts - Original issue	January 01, 2019
IFRS 16	Leases - Original issue	January 01, 2019
IFRS 3	Business Combinations	January 01, 2019

3.2	Amendments that are effective in current year and not relevant to the Holding Company	Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 11	Joint Arrangement	January 01, 2019
IAS 12	Income Tax	January 01, 2019
IAS 19	Employee Benefits	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 8	Operating Segments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019

### 3.3 New accounting standards / amendments and IFRS interpretations that are not yet effective.

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.

January 01, 2020

IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	January 01, 2020
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 01, 2023



		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2022
IAS 16	Property, Plant and Equipment - Amendments prohibiting the Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS 41	Agriculture - The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13	January 01, 2020

The Holding Company's expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Holding Company's financial statements in the future period.

### 3.4 Conceptual Framework for Financial Reporting by IASB

On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future.

The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope outs.

		Effective date (annual periods beginning on or after)
IFRS 7	Financial Instruments "disclosures"	January 01, 2020
IFRS 9	Financial Instruments	January 01, 2020
IAS 39	Financial Instruments: Recognition and Measurement	January 01, 2020

### 3.5 The IASB issued 'Interest Rate Benchmark Reform which amended followings IFRS:

Interest Rate Benchmark Reform amended IFRS 7, IFRS 9 and IAS 39 as a first reaction to the potential effects the IBOR reform could have on financial reporting, this amendment requiring additional disclosures around uncertainty arising from the interest rate benchmark reform.

### 3.6 Exemptions from applicability of certain standards and interpretations to standards

- 3.6.1** On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Holding Company, under the provisions of amended International Financial Reporting Standard 2 – Share-based Payment (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted there would have been no impact on the net profit of the Holding Company as the annual return of the Holding Company is determined under the regulatory revenue requirement, which would have covered any additional cost if incurred by the Holding Company in respect of the aforesaid Scheme.

- 3.6.2** The Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 985 (I)/2019 dated September 02, 2019 and further clarification vide its letter no. EMD/IACC/4/2009.145 dated September 8, 2020 to the Holding Company has exempted the application of IFRS 9 with respect to recognition requirements of Expected Credit Losses on financial assets due from GoP or ultimately due from the GoP (including receivables in context of circular debt) till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39, in respect of such financial assets.

Accordingly, there is no ECL recorded on the financial assets due from the GoP in these consolidated financial statements.

- 3.6.3** IFRS 14: "Regulatory Deferral Accounts" is intended to encourage rate-regulated entities to adopt IFRS while bridging the gap with similar entities that already apply IFRS, but which do not recognize regulatory deferral accounts. This would be achieved by requiring separate presentation of the regulatory deferral account balances (and movements in these balances) in the consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income. Further, IFRS 14 also requires to disclose multiple earnings per share.

As per S.R.O. 1480 (I)/2019, the Holding Company is required to implement IFRS 14 from July 01, 2019, however, the Holding Company has obtained exemption from the Securities and Exchange Commission of Pakistan (SECP) who vide its letter SMD/PRDD/2(237) 2021/92 dated November 04, 2021 which states that "the Commission has acceded to the application of the Holding Company regarding exemption from implementation of IFRS14 to the Holding Company for a period of 3 years i.e. upto financial year ended June 30, 2022 subject to the condition that "adequate disclosure" shall be provided in the respective financial statements that clearly explain the impact if IFRS 14 had been adopted by the Holding Company."

	2020	2019
	(Rupees in '000)	
Effect on consolidated statement of profit and loss		
(Decrease) / increase in:		
Tariff Adjustment	(38,440,095)	(77,902,671)
Net movement in regulatory deferral account balances	38,440,095	77,902,671
Loss for the year before net movement in regulatory deferral account would have been	(59,420,526)	(95,681,210)
Effect on the loss per share - (Rs.)		
basic and diluted	(67.45)	(108.62)
basic and diluted including net movement in regulatory deferral account	(24.14)	(20.85)
Effect on consolidated statement of financial position		
(Decrease) / increase in: -		
Other receivables	(178,411,641)	(140,160,555)
Trade and other payables	14,430,636	9,305,131
	(163,981,005)	(130,855,424)
Regulatory deferral account	163,981,005	130,855,424

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented except for change in accounting policy as disclosed in note 3.1 to these consolidated financial statements.

##### 4.1 Revenue recognition

The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the performance obligations for every contract that must be met.

Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognize revenue when (or as) the Group satisfies a performance obligation.

Revenue comprises the fair value of the consideration received or receivable from contracts with customer in the ordinary course of the Group's activities. The Group recognizes revenue when the amount can be reliably measured and it is highly probable that a significant reversal in the amount of income recognised will not occur and specific criteria has been met for each of the Group's activities as described below:

- Revenue from gas sales is recognized on the basis of gas supplied to customers at the rates notified by the Oil and Gas Regulatory Authority (OGRA). Accruals are made to account for the estimated gas supplied between the date of last meter reading and the year end. The revenue for the Holding Company is recognized on point in time basis as the management has determined that there is a single performance obligation i.e. supply of gas.
- Meter rentals are recognized on a monthly basis, at specified rates by the OGRA for various categories of customers. All the revenue for the Holding Company in this category, is recognized on over the time basis as the Holding Company has determined that there is a single performance obligation i.e. availability of meters to the customers.
- Revenue from sale of meters, liquid petroleum gas and gas condensate is recognised on delivery to the customers.
- Deferred credit from Government is amortised and related income is recognised in the consolidated statement of profit or loss over the useful lives on commissioning of the related assets.
- The Group has recognised contract liabilities which represents contribution received from the customers towards the cost of supplying and laying transmission, service and main lines as per requirements of IFRS 15, these contributions are being amortised over the useful lives of the related assets as laying of the pipelines is not a distinct performance obligation, instead is considered a part of the Holding Company's only performance obligation to deliver gas to the customers.
- Income from new service connections is amortised in consolidated statement of profit or loss over the useful lives of related assets.
- Dividend income on equity investments is recognised when right to receive the payment is established.
- Return on term deposits are recognised on time proportion basis by reference to the principal outstanding at the effective interest rate.
- Late payment surcharge on gas sales arrears is calculated from the date the billed amount is overdue and recognized when it is probable that economic benefits will flow to the entity. All the revenue for the Holding Company in this category, is recognized on over the time basis.

Income on gas transportation in respect of firm transportation agreement is recognized when the committed contracted capacity is made available for the shipper. Income on the gas transportation in respect of interruptible transportation agreements is recognized when the gas is transported from the network at the rates notified by the Oil and Gas Regulatory Authority (OGRA). Revenue for the Holding Company in this category, is recognized on point over time basis.

## 4.2 Gas development surcharge

Under the provisions of license for transmission and distribution of natural gas granted to the Holding Company by OGRA, the Holding Company is required to earn an annual return of not less than the rate of return calculated using Weighted Average Cost of Capital (WACC) (fixed rate of 17.43% per annum) on the value of its average fixed assets in operation (net of deferred credit), before corporate income taxes, interest and other charges on debt and after excluding interest, dividends and other non operating income and before incorporating the effect of efficiency benchmarks prescribed by OGRA. Any deficit or surplus on account of this is recoverable from or payable to the Government of Pakistan as differential margin or gas development surcharge.

#### 4.3 RLNG differential margin

As per the policy guideline issued by the Economic Coordination Committee of the Cabinet (ECC) on pricing of RLNG, the Holding Company is allowed to earn an annual return as a percentage of the value of its average fixed assets in RLNG operation, to be determined by OGRA. Any deficit or surplus on account of this is recoverable from or payable to the RLNG customers through adjustment in future RLNG prices. The surplus or the shortfall, if any, are included in “trade and other payables” or “other receivables” respectively with the corresponding charge or credit respectively, recognised in the consolidated statement of profit or loss.

#### 4.4 Contract liabilities

The Holding Company has applied IFRS 15 from July 01, 2018 and accordingly, has recognized contract assets and liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Holding Company has received consideration from the customer. Contract liabilities include the amount received from the customers as contribution towards the cost of supplying and laying transmission, service and main lines. Revenue recognition against such contract liabilities commences upon commissioning of the related asset and is amortized over its useful life.

#### 4.5 IFRS 9 'Financial Instruments

A financial instruments is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### 4.5.1 Financial assets

###### (a) Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

###### Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset;
- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

#### 4.5.2 Financial liabilities

IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised.

#### 4.5.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

#### 4.5.4 Derecognition

The financial assets are de-recognised when the Group loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

#### 4.5.5 Derivative financial instruments

Derivative financial instruments if any are recognised initially at cost. Subsequent to initial recognition, the derivative financial instruments are stated at fair value. Changes in fair value of derivative financial instruments are recognised in the consolidated statement of profit or loss, along with any changes in the carrying value of the hedged liability. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

#### 4.5.6 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial positions only when there is a legally enforceable right to set-off the recognised amount and the Group intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

#### 4.5.7 Impairment of financial assets

The Group recognises a loss allowance for Expected Credit Losses (ECL) on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Group recognises lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.



Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(I) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(II) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

(III) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation, or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(IV) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

**(V) Measurement and recognition of ECL**

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

**4.6 Property, plant and equipment****Initial recognition**

The cost of an item of property plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

**Measurement**

The cost of the property, plant and equipment includes:

- (a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates; and
- (b) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

**Subsequent measurement**

Property, plant and equipment except freehold land, leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment, if any.

Freehold land and leasehold land are stated at revalued amount and surplus arising on revaluation of freehold land and leasehold land is disclosed as surplus on revaluation of property plant and equipment.

**Subsequent expenditure (including normal repairs and maintenance)**

Expenditure incurred to replace a component of an item of operating assets is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the items can be measured reliably. All other expenditures (including normal repairs and maintenance) are recognised in consolidated statement of profit or loss as an expense when it is incurred.

**Capital work in progress**

Capital work in progress is stated at cost less accumulated impairment loss, if any. The cost consists of expenditure incurred and advances made in the course of their construction and installation. Transfers are made to the relevant asset category as and when assets are available for intended use.

## Depreciation

### Compressors and transmission lines

Depreciation on compressors and transmission lines is charged from the dates these projects are available for intended use up to the date these are disposed off.

### Other operating assets

Depreciable value of operating assets other than compressors and transmission lines is depreciated over their estimated service life from the month the assets are available for use in service till the month they are disposed off or fully depreciated, except for assets sold to employees under the service rules, in which case, depreciation is charged up to the date of disposal.

Useful lives of the assets are mentioned in the note 22.1 to these consolidated financial statements.

Assets' residual values and their useful lives are reviewed and adjusted at each reporting date if significant and appropriate.

### Intangible assets

An intangible asset is recognised as an asset, if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

#### Definite life

Intangible assets are measured initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any.

Intangible asset with a finite useful life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases when the asset is derecognised. Amortisation charge is recognised in consolidated statement of profit or loss.

The amortisation period for intangible assets with a finite useful life is reviewed at each year-end and is changed to reflect the useful life expected at respective year end.

### Right-of-use assets and corresponding lease liability

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contains a wide range of different terms and conditions.

Lease liability is initially measured at the present value of the expected lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group. The lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an assets of similar value to the right of use asset in a similar economic environment with similar terms and conditions.

Lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use assets is initially measured based on the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets is adjusted for certain measurements of the lease liability.

### **Borrowing costs**

Borrowing costs incurred on long term finances attributable for the construction of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use are capitalised up to the date the respective assets are available for the intended use.

Actual borrowing cost is capitalised on funds borrowed specifically for the purpose of construction of qualifying assets, less any investment income on the temporary investment of those borrowings. The Group determines a weighted average capitalisation rate in case of general borrowings attributable to qualifying assets.

All other borrowing costs are charged to consolidated statement of profit or loss.

### **Gains and losses on disposal**

Gains and losses on disposal are taken to consolidated statement of profit or loss as finance cost.

## **4.7 Net investment in finance lease**

Contractual arrangements, the fulfilment of which is dependent upon the use of a specific asset and whereby the right to use the underlying asset is conveyed to the customer, are classified as finance lease. Net investment in finance lease is recognised at an amount equal to the present value of the lease payments receivable, including any guaranteed residual value determined at the inception of lease. Discount rate used in the calculation of the present value of minimum lease payments is the interest rate implicit in the lease. Any recoveries from customers in respect of the service cost and contingent rent are excluded from the minimum lease payments and are recorded as recoveries of transmission and distribution cost from the lessee and gas transportation income respectively. Interest income from net investment in finance lease is recognised on a pattern reflecting a constant periodic return on the Group's net investment in finance lease.

## **4.8 Stores, spares and loose tools**

These are valued at lower of cost and net realisable value less impairment loss, if any. Cost is determined under the moving average basis. Goods-in-transit are valued at lower of cost incurred up to reporting date and net realisable value less impairment loss, if any.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

## **4.9 Stock-in-trade**

### **Gas in pipelines**

Stock of gas in transmission pipelines is valued at the lower of cost, determined on weighted average basis, and net realisable value.

### **Meter manufacturing division**

Components (materials) are valued at lower of moving average cost and net realisable value less impairment loss, if any. Work-in-process includes the cost of components only (determined on a moving average basis). Finished goods are stated at the lower of cost, determined on an average basis, and net realisable value and includes appropriate portion of labour and production overheads. Components in transit are stated at cost incurred up to the reporting date less impairment losses, if any.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 4.10 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the consolidated statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 4.11 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowance, if any. The Group always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL), refer accounting policy for impairment of financial assets.

#### 4.12 Trade and other payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

#### 4.13 Mark-up bearing borrowings

##### Long term financing

Mark-up bearing borrowings are recognised initially at fair value which is usually the cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in these consolidated statement of profit or loss over the period of the borrowings. Transaction cost is amortised over the term of the loan.

Long term loans received from the Government of Sindh with interest rate lower than prevailing market interest rates for a similar instrument are initially measured at fair value. The fair value is estimated at the present value of all future cash payments discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating. Difference between fair value and proceeds received is treated as government grant and is amortised over the useful life of related asset constructed.

#### 4.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

#### 4.15 Deferred credit

Amounts received from customers and the Government as contributions and grants for providing service connections, extension of gas mains, laying of distribution lines, etc. are deferred and recognised in the consolidated statement of profit or loss over the useful lives of the related assets starting from the commissioning of such assets.

### Contribution from customers

Advance taken from customers before July 01, 2009 and the Government as contributions and grants for providing service connections, extension of gas mains, laying of distribution lines, etc. are deferred and recognised in the consolidated profit or loss account over the useful lives of the related assets starting from the commissioning of such assets.

## 4.16 Taxation

### Current

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account the available tax credits and rebates.

### Deferred

Deferred tax is recognised using liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Group recognises a deferred tax asset to the extent that it is probable that the taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 4.17 Staff retirement benefits

The Holding Company operates the following retirement schemes for its employees:

- Approved funded pension and gratuity schemes for all employees

Liability under these schemes is recognised in the period in which the benefit is earned based on the actuarial valuations that is carried out annually under the projected unit credit method.

Actuarial gains and losses arising from the actuarial valuation are recognised immediately and presented in consolidated statement of comprehensive income. Gas development surcharge with respect to actuarial gains / losses are recognised in consolidated statement of comprehensive income, instead of consolidated statement of profit or loss.

Past service cost is recognised in consolidated statement of profit or loss at the earlier of when the amendment or curtailment occurs.

- Unfunded free medical and gas supply facility schemes for its executive employees

Liability under these schemes is recognised in the period in which the benefit is earned based on the actuarial valuations that is carried out annually under the projected unit credit method. The free gas supply facilities have been discontinued for employees retiring after December 31, 2000.

Actuarial gains and losses arising from the actuarial valuation are recognised immediately and presented in consolidated statement of comprehensive income. Gas development surcharge with respect to actuarial gains / losses are recognised in consolidated statement of comprehensive income, instead of consolidated statement of profit or loss.

- Approved contributory provident funds for all employees (defined contribution scheme)

The Holding Company operates a recognised provident fund for all its employees. Equal contributions are made, both by the Holding Company and the employees, to the fund at the rate of 7.5% of basic salary in the case of executive employees and 8.33% of basic salary and adhoc relief cost of living allowance in the case of non executive employees and the same is charged to these consolidated statement of profit or loss.



- A non-contributory benevolent fund, under which only the employees contribute to the fund.

The Company maintains a Gratuity Fund for the benefit of permanent and company contract employees. Permanent and company contract employees are eligible for receipt of gratuity at the time of leaving service as provided under Industrial and Commercial Establishment Ordinance. The employees are entitled for gratuity at the rate of 50 days of basic salary, for every service year. Company contract employees, joining after August 7, 2020, are entitled for gratuity at the rate of 30 days basic salary, for every year of service.

#### 4.18 Compensated absences

The liability for accumulated compensated absences of employees is recognised based on actuarial valuation in the period in which employees render services that increase their entitlement to future compensated absences.

#### 4.19 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani rupees at the rates of exchange ruling at the reporting date. Exchange gains and losses are taken to the consolidated statement of profit or loss.

#### 4.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is an identifiable component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are as follows:

##### Gas transmission and distribution

Gas transmission and distribution segment is engaged in transmission and distribution of natural gas and construction contracts for laying of pipelines in Sindh and Baluchistan.

##### Meter manufacturing

Meter manufacturing segment is engaged in manufacture and sale of gas meters.

#### 4.21 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits in banks, short term running finance under mark-up arrangement availed by the Group and short term liquid investments that are readily convertible to known amounts of cash.

#### 4.22 Earnings per share

Earnings per share is calculated by dividing the profit / (loss) after tax for the year by the weighted average number of shares outstanding during the year.

#### 4.23 Dividend and reserves appropriation

Dividend is recognised as a liability in the consolidated statement of financial position in the period in which it is declared. Movement in reserves is recognised in the year in which it is approved.

#### 4.24 Share Capital

Ordinary shares are classified as equity and recognised at their face value. Discount on issue of shares is separately reported in consolidated statement of changes in equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### 5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020 (Numbers of shares)	2019		2020 (Rupees in '000)	2019
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	2,195,666	2,195,666
661,349,755	661,349,755	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	6,613,497	6,613,497
<b>880,916,309</b>	<b>880,916,309</b>		<b>8,809,163</b>	<b>8,809,163</b>

- 5.1 The Holding Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders. All shares rank equally with regard to the Holding Company's residual assets. Currently Government of Pakistan (GoP) holds 53.18% (2019: 53.18%) paid up capital of the Holding Company.

	Note	2020 (Rupees in '000)	2019
<b>6. RESERVES</b>			
<b>Capital reserves</b>			
Share capital restructuring reserve	6.1	146,868	146,868
Fixed assets replacement reserve	6.2	88,000	88,000
		<b>234,868</b>	<b>234,868</b>
<b>Revenue reserves</b>			
Dividend equalisation reserve		36,000	36,000
Special reserve I	6.3	333,141	333,141
Special reserve II	6.4	1,800,000	1,800,000
General reserve	6.5	2,015,653	2,015,653
Reserve for interest on sales tax refund	6.6	487,739	487,739
		<b>4,672,533</b>	<b>4,672,533</b>
		<b>4,907,401</b>	<b>4,907,401</b>

#### 6.1 Share capital restructuring reserve

This represents the reduction of share capital of former Sui Gas Transmission Company Limited (SGTC) due to merger of Sui Gas Transmission Company Limited and Southern Gas Company Limited (SGC) in March 1989.

#### 6.2 Fixed assets replacement reserve

This represents profit allocated in 1986 by former Southern Gas Company Limited for replacement of gas distribution lines in rural Sindh areas. Subsequently all the rehabilitation activities were carried out from the Holding Company's working capital.

### 6.3 Special reserve I

This represents accumulated balance arising on a price increase of Rs. 4.10 per MCF granted to the Holding Company by the Government of Pakistan in January 1987 retrospectively from July 01, 1985 to enable the Holding Company to meet the requirements of Asian Development Bank regarding debt / equity ratio and other financial covenants specified in loan agreements with them.

### 6.4 Special reserve II

This represents special distributable reserve created as per the decision of the board of directors to meet the future requirements of the Holding Company.

### 6.5 General reserve

This represents the reserve created by the Holding Company to transfer certain amount from / to unappropriated profit from / to general reserve for the payment of dividends.

### 6.6 Reserve for interest on sales tax refund

This represents the reserve for the interest accrued on the sales tax refundable under Section 67 of the Sales Tax Act, 1990, which is not available for distribution to shareholders till the time it is received.

## 7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book values resulting from the revaluation of the Holding Company's freehold and leasehold land carried out by an independent valuer K.G. Traders (Private) Limited to determine the fair value as of June 30, 2020. The valuation was based on market research.

Market value of buildings / civil works, roads, pavements and related infrastructure, compressors, plant and machinery, construction equipment, motor vehicles and gas transmission and distribution pipelines is Rs. 183,539 million. However, no impact of revaluation has been incorporated in these consolidated financial statements as cost model has been adopted for aforesaid assets.

Had the Group's freehold and leasehold land been measured on historical cost basis, the carrying amount would have been as follows:

	2020	2019
	(Rupees in '000)	
Freehold land	472,860	517,627
Leasehold land	216,963	320,610
	<b>689,823</b>	<b>838,237</b>

### 7.1 Details of the Company's freehold and leasehold land and information about fair value hierarchy, as at June 30, 2020 are as follows.

	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Freehold land	-	13,481,068	-	13,481,068
Leasehold land	-	12,463,570	-	12,463,570

There were no transfers between levels of fair value hierarchy during the year.

**7.2** Forced sale values of freehold land and leasehold land is Rs. 10,488 million and Rs. 10,793 million, respectively.

8. LONG TERM FINANCING	Note	2020	2019
		(Rupees in '000)	
Secured			
Loans from banking companies	8.1	28,335,321	36,161,848
Unsecured			
Front end fee of foreign currency loan	8.2	23,950	23,950
Customer finance	8.3	146,208	168,326
Government of Sindh loans	8.4	582,056	565,419
		752,214	757,695
		29,087,535	36,919,543

#### 8.1 Loans from banking companies

	Installment payable	Repayment period	Mark-up rate p.a. (above 3 months and 6 months* KIBOR)	Note	2020	2019
					(Rupees in '000)	
Bank Alfalah Limited - Led Consortium	quarterly	2018-2019	0.40%	8.1.3	-	1,750,000
Habib Bank Limited - Led Consortium	quarterly	2018-2022	0.50%	8.1.3	1,500,000	2,100,000
United Bank Limited - Led Consortium	semi - annually	2018-2022	0.50% * 8.1.1 & 8.1.3		7,500,000	10,500,000
Habib Bank Limited - Led Consortium	semi - annually	2018-2026	1.10% *	8.1.2	27,425,000	31,700,000
Unamortised transaction cost					(214,679)	(263,152)
					36,210,321	45,786,848
Less: Current portion shown under current liabilities				17	(7,875,000)	(9,625,000)
					28,335,321	36,161,848

**8.1.1** A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. During the year, repayment of Rs. 3,000 million has been made.

**8.1.2** A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at June 30, 2020, the Holding Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the year, repayment of Rs. 4,275 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.

**8.1.3** 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.

**8.1.4** The Holding Company was required to maintain debt to equity at 80:20. During the financial year 2016, the Holding Company had obtained relaxation letter from respective banks, according to which, debt to equity ratio has been revised from 80:20 to 95:05 from financial year 2016 to 2019. Due to breach in relaxed covenants, banks have further relaxed the covenants for the year 2018-19 and 2019-20.

## 8.2 Front end fee of foreign currency loan

	Installment payable	Principal repayment period	Mark up rate p.a.	Note	2020 (Rupees in '000)	2019
<b>IBRD LOAN-81540</b>	Half-yearly	2020 - 2036	11.80%	8.21	<b>23,950</b>	23,950

**8.2.1** This represents front end fee in respect of USD 100 million loan from the Government of Pakistan through International Bank for Reconstruction and Development (IBRD) for Natural Gas Efficiency Project.

## 8.3 Customer finance

	Note	2020 (Rupees in '000)	2019
Customer finance	8.3.1	<b>170,605</b>	194,464
Less: Current portion shown under current liabilities	17	<b>(24,397)</b>	(26,138)
		<b>146,208</b>	168,326

**8.3.1** This represents contributions received from certain industrial customers for the laying of distribution mains for supply of gas to their premises. These balances carry mark-up at 25% of (3 year average ask side KIBOR less 2% per annum) for laying of distribution lines. Principal and interest are adjustable in 48 equal installments through credits in the monthly gas bills of the customers.

## 8.4 Government of Sindh loans

	Installment payable	Principal repayment period	Mark up rate p.a.	Note	2020 (Rupees in '000)	2019
Government of Sindh loan - III	yearly	2012 - 2021	4%	8.4.1	<b>80,000</b>	80,000
Government of Sindh loan - IV	yearly	2014 - 2023	4%	8.4.1	<b>500,000</b>	500,000
Government of Sindh loan - V	yearly	2015 - 2024	4%	8.4.1	<b>360,000</b>	360,000
Less: Impact of discounting of Government of Sindh Loan				8.4.2	<b>(171,277)</b>	(187,914)
					<b>768,723</b>	752,086
Less: Current portion shown under current liabilities				17	<b>(186,667)</b>	(186,667)
					<b>582,056</b>	565,419

**8.4.1** The Holding Company has obtained unsecured development loans from Government of Sindh for supply of gas to various districts and areas of Sindh.

**8.4.2** This represents the benefit of lower interest rate on Government of Sindh Loan III, IV and V, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan III, IV and V and its initial fair value. The amount of Government of Sindh loan after conversion amounts to Rs 940 million and subsequently it is measured at its initial fair value of Rs. 170 million based on net of waiver as disclosed in note 8.4.3. 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.

- 8.4.3** The management of the Holding Company has filed a claim with Government of Sindh, regarding the financial charges recorded and paid in prior years against Rs. 3,000 million loan, for the waiver of said financial charges amounting Rs. 541 million. The Holding Company is charging finance cost and amortising deferred credit on outstanding loan net of waiver claim.

9.	LONG TERM DEPOSITS	Note	2020	2019
			(Rupees in '000)	
	Security deposits from:	9.1	<b>20,596,737</b>	17,770,693
	Gas customers	9.2	<b>93,995</b>	103,218
	Gas contractors		<b>20,690,732</b>	17,873,911

- 9.1** These represent deposits from industrial, commercial and domestic customers. The customer deposits are based on annual average gas sales of 3 months.

Mark-up is payable on deposits of industrial and commercial customers at the rate of 5% per annum, while no mark-up is paid on deposits from domestic customers.

The Holding Company may at its option, use these deposits for its own purpose from time to time and shall, on disconnection of gas supply to the customer, return the security deposits as per the terms and conditions of the contract.

- 9.2** These represent security deposits received from contractors. These deposits are free of mark-up and are refundable upon completion or cancellation of the contract.

10.	DEFERRED TAX	2020	2019
		(Rupees in '000)	
	<b>Taxable temporary differences</b>		
	Accelerated tax depreciation	<b>14,919,946</b>	15,423,800
	Net investment in finance lease	<b>54,795</b>	71,562
	<b>Deductible temporary differences</b>		
	Provision against employee benefits	<b>(1,526,943)</b>	(1,703,817)
	Provision against impaired debts and other receivables and receivable from staff pension fund	<b>(6,339,402)</b>	(5,292,193)
	Provision against impaired store and spares	<b>(115,611)</b>	(104,169)
	Liability not paid within three years	<b>(13,695,953)</b>	(14,666,858)
	Carry forward of tax losses	<b>(9,210,093)</b>	(5,132,183)
	Minimum income tax	<b>(5,274,862)</b>	(2,813,466)
	Others	<b>(1,312,443)</b>	(103,240)
		<b>(22,500,566)</b>	(14,320,565)
	Deferred tax asset not recognised	<b>22,312,989</b>	14,127,246
		<b>(187,577)</b>	(193,319)

- 10.1** As at June 30, 2020, the Holding Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 37,475 million (2019: Rs. 29,816 million) out of which deferred tax asset amounting to Rs. 14,975 million has been recognised and remaining balance of Rs. 223,313 million is unrecognised. As at year end, the Holding Company's minimum tax credit amounted to Rs. 5,273 million (2019: Rs. 2,813 million) having expiry period ranging between 2022 and 2025.

- 10.2** Furthermore, deferred tax asset recognised in these consolidated financial statements relates to the Subsidiary, the management are confident that Subsidiary Company would have sufficient taxable profit in future, moreover both the Companies are not taxable as a Group.



	Note	2020 (Rupees in '000)	2019
<b>11. EMPLOYEE BENEFITS</b>			
Provision for post retirement medical and free gas supply facilities - executives		4,268,139	5,018,914
Provision for compensated absences - executives	11.1	828,345	828,345
Provision for gratuity	11.2 & 48.4	39,608	27,971
		<b>5,136,092</b>	<b>5,875,230</b>
<b>11.1 Provision for compensated absences - executives</b>			
Balance as at July 01		828,345	967,630
Provision made during the year		-	(139,285)
Balance as at June 30		<b>828,345</b>	<b>828,345</b>
<b>11.2 Provision for gratuity</b>			
Balance as at July 01		27,971	21,257
Provision made during the year		11,637	6,714
Balance as at June 30		<b>39,608</b>	<b>27,971</b>
<b>12. OBLIGATION AGAINST PIPELINE</b>			
Principal amount	12.1	879,330	933,345
Less: current portion		(59,075)	(54,014)
		<b>820,255</b>	<b>879,331</b>
<b>12.1</b>	The Holding Company entered into an agreement with Engro Elengy Terminal Limited (EETL) previously Engro Elengy Terminal (Private) Limited (EETPL) under which the pipeline has been transferred to the Holding Company from EETL and corresponding liability has been recognised using discounted cash flows.		
	Note	2020 (Rupees in '000)	2019
<b>13. DEFERRED CREDIT</b>			
<b>Government of Pakistan contributions / grants</b>			
Balance as at July 01		3,064,028	3,285,092
Additions / adjustment during the year		139,427	89,596
Transferred to consolidated statement of profit or loss	13.1	(291,808)	(310,660)
Balance as at June 30		<b>2,911,647</b>	<b>3,064,028</b>
<b>Government of Sindh (Conversation of loan into grant)</b>			
Balance as at July 01		2,025,211	2,133,559
Additions / adjustment during the year		86,808	6,367
Transferred to consolidated statement of profit or loss		(116,034)	(114,715)
Balance as at June 30		<b>1,995,985</b>	<b>2,025,211</b>
<b>Government of Sindh grants</b>			
Balance as at July 01		149,967	173,218
Transferred to consolidated statement of profit or loss	8.4.2	(20,842)	(23,251)
Balance as at June 30		<b>129,125</b>	<b>149,967</b>
Less: current portion of deferred credit		(432,236)	(394,735)
		<b>4,604,521</b>	<b>4,844,471</b>

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

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

	Note	2020 (Rupees in '000)	2019
<b>14. CONTRACT LIABILITIES</b>			
Contribution from customers	14.1	1,823,259	1,406,461
Advance received from customers for laying of mains, etc.	14.2	4,374,239	2,995,930
		<b>6,197,498</b>	<b>4,402,391</b>
<b>14.1 Contribution from customers</b>			
Balance as at July 01		1,573,394	1,016,899
Additions during the year		623,385	721,747
Transferred to consolidated statement of profit or loss		(181,317)	(165,252)
		<b>2,015,462</b>	<b>1,573,394</b>
Less: Current portion of contributions from customers		(192,203)	(166,933)
Balance as at June 30		<b>1,823,259</b>	<b>1,406,461</b>

**14.2** 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.

<b>15. LEASE LIABILITY</b>			
Balance as on July 01		-	-
Impact on application of IFRS 16		356,635	-
Interest expense		35,813	-
		<b>392,448</b>	<b>-</b>
Payments during the year		(147,198)	-
		<b>245,250</b>	<b>-</b>
Less: current maturity		(118,000)	-
		<b>127,250</b>	<b>-</b>

The expected maturity analysis of undiscounted lease payment is as follows:

within one year	137,860	-
between 2 to 5 years	127,204	-
after 5 years	91,931	-
	<b>356,995</b>	<b>-</b>

## 16. LONG TERM ADVANCES

These represent amounts received from Government of Pakistan for gas supply to new towns and villages and laying of distribution lines, etc. These advances are transferred to deferred credit once the related projects are commissioned, which is amortised over the estimated useful lives of related assets.

## 17. CURRENT PORTION OF LONG TERM FINANCING

Loan from banking companies	8.1	7,875,000	9,625,000
Customer finance	8.3	24,397	26,138
Government of Sindh loans	8.4	186,667	186,667
		<b>8,086,064</b>	<b>9,837,805</b>

## 18 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 (2019: Rs. 25,000 million) and carry mark-up ranging from 0.00% to 0.20% (2019: 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.

- 18.1** As at June 30, 2020, the aggregate unavailed short term borrowing facilities amounting to Rs. 10,021 million (2019: Rs. 8,706 million).

	Note	2020 (Rupees in '000)	2019
<b>19. TRADE AND OTHER PAYABLES</b>			
Creditors for:			
Indigenous gas	19.1	386,072,492	332,632,340
RLNG		92,860,338	44,018,023
		<b>478,932,830</b>	<b>376,650,363</b>
RLNG differential margin payable to SNGPL		-	1,681,019
RLNG differential margin payable to GoP		14,430,636	9,305,131
Engro Energy Terminal Limited		1,901,685	1,984,729
Accrued liabilities		3,807,597	4,267,281
Provision for compensated absences - non executives	19.3	303,441	303,441
Payable to staff gratuity fund	48.1	4,076,196	5,091,663
Payable to pension fund	48.1	129,230	-
Payable to provident fund		74,872	74,816
Deposits / retention money		622,876	668,656
Advance for sharing right of way	19.4	18,088	18,088
Withholding tax payable		119,004	189,193
Sales tax and Federal Excise Duty		459,627	311,293
Sindh sales tax		135,594	132,163
Processing charges payable to JJVL		8,528,447	8,528,447
Gas infrastructure development cess payable	19.5	7,234,826	7,338,595
Unclaimed term finance certificate redemption profit		1,800	1,800
Advance from customers and distributors		59,036	38,091
Transport and advertisement services		23,581	14,772
Workers' Profit Participation Fund	19.6	174,515	174,515
Provision		9,394	8,051
Others	19.7	460,009	940,941
		<b>521,503,284</b>	<b>417,723,048</b>

- 19.1** Creditors for gas supplies includes Rs. 308,399 million (2019: Rs. 241,478 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 (2019: Rs. 15,832 million) on their balances which have been presented in note 20.1 of these consolidated financial statements.

- 19.2** On December 12, 2017, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Holding Company and thereafter, allocated further 37 BCF. The ECC in its decision dated March 03, 2020 has allocated 71 BCF (in total to the Holding Company) in order to resolve the matter of short supply with the direction to enter into an agreement with SNGPL.

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 allocated volumes.

During the year, out of 71 BCF allocated volume, the Holding Company has recorded purchase of 31.2 BCF (2019: 29.7 BCF) allocated volume for SNGPL amounting Rs. 43,609 million (2019: Rs 35,025 million) based on OGRA's decision dated November 20, 2018.

	2020	2019
	(Rupees in '000)	
<b>19.3 Provision for compensated absences - non-executives</b>		
Balance as at July 01	303,441	309,391
Reversal during the year	-	(5,950)
Balance as at June 30	303,441	303,441

**19.4** This amount was received by the Holding Company from Pak Arab Refinery Limited (PARCO) in accordance with an agreement dated October 12, 1988. It represents consideration for 50% share of PARCO in the Indus right bank pipeline common right of way and is the full settlement of PARCO's total liability for its share, irrespective of the final amount of compensation payable to the land owners by the Holding Company. The final liability of the Holding Company has not been estimated, as the amount of compensation due to land owners has not been determined by the Authorities. Accordingly, the amount received from PARCO has been classified as an advance.

**19.5** Gas Infrastructure Development (GID) Cess was levied with effect from December 15, 2011 and is chargeable from industrial gas customers at different rates as prescribed by the Federal Government through OGRA notification. GID Cess is collected and deposited with the Ministry of Petroleum and Natural Resources (MP & NR) in a manner prescribed by the Federal Government.

On June 13, 2013, the Peshawar High Court declared the levy, imposition and recovery of GID Cess unconstitutional with the direction to refund GID "Cess" so far collected. The Supreme Court of Pakistan examined the case and vide its findings dated August 22, 2014, concluded that GID Cess is a fee and not a tax and on either count GID "Cess" could not have been introduced through a money bill under Article 73 of the Constitution and the same was, therefore, not validly levied in accordance with the Constitution. However, on September 25, 2014, the President of Pakistan had promulgated GID Cess Ordinance 2014, which is applicable to the whole of Pakistan and has to be complied by all parties.

On September 29, 2014, the Sindh High Court gave a stay order to various parties against the promulgation of Presidential order on September 25, 2014.

On May 22, 2015, the GID Cess Act (GIDC Act) was passed by Parliament applicable on all customers. Following the imposition of the said Act, many customers filed a petition in Sindh High Court and obtained stay order against GIDC Act passed by the Parliament. The Holding Company has obtained a legal opinion, which states that management has to comply with the stay order of High Court of Sindh.

On October 26, 2016, a Single Judge of Sindh High Court passed an order to refund / adjust the GID Cess collected in the future bills of the respective plaintiff. The said order was stayed by the Sindh High Court through Order dated November 10, 2016.

The Holding Company is a collecting agent and depositing GID Cess to the MP & NR and the Holding Company will refund to the customers once it will be received from MP & NR.

On August 13, 2020, Supreme Court of Pakistan has upheld the promulgation of the GIDC Act and instructed that all arrears of GID 'Cess' that have become due up to July 31, 2020 shall be recovered by the Companies responsible under the GIDC Act, 2015 to recover from their customers.

However, as a concession, the same is to be recovered in twenty four equal monthly instalments starting from August 01, 2020 without the component of late payment surcharge. The Holding Company has initiated the billing of GIDC from August 01, 2020, the same is recovered from customers and submitted to MP & NR. Supreme Court of Pakistan (SCP) in its judgment dated November 03, 2020 dismissed all review petitions filed against its earlier judgment dated August 13, 2020, stating that the companies claiming any relief under GIDC Act 2015 may approach the right forum. Subsequent to Supreme Court Judgment dated August 13, 2020, more than 1700 customers have filed fresh cases before Sindh High Court, wherein, customers stated that they are not liable to pay GID Cess as the same has not been collected by them, SHC restrained the Holding Company from collection of GID Cess instalments and the matter is pending adjudication before SHC.

	2020	2019
	(Rupees in '000)	
<b>19.6 Workers' Profit Participation Fund</b>		
Balance as at July 01	174,515	12,860
Amount received by the Holding Company	-	161,655
Balance as at June 30	174,515	174,515
<b>19.7</b>	This includes Rs. 212 million (2019: Rs. 230 million) on account of amount payable to disconnected customers for gas supply deposits.	

	2020	2019
	(Rupees in '000)	
<b>20. INTEREST ACCRUED</b>		
	<b>Note</b>	
Long term financing - loans from banking companies	562,364	760,139
Long term deposits from customers	481,020	440,115
Short term borrowings	123,043	405,542
Late payment surcharge on processing charges	438,392	438,392
Late payment surcharge on gas development surcharge	4,826	4,826
Late payment surcharge on gas supplies	20.1 15,832,411	15,832,411
	17,442,056	17,881,425

**20.1** As disclosed in note 31.1 and 31.2, effective from July 01, 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. Management's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

In response to the Holding Company's above request, the MP & NR vide their letter dated January 3, 2017 has supported the contention of the Holding Company that it will not recognize LPS expense payable to the Government Controlled E&P Companies (OGDCL, PPL and GHPL), effective from July 01, 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 01, 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.

Had the management not reversed the LPS expense payable from July 01, 2012 to June 30, 2016 of Rs. 26,222 million and recorded LPS expense for the year ended June 30, 2017; June 30, 2018; June 30, 2019 and June 30, 2020 amounting to Rs. 7,569 million; Rs. 7,477 million; Rs. 10,525 and Rs. 26,335 million respectively on outstanding payables to Government Controlled E&P Companies, the effect on these consolidated financial statement would be as follows:

	(Rupees in million)
- Increase in loss before tax	26,335
- Increase in loss after tax / accumulated loss	18,698
- Increase in loss per share - rupees	21.23
- increase in accumulated losses	78,128
- Increase trade payables	78,128
- Increase deferred tax liability	23,670

## 21. CONTINGENCIES AND COMMITMENTS

2020  
2019  
(Rupees in '000)

### 21.1 Contingencies

21.1.1	Guarantees issued on behalf of the Group	7,013,494	5,482,762
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### 21.2 In respect of the Holding Company

- 21.2.1** Jamshoro Power Company Limited (JPCL) has lodged claims against the Holding Company amounting to Rs. 144,120 million (2019: Rs. 144,120 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Holding Company and JPCL. JPCL has raised another claim of Rs. 5.793 million (2019: Rs. 5.793 million) for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Holding Company. The Ministry of Energy in its letter dated August 12, 2021, has decided that the matter will be referred to the Secretaries' Committee for deliberation and resolution.

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

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

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

- 21.2.2** As disclosed in note 20.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019 and June 30, 2020 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million and Rs. 26,335 million in these consolidated financial statements. The Holding Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

- 21.2.3** As disclosed in note 35.5, 35.6, 45.2 and 45.5 for other matters arbitration proceedings between JJVL and the Holding Company has been initiated under the Pakistan Arbitration Act, 1940 to settle the outstanding disputes between the parties. Accordingly, both the parties have appointed their respective arbitrators and filed their respective claims.

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

Subsequently, SCP through its order dated November 16, 2018, based on the report by a firm of Chartered Accountants, determined that Rs. 1,500 million is the undisputed amount that shall be paid within 8 weeks by JJVL, which has been accordingly received by the Holding Company along-with the interest accrued thereon. However, with respect to the GIDC, tax challans and other matters, SCP will settle the same and an appropriate order be passed in this regard. Management informed us that once the matter is finalized by the Court any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.



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

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

Subsequently, the firm of Chartered Accountants after consultation with both parties came up with a mechanism of revenue sharing of 57% to the Holding Company and 43% to JJVL on ad-hoc basis and an agreement was signed between the Holding Company and JJVL and submitted to SCP for its approval and the same was validated by SCP in its order dated December 29, 2018. SCP also directed the Holding Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement. The agreement is valid for 1.5 years from the date of agreement and unless renewed by the parties through mutual written consent it shall stand terminated automatically. Accordingly, in June 2020 the said agreement stands expired and since then no gas has been supplied to JJVL plant.

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

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

**21.2.4** 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 Holding Company.

**21.2.5** 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 musharaka arrangement.

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

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

**21.2.6** 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 and 2018-19.

All the Orders were contested before Commissioner (Appeals) who decided the cases in the Holding Company's favor (except for FY 2018-19 which is currently sub-judice). However, the said Commissioner (Appeals) Orders in the Holding Company's favor have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue.

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 the Holding Company's case, therefore no provision has been made in these consolidated financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

- 21.2.7** The Tax Authorities' passed Order for FY 2009-10 against the Holding 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 the Holding 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 Holding Company contested the matter before Commissioner (Appeals) who decided the cases in the Holding 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 Holding Company has filed detailed reply but no adverse was drawn in light of Binding Precedent set by ATIR for FY 2009-10.

The Holding Company and its legal counsel are of the opinion that the Holding 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 Holding Company and its legal counsel is confident that the outcome of the cases will be in favor of the Holding Company.

- 21.2.8** The Additional Commissioner Inland Revenue passed an order against the Holding Company with demand of Rs. 1,314 million alongwith default surcharge and penalty for incorrect adjustment of withholding sales tax against input invoices. The principal tax demand was recovered by the authority. However, the Holding 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 Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

- 21.2.9** The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Holding 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 the Holding Company's favor while minimum tax adjustment for loss making year of 2007-08 was decided against the Holding Company.

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 Holding Company. Upon appeal by the Holding 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 Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

- 21.2.10** As disclosed in note 31 to these consolidated financial statements– trade debts, interest income from K-Electric (KE) and Pakistan Steel Mills Limited (PSML) is not being recognized in the consolidated financial statements, in accordance with requirements of International Accounting Standards as well as Legal and Accounting Opinions obtained by the Holding Company. However, tax authorities have passed orders for FY 2014-15 to 2017-18 on said unrecognized interest income from KE and PSML. Appeal against the said orders have been filed before Commissioner (Appeals), who decided the case against the Holding Company upon which the Holding Company has filed appeal before Appellate Tribunal Inland Revenue.

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

- 21.2.11** 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 the Holding Company while issue of supply of natural gas to customers was remanded back to Tax Officer.

Against Commissioner (Appeals) Order on RLNG, the Holding Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) and has also applied to Alternate Dispute Resolution Committee (ADRC), which is pending adjudication.

In remand back proceedings, Tax Authority has again passed same Order levying FED on supply of Natural Gas to customers which has been challenged before Commissioner (Appeals).

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

- 21.2.12** 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 Holding Company's favor.

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

- 21.2.13** 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, RLNG Transportation Income among other observations.

Said Order was contested before Commissioner (Appeals) who confirmed Demand on RLNG Swap & transportation while other GDS & other observations were remanded back to Tax Officer.

Against Commissioner (Appeals) Order on RLNG, the Holding Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) and has also applied to Alternate Dispute Resolution Committee (ADRC), which is pending adjudication.

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

- 21.2.14** The Holding Company is subject to various other claims totaling Rs. 8,896 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

- 21.2.15** The Holding Company is party to number of cases in respect of billing disputes and related matters. Based on the opinion of the Holding Company's legal department, the management is confident that the outcome of these cases will be in favor of the Holding Company. Accordingly, no provision has been made in respect of those cases in these consolidated financial statements.

### 21.3 In respect of the Subsidiary Company

- 21.3.1** The Additional Commissioner Inland Revenue (ACIR) passed the order u/s 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 on the basis that sale of LPG is not covered by SRO 586 of 1991 and created a demand of Rs. 46.2 million. The Subsidiary 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.

ACIR passed appeal effect order u/s 124 dated June 20, 2015 to give appeal effect as per CIR (Appeals) order and reduced the amount to Rs. 36.9 million. The Subsidiary Company has also filed an appeal before the CIR, (Appeals) against the said order. Further, the Subsidiary Company has paid advance income tax pertaining to tax year 2013 to tax year 2021 amounting to Rs. 358.7 million under various sections which remains unadjusted due to such litigation. The potential liability amounts to Rs. 469 million to which the Subsidiary Company may be subject to in case of adverse decision.

- 21.3.2** 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 Subsidiary 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 Subsidiary Company and no provision is recorded in these financial statements.

- 21.3.3** 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 Subsidiary Company has filed an appeal before the Commissioner Appeals. During the process of appeal, the tax department issued a recovery notice and recovered entire demand amount from the Subsidiary Company's bank account.

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

- 21.3.4** 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 has required the Subsidiary Company to submit necessary documents for reassessment of tax liability. Against the said notice the Subsidiary Company has filed petition in Sindh High Court (SHC). The SHC has granted stay to the Subsidiary Company and the final decision is pending before the SHC. Furthermore, tax department has not gone in appeal against the decision of SHC.

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

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

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

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

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

**21.3.7** Subsequent to the year ended June 30, 2020, on August 05, 2020, the Subsidiary 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 Subsidiary Company's legal counsel is of the opinion that the case will decided in favor of the Subsidiary Company.

	2020	2019
	(Rupees in '000)	
<b>21.3.8</b> Contracts for capital and other expenditure	<b>262,222</b>	56,081
-LPG purchase	<b>137,948</b>	-
-Opex	<b>10,163</b>	5,005
-Capex	<b>114,111</b>	51,076

#### **21.4 Other contingencies:**

<b>21.4.1</b> Claims against the Holding Company not acknowledged as debt	<b>66,327</b>	77,477
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The management is confident that ultimately these claims would not be payable.

#### **21.5 Commitments**

Commitments for capital and other expenditure	<b>5,550,543</b>	5,279,534
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	Note	2020	2019
		(Rupees in '000)	
<b>22. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	22.1	<b>125,445,038</b>	121,230,695
Capital work in progress	22.7	<b>11,919,401</b>	11,572,877
		<b>137,364,439</b>	132,803,572

## 22.1 Operating assets

	2020			2020			WRITTEN DOWN VALUE	"USEFUL LIFE LIFE"
	COST / REVALUATION			ACCUMULATED DEPRECIATION				
	As at July 01, 2019	Additions / (deletions) / transfers *	As at June 30 2020	As at July 01, 2019	Depreciation / (deletions) / transfers *	As at June 30 2020		
		Revaluation **						
	(Rupees in '000)							
Freehold land	10,907,311	-	12,733,793	-	-	-	12,733,793	
		1,826,482 **	-		- **			
Leasehold land	11,363,006	3,423	12,844,231	-	-	-	12,844,231	
		1 *			- *			
		1,477,801 **			- **			
Leasehold land Terminal QP-5	518,451	-	518,451	10,951	1,413	12,364	506,087	23
Civil structure on leasehold land - Trestle and Jetty	1,155,273	13,942	1,169,215	383,450	50,408	433,858	735,357	23
Buildings on freehold land	324,492	-	324,492	303,637	16,225	319,862	4,630	20
Buildings on leasehold land	2,677,872	136,707	2,814,579	1,695,215	77,565	1,772,780	1,041,799	20
Roads, pavements and related infrastructures	797,820	-	797,820	377,240	39,974	417,214	380,606	20
Gas transmission pipeline	57,822,167	2,452,128 (1) 2,863 *	60,277,157	17,453,893	1,198,684  (1,659) *	18,650,918	41,626,239	40
Gas distribution system	87,437,632	5,778,704 (792,910)	92,423,426	43,795,695	5,193,932 (687,668)	48,301,959	44,121,467	10-20
Compressors	10,178,857	632,017	10,810,874	3,712,470	716,810	4,429,280	6,381,594	17
Telecommunication	1,187,107	13,603 (163,157) 605 *	1,038,158	937,915	89,637 (162,443) 605 *	865,714	172,444	2 & 6.67
Plant and machinery	5,227,661	256,506 (47,308) ,343 *	5,445,202	2,801,518	278,554 (45,912) 1,668 *	3,035,828	2,409,374	10
Tools and equipment	537,432	13,760 (13,828) (200) *	537,164	489,415	26,176 (13,757) (385) *	501,449	35,715	3
Bowsers	148,423	112	148,535	42,371	7,104	49,475	99,060	10
Motor vehicles	3,269,997	185,636 (123,648) 1 *	3,331,986	1,994,754	272,614 (94,410) - *	2,172,958	1,159,028	5
Furniture and fixture	553,057	26,216 (12,443) (60) *	566,770	528,532	16,386 (12,443) 1 *	532,476	34,294	5
Office equipment	592,373	29,242 (15,427) (6,421) *	599,767	472,520	51,056 (15,425) 145 *	508,296	91,471	5
Computer and ancillary equipments	1,235,397	119,695 (45,633) 1 *	1,309,460	1,105,680	112,850 45,616 (376) *	1,172,538	136,922	3
Supervisory control and data acquisition system	1,228,136	-	1,228,136	879,667	80,167	959,834	268,302	6.67
Construction equipment	3,218,821	- (42,062) (4,528) *	3,172,231	2,165,668	385,765 (41,827) - *	2,509,606	662,625	5 5
	200,381,285	9,661,691 (1,256,417) 604 * 3,304,283 **	212,091,447	79,150,590	8,615,320 (1,119,501) (1) * - **	86,646,409	125,445,038	



	2019							"USEFUL LIFE LIFE"
	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2018	Additions / (deletions) / transfers * Revaluation **	As at June 30 2019	As at July 01, 2018	Depreciation / (deletions) / transfers *	As at June 30 2019	As at June 30 2019	
	(Rupees in '000)							
Freehold land	5,520,800	-	10,907,311	-	- *	-	10,907,311	
		5,386,511 **			- **			
Leasehold land	8,958,351	-	11,363,006	-	- *	-	11,363,006	
		2,404,655 **			- **			
Leasehold land Terminal QP-5	32,500	-	518,451	9,538	1,413	10,951	507,500	23
		485,951 **			-			
Civil structure on leasehold land - Trestle and Jetty	1,148,844	6,429	1,155,273	333,478	49,972	383,450	771,823	23
Buildings on freehold land	324,492	-	324,492	288,734	14,903	303,637	20,855	20
Buildings on leasehold land	2,626,417	55,347 (3,892) *	2,677,872	1,587,525	107,724 (34) *	1,695,215	982,657	20
Roads, pavements and related infrastructures	797,820	-	797,820	337,268	39,972	377,240	420,580	20
Gas transmission pipelines	55,347,088	2,476,748 (1,669) *	57,822,167	16,274,477	1,132,776 46,640 *	17,453,893	40,368,274	40
Gas distribution system	81,481,215	6,031,426 (75,011) 2 *	87,437,632	39,034,835	4,837,137 (75,011) (1,266) *	43,795,695	43,641,937	10-20
							-	
Compressors	9,818,753	705,235 (387,176) 42,045 *	10,178,857	3,148,675	611,243 (47,448) - *	3,712,470	6,466,387	17
					- *			
Telecommunication	1,176,408	10,698 (167) 168 *	1,187,107	838,757	99,162 (148) 144 *	937,915	249,192	2 & 6.67
Plant and machinery	5,023,756	173,034 (12,433) 43,304 *	5,227,661	2,533,327	279,921 (12,157) 427 *	2,801,518	2,426,143	10
Tools and equipment	528,238	17,707 (4,386) (4,127) *	537,432	457,088	40,693 (4,232) (4,134) *	489,415	48,017	3
Bowers	110,021	38,402	148,423	35,975	6,396	42,371	106,052	10
Motor vehicles	3,204,400	268,529 (201,454) (1,478) *	3,269,997	1,876,792	276,797 (160,374) 1,539 *	1,994,754	1,275,243	5
		-			-			
Furniture and fixture	563,473	13,672 (3,060) (21,028) *	553,057	536,281	16,343 (3,060) (21,032) *	528,532	24,525	5
Office equipment	629,923	27,340 (6,438) (58,452) *	592,373	453,668	50,560 (6,428) (25,280) *	472,520	119,853	5
Computer and ancillary equipments	1,247,193	15,241 (26,972) (65) *	1,235,397	1,009,091	125,162 (26,972) (1,601) *	1,105,680	129,717	3
				-			-	
Supervisory control and data acquisition system	1,149,870	78,266	1,228,136	798,191	81,477 (1) *	879,667	348,469	6.67
		-						
Construction equipment	3,190,380	23,858 (609) 5,192 *	3,218,821	1,769,153	392,526 (609) 4,598 *	2,165,668	1,053,153	5
	182,879,942	9,941,932 (717,706) -	200,381,285	71,322,853	8,164,176 (336,439) -	79,150,590	121,230,695	
		8,277,117 **			- **			

2020                      2019  
(Rupees in '000)

## 22.2 Details of depreciation for the year are as follows:

Transmission and distribution costs	7,672,333	7,127,853
Administrative expenses	206,515	317,622
Selling expenses	10,604	21,615
	<b>7,889,452</b>	7,467,090
Meter manufacturing division	24,114	24,381
LPG air mix	94,566	67,768
Capitalised on projects	472,062	476,177
Income from LPG and NGL - net	135,126	128,760
	<b>8,615,320</b>	8,164,176

## 22.3 Disposal of property, plant and equipment

Details of disposal of operating assets are as follows:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
<b>Gas Distribution Pipeline</b>	702,182	596,940	105,242	-	(105,242)	Gas meters retired	Written off
<b>Motor Vehicle</b>							
Jeep Rexton	2,505	2,004	501	900	399	Open auction	Ramzan Ali
Jeep Rexton	2,505	2,004	501	980	479	Open auction	Rashid Ayub
Pickup Double Cabin	2,671	2,136	535	705	170	Open auction	Javed Iqbal
Honda Civic	1,975	1,384	591	1,240	649	Open auction	Rashid Ayub
Volvo High Bed Trailor	3,017	2,415	602	1,305	703	Open auction	Imdad Ali
Honda Civic	2,101	1,470	631	1,080	449	Open auction	Bilal
Honda Civic	2,298	1,608	690	860	170	Open auction	Nusrat Iqbal
Pickup Double Cabin	3,999	3,199	800	965	165	Open auction	Imdad Ali
Pickup Double Cabin	3,538	1,934	1,604	2,680	1,076	Open auction	NICL Claim
Cultus	1,143	509	634	236	(398)	Open auction	Waqarul Islam Shaikh-DGM
Toyota Corolla 1.3	1,930	855	1,075	375	(700)	3rd party calims	Ghulam Abbas Mangi (GM)
Toyota Corolla 1.3	1,929	820	1,109	469	(640)	Service rules	Malik Usman Hasan (GM)
Toyota Corolla 1.3	1,930	661	1,269	764	(505)	Service rules	Azam Akhtar (GM)
Toyota Corolla 1.3	2,298	460	1,838	1,466	(372)	Service rules	Nadeem Qayum (GM)

## 22.4 Particular of Land and Building

LPG Air Mix Plant
LPG Plant at Gwadar, Allotment of Government Land in Mauza Karwat
LPG Plant at Gwadar.
Land and building
Regional Office Hyderabad
Billing Office Hyderabad
Plot ensured for Community Centre for offices at Hyderabad.
HQ-3 Hyderabad - Compressor Station
Head Office Building
Karachi Terminal Station (K.T)
Distribution Office Karachi West
Site Office Karachi
Zonal Billing Office & CFC Nazimabad
Medical Centre M.A Jinnah Road
Khadija Base Camp
Land for Construction of Distribution Central Offices
Land for Construction of Distribution Central Offices
Site proposed for CFC and Distribution office DHA
Dope Yard for Distribution East
PQA Land and Building
LPG Air Mix Plant
Regional Office Larkana
Site proposed for Distribution offices in Mastung
Land and Building
Zonal Office
Regional Office Nawab Shah
HQ-2 Nawab Shah - Compressor Station
LPG Air Mix Plant
Land proposed for SSGC building in Pishin
Regional Office Quetta
Stores, Dope yard for Quetta Region.
HQ Quetta
Land proposed for Zonal Office at Sanghar
Mini Stadium , CFC & Distribution Office.
Sinjhoro Office
LPG Air Mix Plant
Regional Office Sukkur / Pipe Yard Sukkur
HQ-1 Sukkur

## District Area of Land Sq. Yards

Awaran	19,360
Gwadar	19,360
Gwadar	19,360
Haripur	30,250
Hyderabad	38,893
Hyderabad	1,079
Hyderabad	2,398
Hyderabad	40,667
Karachi	24,200
Karachi	185,131
Karachi	9,680
Karachi	19,360
Karachi	2,221
Karachi	115
Karachi	125,841
Karachi	355
Karachi	572
Karachi	600
Karachi	653
Karachi	72,600
Kot Ghulam Muhammad	19,360
Larkana	16,214
Mastung	1,320
Muridke	14,520
Naushero Feroz	3,572
Nawab Shah	6,111
Nawab Shah	46,667
Noshki	19,360
Pishin	2,556
Quetta	4,840
Quetta	2,420
Quetta	108,460
Sanghar	4,414
Shahdadt	32,307
Sinjhoro	600
Sohrab	19,360
Sukkur	115
Sukkur	43,333

**22.5** As at June 30, 2020, property, plant and equipment having gross carrying amount of Rs. 252.150 million (2019: Rs. 204.712 million) are fully depreciated.

**22.6** Borrowing costs capitalised during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 632 million (2019: Rs. 326 million). Borrowing costs related to general borrowings were capitalised at the rate of 13.84% (2019: 9.73%) per annum.

	Note	2020 (Rupees in '000)	2019
<b>22.7 Capital work in progress</b>			
Projects:			
Gas distribution system		4,326,675	3,713,508
Gas transmission system		199,292	841,719
Cost of buildings under construction and Others		84,318	38,354
		<b>4,610,285</b>	<b>4,593,581</b>
Stores and spares held for capital projects	22.7.1	7,361,677	6,834,563
LPG air mix plant		399,991	583,368
Others		-	13,917
		<b>7,761,668</b>	<b>7,431,848</b>
Impairment of capital work in progress		(452,552)	(452,552)
		<b>11,919,401</b>	<b>11,572,877</b>
<b>22.7.1 Stores and spares held for capital projects</b>			
Gas distribution and transmission		7,622,345	7,100,367
Provision for impaired stores and spares		(260,668)	(265,804)
		<b>7,361,677</b>	<b>6,834,563</b>
<b>23. INTANGIBLE ASSETS</b>			
Intangible assets	23.11	9,147	21,413
Advances		600	8,062
		<b>9,747</b>	<b>29,475</b>

## 23.1

		(Rupees in '000)						Written down value as at June 30, 2020	Useful life (Years)
		COST		AMORTISATION			As at June 30, 2020		
		As at July 1, 2019	Additions / (Deletion)	As at June 30, 2020	As at July 1, 2019	For the year	As at June 30, 2020		
<b>Computer software</b>	2020	601,164	8,989	610,153	579,751	21,255	601,006	9,147	3
	2019	599,157	2,007	601,164	550,304	29,447	579,751	21,413	3

**23.2** This includes Rs. Nil (2019: Rs. 5.962 million) representing advance paid against implementation of enterprise resource planning software.

## 24. RIGHT OF USE ASSETS

	2020 (Rupees in '000)	2019
Balance as at July 01	-	-
Impact on application of IFRS 16	369,281	-
Additions during the year	-	-
	<b>369,281</b>	<b>-</b>
<b>Movement during the year</b>		
Additions	-	-
Less: depreciation charge for the year	(128,161)	-
Balance as at June 30	<b>241,120</b>	<b>-</b>
Cost	369,281	-
Accumulated depreciation	(128,161)	-
<b>Net book value</b>	<b>241,120</b>	<b>-</b>

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

		2020	2019
	Note	(Rupees in '000)	
<b>25. LONG TERM INVESTMENTS</b>			
<b>Investment - at fair value through other comprehensive income</b>			
Associates - Related parties			
Sui Northern Gas Pipelines Limited (SNGPL)			
2,414,174 (2019: 2,414,174) ordinary shares of Rs. 10 each	25.1 & 25.2	<b>131,814</b>	167,761
Other investments			
Pakistan Refinery Limited			
3,150,000 (2019: 3,150,000) ordinary shares of Rs. 10 each		<b>35,942</b>	50,904
United Bank Limited			
118,628 (2019: 118,628) ordinary shares of Rs. 10 each		<b>12,261</b>	17,483
		<b>180,017</b>	236,148

**25.1** Investments in SNGPL with a shareholding of 0.38% (2019: 0.38%) represent investment in 'associated companies' in terms of provisions of Companies Act 2017. However, the Holding Company has not accounted for this as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Holding Company does not have significant influence in this associated companies. This investment is measured at fair value through other comprehensive income under IFRS 9.

**25.2** Sale of these shares has been restricted by the Government of Pakistan, due to investee's privatisation, till further directives.

**25.3** The Holding Company holds 5,000 shares of Pakistan Tourism Development Corporation. Fair value of these shares as at reporting date is nil. These were carried at cost except in prior years.

## 26. NET INVESTMENT IN FINANCE LEASE

	June 30, 2020		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
	(Rupees in '000)		
Not later than one year	86,806	28,992	57,814
Later than one year and not later than five years	142,542	11,407	131,135
Later than five years	-	-	-
	142,542	11,407	131,135
	229,348	40,399	188,949

	June 30, 2019		
Not later than one year	97,161	39,347	57,814
Later than one year and not later than five years	229,348	40,399	188,949
Later than five years	-	-	-
	229,348	40,399	188,949
	326,509	79,746	246,763

- 26.1** The Holding Company entered into agreements with Oil and Gas Development Company Limited (OGDCL), Sui Northern Gas Pipelines Limited and ENI Pakistan Limited to use the Holding Company's transmission pipelines for distribution of gas. The terms of the agreements entered into are for a substantial portion of the useful economic lives of the related assets. The agreement with OGDCL and ENI Pakistan expired on June 30, 2013 and November 25, 2015 respectively and management is negotiating for renewal of these agreements. The interest rates used to discount future minimum lease payments under the leases are based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in finance leases.

	Note	2020 (Rupees in '000)	2019
<b>27. LONG TERM LOANS AND ADVANCES</b> <b>(secured, considered good)</b>			
Due from executives	27.1 & 27.2	344	560
Less: receivable within one year	32	(224)	(263)
		120	297
Due from other employees	27.1 & 27.2	213,262	217,023
Less: receivable within one year	32	(33,320)	(33,281)
		179,942	183,742
		180,062	184,039

### 27.1 Reconciliation of the carrying amount of loans and advances:

	2020		2019	
	Executives	Other employees	Executives	Other employees
	(Rupees in '000)			
Balance as at July 01	560	217,023	815	212,846
Disbursements	-	49,131	-	47,961
Repayments	(216)	(52,892)	(255)	(43,784)
Balance as at June 30	344	213,262	560	217,023



**27.2** These loans represent house building and transport loans to the employees under the terms of employment and are recoverable in monthly instalments over a period of 6 to 10 years. These loans are secured against the retirement benefit balances of respective employees and deposit of title deeds. Loans to the executive staff, carrying a mark-up of 10% per annum, have been discontinued under the revised compensation package of the Holding Company w.e.f. January 1, 2001. Loans to non-executive employees are free from mark-up. The Holding Company has not discounted these loans at market interest rate as effect of such discounting is not material to these consolidated financial statements.

**27.3** The maximum aggregate amount of long term loans due from the executives at the end of any month during the year was Rs. 0.563 million (2019: Rs. 0.815 million).

	2020	2019
	(Rupees in '000)	
<b>28. STORES, SPARES AND LOOSE TOOLS</b>		
Stores	467,397	389,258
Spares	2,006,908	1,463,913
Stores and spares in transit	604,856	835,026
Loose tools	853	820
	<b>3,080,014</b>	<b>2,689,017</b>
<b>Provision against impairment</b>		
Balance as at July 01	(323,244)	(301,987)
Provision made during the year	(36,873)	(21,257)
	<b>(360,117)</b>	<b>(323,244)</b>
Balance as at June 30	<b>2,719,897</b>	<b>2,365,773</b>
<b>28.1 Stores, spares and loose tools are held for the following operations:</b>		
Transmission	2,409,597	2,108,789
Distribution	310,300	256,984
	<b>2,719,897</b>	<b>2,365,773</b>

	2020	2019
	(Rupees in '000)	
<b>29. STOCK-IN-TRADE</b>		
<b>Gas</b>		
Gas in pipelines	1,248,028	1,214,410
Stock of Synthetic Natural Gas	14,336	18,067
Stock Liquefied Petroleum Gas	99,018	82,189
LPG Stock in transit	17,051	8,159
	<b>1,378,433</b>	<b>1,322,825</b>
<b>Gas meters</b>		
Components	757,168	451,234
Work-in-process	29,006	12,203
Finished meters	95,883	139,338
	<b>882,057</b>	<b>602,775</b>
<b>Provision against impaired inventory</b>		
Balance as at July 01	(35,960)	(26,916)
Provision made during the year	(2,583)	(9,044)
	<b>(38,543)</b>	<b>(35,960)</b>
Balance as at June 30	<b>2,221,947</b>	<b>1,889,640</b>

### 30. CUSTOMERS' INSTALLATION WORK-IN-PROGRESS

This represents cost of work carried out by the Holding Company on behalf of the customers at their premises. Upon completion of work, the cost thereof is transferred to transmission and distribution cost and recoveries from such customers are shown as deduction there from as reflected in note 42.2 of the consolidated financial statements.

	Note	2020 (Rupees in '000)	2019
<b>31. TRADE DEBTS</b>			
Considered good			
Secured		32,675,005	26,937,870
Unsecured		78,433,595	72,923,130
	31.1 & 31.2	111,108,600	99,861,000
Provision against financial assets	31.3	(19,273,134)	(15,669,201)
		<u>91,835,466</u>	<u>84,191,799</u>

**31.1** 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 Financial Reporting Standards 15: "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants .

In accordance with the revised accounting treatment, the trade debts includes Rs. 33,415 million (2019: Rs. 32,888 million) as at June 30, 2020 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,652 million (2019: Rs. 29,652 million) as at June 30, 2020 are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 116,743 million (2019: Rs. 100,319 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

Considering that the Holding Company has valid legal claim for recovery of LPS together with outstanding principal amount, the Holding Company filed the aforementioned suit against KE amounting to Rs. 55,705 million. The above suit has been filed based on the following grounds:

As per the agreement dated June 30, 2009 which was entered between the Holding Company and KE for making outstanding payment in 18 instalments, the Holding Company was entitled to charge LPS on outstanding principal amount at rate of:

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

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

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

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

In March, 2014, management signed a payment plan with KE in order to streamline the payment modalities in relation to current monthly bills and old outstanding principal amount, in which the issue of LPS was not addressed. The plan expired on March 31, 2015, and first addendum was included to the original payment plan effective from April 01, 2015 to March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 01, 2016 to March 31, 2017. Currently, management is in a process to negotiate payment plan, which has not been finalized till the filing of these consolidated financial statements but the supply of gas and payment is continuing as per old plan.

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

- 31.2** 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 Financial Reporting Standards 15: "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,332 million (2019: Rs. 23,661 million) including overdue balance of Rs.24,282 million (2019: Rs. 23,598 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 67,665 million (2019: Rs. 61,217 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 counsel of the Holding Company is of the view that due to vagaries of litigation nothing could be expressed with any degree of certainty in the contested matters.

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

	2020	2019
	(Rupees in '000)	
<b>31.3 Provision against financial assets</b>		
Balance as at July 01	15,669,201	14,825,521
Provision recognised during the year	3,603,933	849,259
Reversal of provision for doubtful debts	-	(5,579)
Balance as at June 30	19,273,134	15,669,201

- 31.4** The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 36,121 million (2020: Rs. 32,070 million).

	Note	2020 (Rupees in '000)	2019
<b>32. LOANS AND ADVANCES</b> <b>(Secured, considered good)</b>			
Advances to:			
Executives	32.1	163,679	98,546
Other employees	32.1	257,272	519,301
		420,951	617,847
Current portion of long term loans and advances			
Executives	27	224	263
Other employees	27	33,320	33,281
		33,544	33,544
		454,495	651,391

- 32.1** Advances represent interest free establishment advance and festival advance to the employees according to the terms of employment. These are repayable in ten equal instalments and are secured against the retirement benefit balances of the related employees.

	Note	2020 (Rupees in '000)	2019
<b>33. ADVANCES, DEPOSITS, AND SHORT TERM PREPAYMENTS</b>			
Advances for goods and services - unsecured, considered good		710,901	136,744
Trade deposits - unsecured, considered good		8,346	5,608
Prepayments		112,737	113,299
		831,984	255,651
<b>34. INTEREST ACCRUED</b>			
Interest accrued on late payment of bills / invoices from			
WAPDA		4,390,715	3,741,367
SNGPL		8,685,480	7,546,501
JJVL		578,798	578,798
		13,654,993	11,866,666
Interest accrued on sales tax refund	6.6	487,739	487,739
		14,142,732	12,354,405
Provision against financial assets	34.1	(112,400)	(112,400)
		14,030,332	12,242,005
<b>34.1 Provision against financial assets</b>			
Balance as at July 01		112,400	84,392
Provision during this year		-	28,008
Reversal made during the year		-	-
Balance as at June 30		112,400	112,400

		2020	2019
	Note	(Rupees in '000)	
<b>35. OTHER RECEIVABLES</b>			
Gas development surcharge receivable from GoP	35.1	178,411,641	140,160,555
Receivable from SNGPL for differential tariff	4.3	4,284,080	-
Receivable from HCPCL	35.2	4,157,839	4,157,839
Staff pension fund	48.1	-	7,133
Receivable for sale of gas condensate		46,438	42,107
Receivable from Sui Northern Gas Pipelines Limited	35.3	99,834,232	71,884,848
Receivable from JJVL	35.5 & 35.6	11,427,831	11,530,044
Sales tax receivable	35.4	41,639,396	46,867,579
Sindh sales tax		112,976	112,976
Receivable against asset contribution	35.7	418,118	451,011
Accrued markup		5,450	5,660
Miscellaneous receivables		67,252	91,020
		<b>340,405,253</b>	<b>275,310,772</b>
Provision against impaired receivables	35.8	(2,586,874)	(2,586,874)
		<b>337,818,379</b>	<b>272,723,898</b>
<b>35.1 Gas development surcharge receivable from GoP</b>			
Balance as at July 01		140,160,555	53,499,313
Recognized during the year	40	37,600,501	84,884,740
Claim under IAS 19 during the year	35.1.2	-	1,311,533
Subsidy for LPG air mix operations		650,585	464,969
Balance as at June 30		<b>178,411,641</b>	<b>140,160,555</b>

**35.1.1** This includes Rs. 390 million (2019: Rs. 390 million) recoverable from the Government of Pakistan (GoP) on account of remission of gas receivables from people of Ziarat under instructions from GoP. Although, management is confident that this amount is fully recoverable, being prudent full provision has made in these consolidated financial statements.

**35.1.2** The Holding Company had accounted for actuarial gains and (losses) in determining revenue requirement of the Company for the year ended June 30, 2019 having total impact of Rs. 1,312 million. However, the OGRA has disallowed the adjustment of actuarial gain / (loss) in the determination of estimated revenue requirement dated August 17, 2021. Accordingly, during the year the Company has not accounted for actuarial gains and (losses) in determining revenue requirement.

	2020	2019
	(Rupees in '000)	
<b>35.2 Receivable from HCPCL</b>		
Amount of LD Charges as per arbitration award	3,938,382	3,938,382
Subsequent LDs raised by HCPCL on award principle	219,457	219,457
Total receivable	<b>4,157,839</b>	<b>4,157,839</b>

**35.2.1** 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 interest on Liquidated Damages (LD) and legal and professional charges. The said final reward was adjusted by HCPCL against running gas bills issued by the Holding Company.

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

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

The 20 years GSA with HCPCL expired in September 2019. Prior to the expiry of GSA, MOE communicated SSGC to continue supplying gas to HCPCL in order to avoid suspension of electricity to national grid. In the month of October 2019, HCPCL carried out a set off of Rs. 586.5 Million from SSGC's outstanding bills on account of LDs imposed by WAPDA after the expiry of gas allocation on December 31, 2018. SSGC disconnected gas supply of HCPCL on October 03, 2019. Subsequently securing gas receivables, SSGC opted for encashment of HCPCL Bank Guarantees. In response, HCPCL filed Suit 1570 of 2019 and obtained stay from the Honorable High Court of Sindh against the Holding Company regarding encashment of Bank Guarantees. HCPCL is in negotiations with the Holding Company to finalize to modalities under ECC decision for waiver of LDs and sign a new GSA to resume gas supply.

**35.3** At the reporting date, receivable balance from SNGPL comprises of the following:

	Note	2020 (Rupees in '000)	2019
Uniform cost of gas		15,818,845	15,818,845
Lease rentals		593,033	224,440
Contingent rent		3,535	3,535
Capacity and utilisation charges of RLNG	35.3.1	51,063,909	33,298,113
LSA margins of RLNG		2,877,266	1,897,684
RLNG transportation income		29,477,644	20,642,231
		<b>99,834,232</b>	<b>71,884,848</b>

**35.3.1** At June 30, 2020, the Holding Company has invoiced an amount of Rs. 94,910 million, including Sindh Sales Tax of Rs. 11,062 million, to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

SNGPL has disputed the terminal charges that have not been allowed to it by OGRA, terminal charges of a third party i.e. Pak-Arab Fertilizer Company Limited (PAFL) and terminal charges with respect to those quantities which were not supplied to SNGPL. SNGPL is of the view that it will only pay terminal charges as per OGRA notification and for those quantities which are actually supplied to SNGPL and not the actual cost billed by the Holding Company. For quantity supplied, PAFL is making payment directly to the Holding Company according to the payment plan finalised, that requires PAFL to make eight equal monthly instalments of Rs. 201 million per month. The Holding Company has received all eight instalments up to July, 2019.

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



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

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

Based on initialled agreement between the Holding Company and SNGPL dated January 25, 2021, SNGPL is raising invoice for RLNG volumes retained by the Holding Company from June 01, 2020 based on RLNG reconciliation statement mutually agreed. The rate is based on OGRA decision dated November 20, 2018. SNGPL has started payments of such invoices issued by the Holding Company from June 2020 onwards on monthly basis.

**35.4** 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. Subsequent to the year end, the Holding Company has made extensive efforts and accordingly refunds of around Rs. 11,900 million were released during July 2019 to March 2021.

**35.5** 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.

**35.6** 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 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. (35) million (2019: Rs. 214 million), Rs. 6,831 million (2019: Rs. 6,831 million), Rs. 2,067 million (2019: Rs. 2,067 million), Rs. 1,070 million (2019: Rs. 1,070 million), Rs. 646 million (2019: Rs. 646 million), Rs. 32 million (2019: 32 million) Rs. 817 million (2019: 670 million) respectively.

As at year end, amount payable to JJVL as Rs. 8,528 million (2019: Rs. 8,528 million) as disclosed in note 19 to these consolidated financial statements.

**35.7** 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.

	2020	2019
	(Rupees in '000)	
<b>35.8 Provision against impaired receivables</b>		
Balance as at July 01	2,586,874	2,346,359
Effect of adoption of IFRS 9	-	240,276
Provision for expected credit losses	-	239
Balance as at June 30	2,586,874	2,586,874
<b>36. TAXATION - NET</b>		
Advance tax	33,199,170	31,118,298
Provision for tax	(13,792,626)	(11,401,292)
	19,406,544	19,717,006
<b>37. OTHER FINANCIAL ASSET</b>		
Term deposit	129,000	116,000

**37.1** This includes term deposits having maturity of less than 12 months carrying interest rate ranging between 7.25% to 8.25% per annum (2019: 10% per annum). The term deposit has been kept as a security against the guarantee issued by the Sindh Bank amounting Rs.104.970 million.

	Note	2020	2019
		(Rupees in '000)	
<b>38. CASH AND BANK BALANCES</b>			
Cash at banks			
Term deposits		600,000	400,000
deposit accounts	38.3	368,339	124,098
current accounts		575,583	307,581
		1,543,922	831,679
Cash in hand	38.2	6,761	4,804
		1,550,683	836,483

**38.1** This includes term deposits having maturity of less than 3 months carrying interest rate ranging 6.90% to 7.50% (2019: 5.94% to 11.50% per annum).

**38.2** This includes foreign currency cash in hand amounting to Rs. 2.525 million (2019: Rs. 3.300 million).

**38.3** Rate of return on bank deposits ranges from 3.75% to 11.25% (2019: 4.5% to 10.5%) per annum.

	Note	2020	2019
		(Rupees in '000)	
<b>39. SALES</b>			
Sales of Indigenous gas		246,484,348	203,861,134
Sales of RLNG		49,237,877	47,784,098
		295,722,225	251,645,232
Less: sales tax			
Indigenous gas		36,690,600	25,990,221
RLNG		7,231,354	6,390,978
		43,921,954	32,381,199
		251,800,271	219,264,033

		2020	2019
	Note	(Rupees in '000)	
<b>40. GAS DEVELOPMENT SURCHARGE</b>			
GDS recovered during the year		(3,480,425)	5,664,483
Price increase adjustment		49,075,081	83,357,011
Impact of staggering		(7,343,570)	(3,671,785)
Subsidy for LPG air mix operations	45.4	(650,585)	(464,969)
		<b>37,600,501</b>	<b>84,884,740</b>
<b>40.1</b>	The revenue recognized above is receivable from Government of Pakistan (GOP) under the provisions of license for transmission and distribution of natural gas granted to the Holding Company by OGRA.		
	<p>OGRA vide its decision dated June 21, 2018 on the Estimated Revenue Requirement ('ERR') of the Holding Company for the year 2019 and in its letter dated June 01, 2018 "Tariff Regime for Regulated Natural Gas Sector" decided in consultation with the Federal Government and other licensees in the natural gas sector to revise the tariff regime including the rate of return which is to be based on Weighted Average Cost of Capital ('WACC') from the year 2019 in place of the existing rate of return of 17% of the average operating assets. Weighted Average Cost of Capital ('WACC') was computed at 17.43% for year 2019 and onwards, however, the same will automatically reset if the WACC changes by <math>\pm 2\%</math> from the reference figure i.e. 17.43%. As per the revised tariff regime, the Holding Company will earn an annual return calculated based on the Weighted Average Cost of Capital ('WACC') on the value of its average fixed assets in operation (net of deferred credit), before corporate income taxes and subject to efficiency benchmarks prescribed by OGRA. All prudently incurred expenses in the operation of the licensed regulated activities excluding financial charges on loans and debt servicing charges, taxes and dividend shall be treated as operating expenses.</p>		
<b>41. RLNG DIFFERENTIAL MARGIN</b>			
RLNG Differential Margin - OGRA	4.3	(5,125,505)	(6,788,764)
RLNG Differential Margin - SNGPL	41.1	5,965,099	(193,305)
		<b>839,594</b>	<b>(6,982,069)</b>
<b>41.1</b>	The OGRA vide its decision dated November 20, 2018 has directed that the stock of RLNG withheld by the Holding Company to be purchased from SNGPL based on historical weighted average cost price in Pakistani Rupees. Consequently, the Holding Company shall record sales as per relevant applicable OGRA notified rates. Any gain / loss owing to the difference between the current and historical rates shall be passed on to the SNGPL after deducting cost of supply and T&D losses.		
		2020	2019
<b>42. COST OF SALES</b>	Note	(Rupees in '000)	
Cost of gas	42.1	284,344,157	274,794,155
Transmission and distribution costs	42.2	22,946,779	20,333,152
		<b>307,290,936</b>	<b>295,127,307</b>
<b>42.1 Cost of gas</b>			
Gas in pipelines as at July 01		1,214,410	689,805
RLNG purchases		43,609,212	35,025,067
Indigenous gas purchases		246,776,815	243,160,738
		<b>291,600,437</b>	<b>278,875,610</b>
Gas consumed internally		(6,008,251)	(2,867,045)
Gas in pipelines as at June 30		(1,248,029)	(1,214,410)
		<b>(7,256,280)</b>	<b>(4,081,455)</b>
		<b>284,344,157</b>	<b>274,794,155</b>
<b>42.1.1</b>	During the year 2015, the Holding Company started swapping of natural gas in lieu of RLNG, which it received from Engro Elengy Terminal Limited (EETL) and Pakistan Gasport Consortium Limited (PGPCL) transferred to SNGPL. However, the gas transferred to SNGPL in lieu of RLNG is not in accordance with the gas received from EETL due to the difference of Gas Colorific Value (GCV) in the gas volume received and transmitted to SNGPL. From March 2015 till June 30, 2020, the Holding Company received 1,315,119,152 Million Metric British Thermal Units (MMBTUs) from EETL and supplied 1,230,263,769 MMBTUs to SNGPL with a short supply of 84,855,383 MMBTU.		

On December 12, 2017, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Holding Company. On September 10, 2018, 18 BCF and on February 7, 2019 another 11 BCF on June 14, 2019 another 8 BCF, on November 18, 2019 another 11 BCF, on March 3, 2020 another 11 BCF (in total 71 BCF) of RLNG volume was allocated to the Holding Company in order to resolve the matter of short supply, with the direction to enter into an agreement with SNGPL.

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 allocated volumes.

During the year, out of 71 BCF allocated volume, the Holding Company has recorded a purchase 31 BCF (2019: 29.7 BCF) allocated volume from SNGPL amounting to Rs. 43,609 million (2019 : Rs. 35,025 million) based on OGRA decision dated November 20, 2018.

ECC in its decision dated May 17, 2018 suspended the current treatment of weighted average cost of gas (WACOG) for the period of 3 months i.e. till August 2018. Further ECC may consider the revision of WACOG based on the recommendations made by the committee for the purpose. Based on the decision, the Holding Company did not raise the bill for the month of June 2018 to SNGPL.

Subsequent to year end no further direction has been provided by ECC, however it was mutually agreed and signed by the representatives of both Sui companies on May 2019 that both Sui companies should pay the undisputed amount to narrow down the differences of both companies, however no settlement has been made till date.

**42.1.2** UFG in parlance of a gas distribution and transmission company means the difference between gas purchased in volume, gas billed in volume and gas used internally by the Holding Company in volumes for its operations. UFG results from a number of factors which inter alia comprises of gas leakages both underground and over ground, measurement errors, meter tampering, meter getting slow with time and use, illegal connections and such other connections which bypass the meters installed. While it is almost impossible to estimate the amount of gas theft in UFG, it is estimated that it is a significant percentage of the total UFG.

The Holding Company is taking a number of measures to control and reduce UFG. These are elaborated below:

- Vigilance for identification of theft cases, illegal networks and necessary remedial measures thereafter.
- Measurement errors identification and rectification.
- above ground and underground leakage identification and rectification.

The Holding Company's actions are likely to be more effective with the co-operation of various stakeholders and law enforcement agencies.

OGRA has determined UFG at 17.25% without considering RLNG volume handled. Although, the Holding Company had claimed UFG at 9.51% based on the RLNG volume handled and transmitted RLNG to SNGPL. The matter of RLNG volume handling benefit to the Holding Company is under review at ECC level.

As per the UFG study report finalized by a firm of Chartered Accountant, revised UFG allowance formula is gas volume available for sale X [5% + (2.6% X percentage of achievement of KMI's)]. OGRA has determined Benchmark with KMI achievement at 6.90% [5% + (1.90% based on KMI achievement)] as against the claim of the Holding Company at 7.37% [5% + (2.37% based on KMI achievement)].

	Note	2020 (Rupees in '000)	2019
<b>42.2 Transmission and distribution costs</b>			
Salaries, wages and benefits		9,970,715	8,734,744
Contribution / accruals in respect of staff retirement benefit schemes	42.2.1	2,264,136	-
Depreciation on operating assets	22.2	7,672,333	1,529,667
Depreciation - right of use		58,788	7,127,853
Repairs and maintenance		1,796,342	-
Stores, spares and supplies consumed		519,956	1,601,414
Gas consumed internally		826,229	571,576
Legal and professional charges		93,336	858,047
Software maintenance		59,687	16,145
Electricity		121,006	36,375
Security expenses		740,859	110,395
Insurance and royalty		99,975	607,150
Travelling		60,550	103,156
Material and labour used on customers' installation		9,217	63,417
Impairment of capital work in progress		-	17,509
Postage and revenue stamps		2,037	70,494
Rent, rates and taxes		55,625	120,600
Others		1,044,513	181,383
		25,395,304	948,131
<b>Recoveries / allocations to:</b>			22,698,056
Gas distribution system capital expenditure		(2,014,495)	(1,983,991)
Installation costs recovered from customers	30	(44,882)	(41,710)
		(2,059,377)	(2,025,701)
<b>Recoveries of service cost from</b>			
Sui Northern Gas Pipeline Limited - related party	42.2.2	(372,879)	(316,449)
Allocation to sale of gas condensate		(16,269)	(22,754)
		22,946,779	20,333,152
<b>42.2.1 Contribution / accruals in respect of staff retirement benefit schemes</b>			
Contributions to the provident fund		278,093	300,963
Charge in respect of pension funds:			
executives		432,519	285,710
non executives		342,135	132,617
Charge in respect of gratuity funds:			
executives		211,706	(291,344)
non executives		124,393	569,383
Accrual in respect of unfunded post retirement medical facility		875,290	630,947
Accrual in respect of compensated absences			
Executives		-	(139,285)
Other employees		-	40,676
		2,264,136	1,529,667

**42.2.2** This includes recovery in respect of obligation against pipeline transferred to the Holding Company from Engro Elengy Terminal Limited amounting to Rs. 135.7 million (2019: Rs. 135.7 million).

	Note	2020 (Rupees in '000)	2019
<b>43. ADMINISTRATIVE AND SELLING EXPENSES</b>			
Administrative expenses	43.1	2,973,183	3,121,389
Selling expenses	43.2	1,974,440	1,820,500
		<b>4,947,623</b>	<b>4,941,889</b>
<b>43.1 Administrative expenses</b>			
Salaries, wages and benefits		1,923,373	1,907,877
Contribution / accruals in respect of staff retirement benefit schemes	43.1.1	212,377	190,409
Depreciation on operating assets	22.2	206,515	317,622
Depreciation - right of use		25,625	-
Amortisation of intangible assets	23	20,968	29,447
Repairs and maintenance		142,631	121,982
Stores, spares and supplies consumed		33,425	45,347
Legal and professional		109,895	114,696
Software maintenance		76,191	77,389
Electricity		4,388	5,421
Security expenses		15,412	12,617
Insurance and royalty		13,534	13,475
Travelling		51,669	66,774
Postage and revenue stamps		7,616	8,184
Rent, rates and taxes		9,104	20,859
Others		158,936	221,293
		<b>3,011,659</b>	<b>3,153,392</b>
Allocation to meter manufacturing division	45.3	(38,476)	(32,003)
		<b>2,973,183</b>	<b>3,121,389</b>
<b>43.1.1 Contribution / accruals in respect of staff retirement benefit schemes</b>			
Contribution to the provident fund		55,381	51,962
Charge in respect of pension funds:			
executives		57,434	56,695
non-executives		6,114	6,331
Charge in respect of gratuity funds:			
executives		45,539	41,949
non-executives		4,182	4,412
Accrual in respect of unfunded post retirement:			
gas facility		36,470	26,289
medical facility		7,257	2,771
		<b>212,377</b>	<b>190,409</b>



		2020	2019
		(Rupees in '000)	
<b>43.2</b>	<b>Selling expenses</b>		
	Salaries, wages and benefits	1,122,033	1,007,578
	Contribution / accruals in respect of staff retirement benefit schemes	127,360	123,720
	Depreciation on operating assets	10,604	21,615
	Depreciation - right of use	42,857	-
	Repairs and maintenance	2,047	2,003
	Stores, spares and supplies consumed	15,834	20,939
	Electricity	155,700	115,850
	Insurance and royalty	1,008	1,186
	Travelling	1,372	2,191
	Gas bill and collection charges	477,904	472,411
	Postage and revenue stamps	397	1,050
	Rent, rates and taxes	522	33,467
	Others	16,802	18,490
		<b>1,974,440</b>	<b>1,820,500</b>
<b>43.2.1</b>	<b>Contribution / accruals in respect of staff retirement benefit schemes</b>		
	Contribution to the provident fund	38,210	32,906
	Charge in respect of pension funds:		
	executives	30,898	29,445
	non-executives	23,590	22,960
	Charge in respect of gratuity funds:		
	executives	18,552	22,411
	non-executives	16,110	15,998
		<b>127,360</b>	<b>123,720</b>
<b>44.</b>	<b>OTHER OPERATING EXPENSES</b>		
	Auditors' remuneration		
	Statutory audit	5,575	5,480
	Fee for other audit related services	1,539	1,158
	Fee for taxation services	-	6,366
	Out of pocket expenses	648	548
		<b>7,762</b>	<b>13,552</b>
	HCPCL arbitration award	-	3,855,196
	Sports expenses	130,653	76,300
	Corporate social responsibility	54,896	32,460
	Provision against impaired stores and spares	31,737	104,851
	Loss on disposal of property, plant and equipment	41,494	263,400
	Exchange loss	1,530,546	16,340,901
		<b>1,797,088</b>	<b>20,686,660</b>

45.	OTHER INCOME	Note	2020 (Rupees in '000)	2019
<b>Income from financial assets</b>				
	Income for receivable against asset contribution		42,972	41,784
	Income from net investment in finance lease from SNGPL		36,250	46,608
	Return on term deposits and profit and loss bank account		159,994	76,399
	Gain on sale of units of mutual fund		9,958	-
			<b>249,174</b>	<b>164,791</b>
	Interest income on late payment of gas bills from Jamshoro Joint Venture Limited (JJVL)	45.5	-	164,818
	Water & Power Development Authority (WAPDA)		649,348	319,879
			<b>649,348</b>	<b>484,697</b>
	Dividend income		1,849	17,020
			<b>900,371</b>	<b>666,508</b>
<b>Income from other than financial assets</b>				
	Late payment surcharge		1,696,811	1,044,431
	Interest income on late payment of gas bills from - SNGPL - Related Party		1,138,979	1,130,142
	Sale of gas condensate - net		(16,019)	(36,825)
	Income from LPG NGL - net	45.1 & 45.2	738,182	403,976
	Meter manufacturing division profit - net	45.3	13,988	9,097
	Meter rentals		799,764	775,555
	RLNG transportation income		8,353,000	8,748,858
	Recognition of income against deferred credit and contract liabilities		549,302	523,513
	Income from LPG air mix distribution - net	45.4	112,273	75,545
	Recoveries from customers		58,377	87,891
	Liquidated damages recovered		32,043	52,449
	Income from sale of tender documents		4,072	5,994
	Amortization of Government grant		20,842	23,251
	Income against LNG service agreement		895,868	804,326
	Miscellaneous		471,192	38,868
			<b>15,769,045</b>	<b>14,353,579</b>

**45.1** The gross income from LPG and NGL amounts to Rs. 4,683 million (2019: Rs 1,530 million) and total related shrinkage amounts to Rs. 4,425 million (2019: Rs 1,397 million).

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

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

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

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

	Note	2020 (Rupees in '000)	2019
<b>45.3 Meter manufacturing division profit - net</b>			
Gross Sale of gas meters:			
Holding Company's consumption		2,029,605	2,119,891
Outside sales		31,702	42,000
		<b>2,061,307</b>	<b>2,161,891</b>
Sales tax		(297,430)	(351,241)
Net sales		<b>1,763,877</b>	<b>1,810,650</b>
Cost of sales			
Raw material consumed		1,152,855	1,208,493
Stores and spares		4,203	6,468
Fuel, power and electricity		18,486	22,640
Salaries wages and other benefits	45.3.2	505,614	501,844
Insurance		821	788
Repairs and maintenance		7,345	7,030
Depreciation	22.2	24,114	24,381
Transportation		2	3
Other expenses		691	554
Cost of goods sold		<b>1,714,131</b>	<b>1,772,201</b>
Gross profit		<b>49,746</b>	<b>38,449</b>
Administrative expenses	43.1	(38,476)	(32,003)
Operating profit		<b>11,270</b>	<b>6,446</b>
Other income		<b>2,718</b>	<b>2,651</b>
Net profit		<b>13,988</b>	<b>9,097</b>
<b>45.3.1</b>	Gas meters used by the Holding Company are included in operating assets at manufacturing cost.		
<b>45.3.2</b>	Salaries, wages and other benefits	<b>489,243</b>	482,405
	Provident fund contribution	<b>6,592</b>	8,828
	Pension fund	<b>5,818</b>	6,304
	Gratuity	<b>3,961</b>	4,307
		<b>505,614</b>	<b>501,844</b>
<b>45.4 Income from LPG air mix distribution - net</b>			
Sales		<b>66,953</b>	33,829
Cross subsidy		<b>650,585</b>	464,969
Cost of sales		(410,522)	(288,430)
Gross profit		<b>307,016</b>	<b>210,368</b>
Distribution, selling and administrative expenses			
Salaries, wages and other benefits		(61,041)	(56,234)
Depreciation expenses	22.2	(94,566)	(67,768)
Other operating expenses		(85,121)	(83,329)
		<b>(240,728)</b>	<b>(207,331)</b>
Amortisation of deferred credit		<b>39,909</b>	67,138
Other income		<b>6,076</b>	5,370
Profit for the year		<b>112,273</b>	<b>75,545</b>

**45.5** In terms of the MoUs, interest is charged on the receivable from JJVL at the State Bank of Pakistan (SBP) discount rate plus 2%. Moreover, interest is charged at 3 months KIBOR + 1% on reconciled outstanding amount as at December 31, 2014 to be repaid in 12 equal quarterly instalments.

As per new agreement any unpaid amount shall carry late payment surcharge at 2% p.a applicable on monthly KIBOR.

	2020	2019
	(Rupees in '000)	
<b>46. FINANCE COST</b>		
Mark-up on:		
loan from banking companies	5,822,103	5,156,227
short term borrowings	1,421,794	1,250,030
customers' deposits	457,436	442,372
customer finance	1,849	943
Government of Sindh loans	32,615	35,004
obligation against pipeline	81,718	86,345
bank charges	-	25
guarantee charges	1,057	446
finance cost of lease liability	35,813	-
others	18,897	113,614
	7,873,282	7,085,006
Less: Finance cost capitalised during the year	(632,004)	(325,823)
	7,241,278	6,759,183
<b>47. TAXATION</b>		
Current tax	2,389,801	1,588,692
Prior year tax	1,977	(83)
Deferred tax	5,507	(13,725)
	2,397,285	1,574,884

**47.1** Relationship between consolidated accounting profit and tax expense for the year is as follows:

	2020	2019
	(Rupees in '000)	
Loss for the year	(18,871,447)	(16,787,925)
Tax rate	29%	29%
Tax charge @ 29% (2019: 29%)	(5,472,720)	(4,868,498)
Effect of minimum tax	-	1,960
Minimum income tax u/s 153 (1) (b) & 113 / alternate corporate tax	8,467	5,243
Effect of change in rate	-	5,986
Effect of adjustment recognise in current year in respect of prior year	(3)	23
Effect of deferred tax not recognised / reversal	8,170,207	6,068,026
Effect of deferred tax recognised on prior year alternate corporate tax	9	83
Effects of prior period	1,977	(83)
Tax credit u/s 65(b)	-	4,545
Effect of lower tax rate on dividend income	259	2,383
Others	(310,911)	355,216
	2,397,285	1,574,884

## Management assessment on sufficiency of provision for income taxes

A comparison of provision on account of income taxes with most recent tax assessment for last three tax years is as follows:

Tax year	Current tax provision as per Accounts	Tax assessment
2019	1,574,541	1,576,527
2018	1,135,550	970,049
2017	1,503,430	904,032

## 48. STAFF RETIREMENT BENEFITS

### 48.1 Funded post retirement pension and gratuity schemes

As mentioned in note 4.18 to these consolidated financial statements, the Holding Company operates approved funded pension and gratuity schemes for all employees. Contributions are made to these schemes based on actuarial valuation. Latest actuarial valuations were carried out as at June 30, 2020 under the projected unit credit method for both non-executive and executive staff members.

#### Fair value of plan assets and present value of obligations

The fair value of plan assets and present value of defined benefit obligations of the pension and gratuity schemes at the valuation date were as follows:

2020			
Executives		Non-executives	
Pension	Gratuity	Pension	Gratuity
(Rupees in '000)			

**(Asset) / liability in consolidated statement of financial position**

Fair value of plan assets	(868,076)	(4,706,318)	(77,945)	(3,082,206)
Present value of defined benefit obligation	1,296,098	6,752,619	14,787	5,192,580
	428,022	2,046,301	(63,158)	2,110,374

The Holding Company has made additional payments during the year amounting to Rs. 80.479 million and Rs. 235.634 million in respect of Gratuity fund and Pension fund against the actuarial liability.

**Movement in present value of defined benefit obligation**

Obligation as at July 01, 2019	1,283,366	6,596,505	19,402	5,433,108
Current service cost	45,216	358,747	-	256,055
Interest cost	184,876	931,095	2,574	760,722
Remeasurement	(155,910)	(604,318)	(4,819)	(501,424)
Benefits paid	(61,450)	(529,410)	(2,370)	(755,881)
Obligation as at June 30, 2020	1,296,098	6,752,619	14,787	5,192,580

**Movement in fair value of plan assets**

Fair value as at July 01, 2019	1,110,520	3,718,709	199,381	3,219,240
Expected return on plan assets	161,832	547,435	26,568	465,575
Remeasurement	(116,261)	464,611	(42,782)	(121,783)
Benefits paid	(61,450)	(529,410)	(2,370)	(755,881)
Contribution to the fund	238,046	570,799	76,648	95,555
Amount transferred in / (out)	(464,611)	(65,826)	(179,500)	179,500
Fair value as at June 30, 2020	868,076	4,706,318	77,945	3,082,206

**Movement in (asset) / liability in consolidated statement of financial position**

(Asset) / liability as at July 01, 2019	172,846	2,877,796	(179,979)	2,213,868
Expense recognised for the year	532,871	277,796	378,161	149,047
Remeasurement	(39,649)	(538,492)	(184,692)	(156,986)
Contribution to the fund	(238,046)	(570,799)	(76,648)	(95,555)
(Asset) / liability as at June 30, 2020	428,022	2,046,301	(63,158)	2,110,374



2020			
Executives		Non-executives	
Pension	Gratuity	Pension	Gratuity
(Rupees in '000)			

#### Expense recognised in the consolidated statement of profit or loss

Expense recognised in the consolidated statement of profit or loss during the current year in respect of the above schemes were as follows:

Current service cost	45,216	358,747	-	256,055
Interest cost	184,876	931,095	2,574	760,722
Interest income	(161,832)	(547,435)	(26,568)	(465,575)
Amount transferred out / (in)	464,611	(464,611)	402,155	(402,155)
	<u>532,871</u>	<u>277,796</u>	<u>378,161</u>	<u>149,047</u>

#### Total remeasurements recognised in consolidated statement of comprehensive income

##### Remeasurement on obligation arising on

Financial assumptions	4,483	671,781	294	523,421
Experience adjustments	151,427	(67,463)	4,525	(21,997)
	<u>155,910</u>	<u>604,318</u>	<u>4,819</u>	<u>501,424</u>

##### Remeasurement on plan assets arising on

Actual return on plan assets	(40,045)	(479,460)	18,331	(300,473)
Expected return on plan assets	161,832	547,435	26,568	465,575
Net return on plan assets over interest income	(121,787)	(67,975)	(44,899)	(165,102)
Difference in opening fair value of assets after audit	5,526	2,149	2,117	43,319
Adjustment for previous amount	-	-	222,655	(222,655)
	<u>(116,261)</u>	<u>(65,826)</u>	<u>179,873</u>	<u>(344,438)</u>
	<u>39,649</u>	<u>538,492</u>	<u>184,692</u>	<u>156,986</u>

#### Composition / fair value of plan assets used by the fund

Quoted Shares	8.83%	1.67%	58.35%	3.60%
Debt instruments	81.47%	95.47%	34.48%	86.62%
Mutual funds	7.96%	2.25%	0.00%	6.60%
Others including cash & cash equivalents	1.74%	0.62%	7.17%	3.17%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Quoted Shares	76,659	78,456	45,481	111,081
Debt instruments	707,228	4,492,924	26,872	2,669,938
Mutual funds	69,126	105,930	-	203,380
Others including cash & cash equivalents	15,063	29,008	5,592	97,807
Total	<u>868,076</u>	<u>4,706,318</u>	<u>77,945</u>	<u>3,082,206</u>

## Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2020.

	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Total number of employees	2,361	2,361	-	4,167
Total monthly salaries	269,835	269,835	-	134,522
Total number of pensioner	127	-	23	-
Total monthly pension	2,559	-	169	-

2019				
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			

## (Asset) / liability in consolidated statement of financial position

Fair value of plan assets	(1,110,520)	(3,718,709)	(199,381)	(3,219,240)
Present value of defined benefit obligation	1,283,366	6,596,505	19,402	5,433,108
	172,846	2,877,796	(179,979)	2,213,868

## Movement in present value of defined benefit obligation

Obligation as at July 01, 2018	1,119,613	6,027,693	22,700	4,285,293
Current service cost	40,701	324,777	-	196,302
Interest cost	101,956	534,490	1,912	377,661
Remeasurement	121,323	159,174	(2,502)	931,792
Benefits paid	(100,227)	(449,629)	(2,708)	(357,940)
Obligation as at June 30, 2019	1,283,366	6,596,505	19,402	5,433,108

## Movement in fair value of plan assets

Fair value as at July 01, 2018	1,201,027	2,739,909	260,882	3,023,241
Expected return on plan assets	108,974	251,069	22,444	268,866
Remeasurement	(131,388)	(169,315)	(58,839)	(233,363)
Benefits paid	(100,227)	(449,629)	(2,708)	(357,940)
Contribution to the fund	385,142	993,667	167,054	328,984
Amount transferred (out) / in	(353,008)	353,008	(189,452)	189,452
Fair value as at June 30, 2019	1,110,520	3,718,709	199,381	3,219,240

## Movement in (asset) / liability in consolidated statement of financial position

(Asset) / liability as at July 01, 2018	(81,414)	3,287,784	(238,182)	1,262,052
Expense recognised for the year	386,691	255,190	168,920	115,645
Remeasurement	252,711	328,489	56,337	1,165,155
Contribution to the fund	(385,142)	(993,667)	(167,054)	(328,984)
(Asset) / liability in consolidated statement of financial position	172,846	2,877,796	(179,979)	2,213,868

### Expense recognised in the consolidated statement of profit or loss

Expense recognised in the consolidated statement of profit or loss during the current year in respect of the above schemes were as follows:

	2019			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	40,701	324,777	-	196,302
Interest cost	101,956	534,490	1,912	377,661
Interest income on plan assets	(108,974)	(251,069)	(22,444)	(268,866)
Amount transferred out / (in)	353,008	(353,008)	189,452	(189,452)
	<u>386,691</u>	<u>255,190</u>	<u>168,920</u>	<u>115,645</u>

### Total remeasurements recognised in consolidated statement of comprehensive income

#### Remeasurement on obligation arising on

Financial assumptions	(4,157)	(205,635)	(349)	(54,533)
Experience adjustments	(117,166)	46,461	2,851	(877,259)
	<u>(121,323)</u>	<u>(159,174)</u>	<u>2,502</u>	<u>(931,792)</u>

#### Remeasurement on plan assets arising on

Return on plan assets excluding interest income	(20,352)	124,766	(36,561)	36,683
Interest income	(108,974)	(251,069)	(22,444)	(268,866)
Net return on plan assets over interest income	(129,326)	(126,303)	(59,005)	(232,183)
Difference in opening fair value of assets after audit	(2,062)	(43,012)	166	(1,180)
	<u>(131,388)</u>	<u>(169,315)</u>	<u>(58,839)</u>	<u>(233,363)</u>
	<u>(252,711)</u>	<u>(328,489)</u>	<u>(56,337)</u>	<u>(1,165,155)</u>

### Composition / fair value of plan assets used by the fund

Quoted Shares	10.70%	3.21%	35.36%	5.27%
Debt instruments	79.33%	83.54%	56.61%	88.98%
Mutual funds	5.74%	2.68%	0.00%	4.78%
Others including cash & cash equivalents	4.23%	10.57%	8.03%	0.97%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Quoted Shares	118,839	119,209	70,506	169,727
Debt instruments	880,929	3,106,707	112,877	2,864,588
Mutual funds	63,762	99,815	-	153,958
Others including cash & cash equivalents	46,990	392,978	15,998	30,967
Total	<u>1,110,520</u>	<u>3,718,709</u>	<u>199,381</u>	<u>3,219,240</u>

### Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2020.

Total number of employees	2,367	2,367	-	4,301
Total monthly salaries	253,005	253,005	-	138,936
Total number of pensioner	122	-	29	-
Total monthly pension	2,468	-	214	-

## Significant actuarial assumptions

Significant assumptions used for the valuation of above schemes are as follows:

### Executives and Non-executives

	2020 (%)	2019 (%)
Discount rate	8.50	14.25
Salary increase rate in the first year	0.00	12.50
Expected rate of increase in salary level	6.50	12.25
Increase in pension	2.50	8.25
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Ultra-Light	Light

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of salary and pension increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

			Impact of change in assumptions in present value of defined benefit obligation			
			Executives		Non-Executives	
			Pension	Gratuity	Pension	Gratuity
			(Rupees in '000)			
Change in assumption						
Discount rate	1%	Increase in	1,177,619	6,402,210	13,934	4,866,570
Salary increase rate	1%	assumption	1,348,374	7,107,586	-	5,530,931
Pension increase rate	1%		1,247,654	-	15,800	-
Discount rate	1%	Decrease in	1,437,179	7,137,126	15,750	5,553,304
Salary growth rate	1%	assumption	1,247,654	6,422,929	-	4,880,734
Pension increase rate	1%		1,222,176	-	13,879	-

In presenting the above sensitivity analysis, the present value of the define benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

## Maturity profile of the defined benefit obligation

Weighted average duration of the PBO

9.14      5.19      5.77      6.28

Distribution of timing of benefit payments (time in years)

1	17,273	652,095	2,076	381,792
2	37,461	883,354	2,128	446,947
3	42,672	775,745	2,181	460,747
4	48,186	948,424	2,236	513,196
5	54,569	1,068,058	2,292	670,979
6-10	392,146	6,656,037	12,346	4,885,800

The expected pension and gratuity expense for the next one year from July 01, 2020 is as follows:

	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	------(Rupees in '000)-----			
Current service cost	40,628	336,422	-	225,818
Interest cost	111,141	560,830	1,170	434,876
Interest income on plan assets	(76,213)	(393,847)	(6,324)	(262,664)
Interest cost	34,928	166,983	(5,154)	172,212
Expected return on plan assets				
Amount transferred out / (in)	242,336	(242,336)	266,790	(266,790)
	<u>317,892</u>	<u>261,069</u>	<u>261,636</u>	<u>131,240</u>

#### 48.2 Unfunded post retirement medical benefit and gas supply facilities

The Holding Company provides free medical and gas supply facilities to its retired executive employees. The free gas supply facility has been discontinued for employees who had retired after December 31, 2000. The latest actuarial valuations of the liability under these schemes were carried out as at June 30, 2020 under the projected unit credit method, results of which are as follows:

##### Number of employees under the scheme

The number of employees covered under the following defined benefit plans are 2,272 (2019: 2,367) and 153 (2019: 153) for medical and gas facility respectively.

	2020		
	Post retirement medical facility	Post retirement gas facility	Total
	------(Rupees in '000)-----		
<b>Liability in unconsolidated statement of financial position</b>			
Present value of defined benefit obligation	<u>4,215,314</u>	<u>52,959</u>	<u>4,268,273</u>

The Holding Company has made additional payments during the year amounting to Rs. 0.134 million in respect of post retirement medical and gas facility against the actuarial liability.

##### Movement in present value of defined benefit obligation

Liability as at July 01, 2019	4,965,955	52,959	5,018,914
Expense recognised for the year	911,760	7,257	919,017
Payments during the year	(109,170)	(4,179)	(113,349)
Remeasurement	(1,553,231)	(3,078)	(1,556,309)
Liability as at June 30, 2020	<u>4,215,314</u>	<u>52,959</u>	<u>4,268,273</u>

##### Expense recognised in the unconsolidated statement of profit or loss

Current service cost	198,734	-	198,734
Interest cost	713,026	7,257	720,283
	<u>911,760</u>	<u>7,257</u>	<u>919,017</u>

	2020		
	Post retirement medical facility	Post retirement gas facility	Total
	(Rupees in '000)		
<b>Total remeasurements recognised in consolidated statement of comprehensive income</b>			

#### Remeasurement on obligation arising on

Financial assumptions	(697,121)	-	(697,121)
Experience adjustments	(856,110)	-	(856,110)
	<u>(1,553,231)</u>	<u>-</u>	<u>(1,553,231)</u>

#### Details of employees valued

Detail of employee valued related to above scheme are as follows for the year ended June 30, 2020.

Total number of actives	2,272	-
Total number of beneficiaries	2,306	153

	2019		
	Post retirement medical facility	Post retirement gas facility	Total
	(Rupees in '000)		
<b>Liability in consolidated statement of financial position</b>			

Present value of defined benefit obligation	4,965,955	52,959	5,018,914
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#### Movement in present value of defined benefit obligation

Liability as at July 01, 2018	4,935,796	31,974	4,967,770
Expense recognised for the year	648,709	2,771	651,480
Payments during the year	(105,000)	(4,177)	(109,177)
Remeasurement	(513,550)	22,391	(491,159)
Liability as at June 30, 2019	<u>4,965,955</u>	<u>52,959</u>	<u>5,018,914</u>

#### Expense recognised in the consolidated statement of profit or loss

Current service cost	196,014	-	196,014
Interest cost	452,695	2,771	455,466
	<u>648,709</u>	<u>2,771</u>	<u>651,480</u>

#### Total remeasurements recognised in consolidated statement of comprehensive income

##### Remeasurement on obligation arising on

Financial assumptions	(61,220)	-	(61,220)
Experience adjustments	(452,330)	22,391	(429,939)
	<u>(513,550)</u>	<u>22,391</u>	<u>(491,159)</u>

#### Details of employees valued

Detail of employee valued related to above scheme are as follows for the year ended June 30, 2019.

Total number of actives	2,367	-
Total number of beneficiaries	2,249	153



## Significant actuarial assumptions

Significant assumptions used for the valuation of above schemes are as follows:

	Executives	
	2020 (%)	2019 (%)
Discount rate	8.50%	14.25%
Medical inflation rate - (Post-Retirement)	6.50%	14.25%
Medical inflation rate - (Pre-Retirement)	6.50%	12.25%
Gas inflation rate	8.50%	14.25%

	Executives	
	2020 (Rupees)	2019 (Rupees)
Benefit limit - Gas	27,500	27,500
Expected medical expense for adult - retirees and deceased staff	50,500	51,000
Expected medical expense for adult - active (family of two)	101,000	102,000
Expected medical expense for children	10,000	10,000
Mortality rates (for death in service & post retirement mortality)	SLIC (2001-05)	SLIC (2001-05)
Rate of employees turnover	Ultra light	Light

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of medical and gas increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

			Impact of change in assumptions in present value of defined benefit obligation	
	Change in assumption		Post retirement medical facility	Post retirement gas facility
			----- (Rupees in '000) -----	
Discount rate	1%		3,654,008	49,345
Medical inflation rate	1%	Increase in assumption	4,353,730	-
Gas inflation rate	1%		-	56,998
Discount rate	1%	Decrease in assumption	4,916,924	57,037
Medical inflation rate	1%		4,086,889	-
Gas inflation rate	1%		-	49,314

The expected medical and gas expense for the next one year from July 01, 2020 is as follows:

Current service cost	149,160	-
Net interest cost	359,512	4,326
	<u>508,672</u>	<u>4,326</u>

### 48.3 Defined contribution plan - recognized provident fund

The information related to the provident funds established by the Holding Company based on management records are as follows:

	Executives		Non-Executives	
	2020 (Audited)	2019 (Audited)	2020 (Audited)	2019 (Audited)
	(Rupees in '000)			
Size of provident fund	4,679,583	4,184,961	4,337,053	3,810,725
Cost of investments made	4,190,178	3,651,386	3,875,219	3,268,452
Percentage of investments made	89.5%	87.3%	89.4%	85.8%
Fair value of investment	4,412,916	3,900,830	4,135,876	3,661,452
<b>Break-up of investments:</b>				
<b>- Balance in savings accounts</b>				
Amount of investment	69,799	144,898	67,108	64,649
Percentage of investment as size of the fund	1.5%	3.4%	1.5%	1.7%
<b>- Term deposit receipts</b>				
Amount of investment	690,836	673,058	557,463	929,295
Percentage of investment as size of the fund	14.7%	16.1%	12.9%	24.4%
<b>- Units of mutual fund</b>				
Amount of investment	344,212	331,382	234,801	219,713
Percentage of investment as size of the fund	7.4%	7.9%	5.4%	5.8%
<b>- Special savings certificate</b>				
Amount of investment	1,663,819	1,489,261	1,987,618	1,159,743
Percentage of investment as size of the fund	35.6%	35.6%	45.8%	30.4%
<b>- Treasury bills</b>				
Amount of investment	339,142	-	464,478	-
Percentage of investment as size of the fund	7.2%	0.0%	10.7%	0.0%
<b>- Pakistan Investment Bonds (PIBs)</b>				
Amount of investment	1,231,668	1,151,929	758,401	1,188,101
Percentage of investment as size of the fund	26.3%	27.5%	17.5%	31.2%
<b>- Term Finance Certificates (TFCs)</b>				
Amount of investment	-	4,953	-	4,158
Percentage of investment as size of the fund	-	0.1%	-	0.1%
<b>- Quoted shares</b>				
Amount of investment	73,440	105,349	66,007	95,793
Percentage of investment as size of the fund	1.6%	2.5%	1.5%	2.5%

**48.3.1** Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Act, 2017 and the rules formulated for this purpose.

	Note	2020 (Rupees in '000)	2019
<b>48.4</b>	<b>Deferred liability - gratuity - the Subsidiary Company</b>		
As stated in note 4.18, the Subsidiary Company has arranged actuarial valuation in the current year. The details of employee retirement benefit obligations based on actuarial valuations carried out by independent actuary as at June 30, 2020 under the Projected Unit Credit method are as follows:			

**Consolidated statement of financial position - net recognised liability**

Defined benefit liability	<b>39,608</b>	27,971
<b>Movement of the liability recognized in consolidated statement of financial position</b>		
Obligation as at July 01, 2019	<b>27,971</b>	21,257
Current service cost	<b>9,446</b>	6,955
Interest cost	<b>3,985</b>	2,050
Benefits paid during the year	<b>(984)</b>	(1,513)
Remeasurement of actuarial gain	<b>(810)</b>	(778)
Obligation as at June 30, 2020	<b>39,608</b>	27,971
<b>Expense recognized in consolidated statement of profit or loss</b>		
Current service cost	<b>9,446</b>	6,955
Net interest expense	<b>3,985</b>	2,050
Expense for the year	<b>13,431</b>	9,005
<b>Remeasurement gain recognized in consolidated statement of comprehensive income</b>		
Actuarial gain on defined benefit obligation	<b>(810)</b>	(778)

The principal assumptions used in the actuarial valuations carried out as of June 30, 2020 using the 'Projected Unit Credit' method, are as follows:

Discount rate	<b>9.75%</b>	8.50%
Salary increase rate short run (p.a)	<b>4.00%</b>	10.00%
Salary increase rate long run (p.a)	<b>9.75%</b>	8.50%
Duration	<b>8.50 years</b>	9.75 years
Withdrawn rates	<b>Moderate</b>	Moderate
Mortality Rates	<b>SLIC 2001-05</b>	SLIC 2001-05

	2020 (Rupees in '000)	2019
The expected maturity analysis of undiscounted retirement benefit plan is:		
Year 1	<b>3,088</b>	815
Year 2	<b>1,197</b>	841
Year 3	<b>3,418</b>	1,134
Year 4	<b>858</b>	5,177
Year 5	<b>1,843</b>	879
Year 6 to Year 10	<b>22,933</b>	13,185
Year 11 to above	<b>71,277</b>	184,659

The sensitivity of the defined benefit asset to changes in the weighted principal assumptions is:

	<b>% Change from base</b>	<b>Defined benefit asset</b>
Present value of defined benefit obligation - June 30, 2020	<b>39,608</b>	
Discount rate (1% increase)	<b>34,586</b>	<b>-9.04%</b>
Discount rate (1% decrease)	<b>41,998</b>	<b>10.45%</b>
Salary growth rate (1% increase)	<b>42,146</b>	<b>10.84%</b>
Salary growth rate (1% decrease)	<b>34,401</b>	<b>-9.53%</b>
Withdrawal rates (10% Increase)	<b>38,026</b>	<b>0.00%</b>
Withdrawal rates (10% Decrease)	<b>38,026</b>	<b>0.00%</b>
1 year Mortality age set back	<b>38,026</b>	<b>0.00%</b>
1 year Mortality age set forward	<b>38,026</b>	<b>0.00%</b>

The defined benefit asset expose the Company to the actuarial risks such as:

**(a) Longevity risks**

The risk arises when the actual lifetime of the retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

**(b) Salary increase risk**

The risk arises when the actual increases are higher or lower than the expectation and impacts the liability accordingly.

**(c) Withdrawal risks**

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

The following table shows the analysis of remeasurement as at the valuation date:

	<b>2020</b>	<b>2019</b>
	<b>(Rupees in '000)</b>	
Remeasurement gain on obligation		
- Financial assumption	<b>(504)</b>	(1,051)
- Experience adjustment	<b>(306)</b>	274
Total remeasurement on obligation	<b>(810)</b>	(777)

The expected gratuity expense for the year ending June 30, 2021 is Rs. 13.518 million.

**49. LOSS PER SHARE - BASIC AND DILUTED**

Loss for the year	<b>(21,268,732)</b>	(18,362,809)
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	<b>(Number in '000)</b>	
Average number of ordinary shares	<b>880,916</b>	880,916
Loss per share - basic and diluted	<b>(24.14)</b>	(20.85)

## 50. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

Note

2020

2019

(Rupees in '000)

Provisions	51	5,910,585	2,468,523
Depreciation on owned assets		8,143,256	7,688,000
Depreciation on right of use assets		128,161	-
Amortization of intangibles		21,254	29,447
Finance cost		7,289,038	6,789,458
Amortization of transaction cost		48,473	49,996
Recognition of income against deferred credit and contract liability		(589,159)	(590,627)
Amortization of government grant		(20,842)	(23,251)
Dividend income		(1,849)	(17,020)
Interest income		(2,101,622)	(1,812,239)
Income from net investment in finance lease		(36,250)	(46,608)
Loss on disposal of property plant and equipment		41,224	254,948
Decrease in long term advances		(101,515)	(78,814)
Increase in deferred credit and contract liability		2,207,086	3,790,389
Impact of IFRS 16: Finance cost		35,813	-
Increase in obligation under finance lease		81,718	86,345
		<b>21,055,371</b>	<b>18,588,547</b>

## 51. Provisions

Provision against slow moving / obsolete stores	34,320	113,895
Provision against financial assets	3,603,933	849,498
Provision for compensated absences	-	(145,236)
Provision for post retirement medical and free gas supply facilities	919,017	651,480
Provision for retirement benefits	1,337,875	926,446
Provision for gratuity	13,432	9,004
Provision for leave encashment	2,008	3,362
Provision for LPG cost	-	(10,420)
Impairment of capital work in progress	-	70,494
	<b>5,910,585</b>	<b>2,468,523</b>

## 52. WORKING CAPITAL CHANGES

### Increase in current assets

Store, spares and loose tools	(390,997)	(371,038)
Stock-in-trade	(320,607)	(680,339)
Customers' installation work-in-progress	(30,217)	(31,658)
Trade debts	(11,246,927)	(8,258,330)
Advances, deposits and short term prepayments	(586,603)	40,857
Other receivables	(65,078,769)	(120,134,617)
	<b>(77,654,120)</b>	<b>(129,435,125)</b>

### Increase in current liabilities

Trade and other payables	104,641,660	147,304,408
	<b>26,987,540</b>	<b>17,869,283</b>

	2020	2019
	(Rupees in '000)	
<b>53. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES</b>		
Balance as at July 01	46,757,348	56,295,466
Proceed from long term loan	65,110	75,444
Repayment of long term loan	(9,648,859)	(9,613,562)
Addition in lease	356,635	-
Repayment of lease liability	(147,198)	-
Others	35,813	-
Balance as at June 30	37,418,849	46,757,348

#### 54. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the consolidated financial statements for remuneration, including all benefits, to Managing Director, Directors and Executives of the Group are given below:

	2020			2019		
	Managing Director	Directors	Executives	Managing Director	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	27,662	-	2,464,289	27,521	-	2,181,937
Housing	11,963	-	1,006,484	11,423	-	866,428
Utilities	2,658	-	223,967	2,256	-	192,773
Retirement benefits	4,349	-	446,453	2,036	-	474,107
Others	968	10,400	7,981	1,326	12,400	2,154
	47,600	10,400	4,149,174	44,562	12,400	3,717,399
Number	2	5	1,070	2	5	947

The Chairman, Managing Director and certain executives are also provided the Group maintained vehicles in accordance with their entitlement. In addition, the Chairman of the Group was paid Rs. 1.78 million (2019: Rs.1.39 million). Executives are also provided medical facilities in accordance with their entitlement.

Aggregate amount charged in these unconsolidated financial statements in respect of fee paid to 22 directors was Rs. 47 million (2019: Rs. 38.2 million for 22 directors).

#### 55. CAPACITY AND ACTUAL PERFORMANCE

##### 55.1 Natural gas transmission

	2020		2019	
	MMCF	HM3	MMCF	HM3
Transmission operation				
Capacity - annual rated capacity at 100% load factor with compression	990,610	279,092,975	990,610	279,092,975
Utilisation - volume of gas transmitted	723,145	203,737,872	774,988	218,343,957
Capacity utilisation factor (%)	73.0	73.0	78.2	78.2



## 55.2 Natural gas distribution

The Holding Company has no control over the rate of utilisation of its capacity as the use of available capacity is dependent on off-takes by the customers.

## 55.3 Meter manufacturing division

During the year meter manufacturing division produced and assembled 452,670 meters (2019: 583,590 meters) against an annual capacity of 356,000 meters on a single shift basis.

## 56. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Oil and Gas Regulatory Authority. Remuneration of key management personnel are in accordance with the term of employment / appointment. The prices and other conditions are not influenced by the Holding Company. Other transaction with the related parties are carried out as per agreed terms. The details of transactions with related parties not disclosed elsewhere in these consolidated financial statements are as follows:

		2020	2019
	Relationship	(Rupees in '000)	
<b>* Attock Cement Limited</b>	Associate		
- Billable charges		-	47,042
<b>Government related entities - various</b>			
- Purchase of fuel and lubricant		40,984	53,408
- Billable charges		85,752,710	43,799,008
- Mark-up expense on short term finance		77,971	109,274
- Markup expense on long term finance		685,103	583,833
- Income from net investment in finance lease		42,972	46,608
- Gas purchases		124,511,003	121,021,617
- Sale of gas meters and spare parts		30,311	20,332
- Rent of premises		6,830	6,209
- Insurance premium		113,650	107,049
- Electricity expense		281,093	231,666
- Interest income		1,788,327	1,450,021
- Professional charges		17	22
- RLNG transportation income		8,353,000	8,748,858
- LPG Purchases		424,557	-
- Income against LNG service agreement		895,868	804,326
<b>* Habib Bank Limited</b>	Associate		
- Profit on investment		-	315
- Mark-up on short term finance		-	114,910
- Mark-up on long term finance		-	176,575
- Billable Charges		-	6,743
<b>Karachi Grammar School</b>	Associate		
- Billable charges		65	-
<b>Key management personnel</b>		282,750	286,426
- Remuneration			
<b>* Minto &amp; Mirza</b>	Associate		
- Professional charges		-	4,500
<b>* Petroleum Institute of Pakistan</b>	Associate		
- Subscription / contribution		-	980

		2020	2019
	Relationship	(Rupees in '000)	
<b>Pakistan Institute of Corporate Governance</b>	Associate		
- Subscription / Trainings		4,624	-
<b>Staff Retirement Benefit Plans</b>	Associate		
- Contribution to provident fund		386,507	403,096
- Contribution to pension fund		911,032	555,672
- Contribution to gratuity fund		426,844	370,192
<b>Thatta Cement Company Limited</b>	Associate		
- Billable charges		-	2,481

\* Current year transactions with these parties have not been disclosed as they did not remain related parties during the year.

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

Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice. Balance payable to / receivable from these employees benefit plans are disclosed in notes 11, 19, 35 and 48 to these consolidated financial statements.

Remuneration to the executive officers of the Group (disclosed in note 54 to these consolidated financial statements) and loans and advances to them (disclosed in notes 27 and 32 to these consolidated financial statements) are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Holding Company is received at rates prescribed by the Government of Pakistan.

#### Amount (due to) / receivable from related parties

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

	2020	2019
Relationship	(Rupees in '000)	
<b>Government related entities - various</b>		
- Billable charges	63,591,878	62,745,107
- Mark up accrued on borrowings	(4,221,975)	(5,158,965)
- Net investment in finance lease	418,118	224,440
- Gas purchases	(316,626,683)	247,927,553
- Gas meters and spare parts	73,432	360,181
- Uniform cost of gas	15,818,845	15,818,845
- Cash at bank	24,951	5,527
- Stock Loan	4,912	4,912
- Payable to insurance	(837)	(475,580)
- Gas supply deposit	(51,263)	(43,392)
- Interest expense accrued - late payment surcharge on gas bills	(15,832,411)	(15,832,411)
- Interest income accrued - late payment on gas bills	13,076,195	11,287,868
- Contingent rent	3,535	3,535
- Capacity and utilisation charges of RLNG	51,063,909	33,298,113
- RLNG transportation income	28,850,050	20,642,231
- LSA margins	2,877,266	1,897,684
- Advance for sharing right of way	(18,088)	(18,088)
- Professional charges	57	57
<b>Karachi Grammar School</b>		
Associate		
- Billable charges	5	-
- Gas supply deposit	22	-

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

## 57. FINANCIAL RISK MANAGEMENT

The objective of Group's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors of the Holding Company has overall responsibility for the establishment and oversight of the Group's risk management frame work and policies.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 57.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Credit risk arises from trade debts, net investment in finance lease, loans and advances, trade deposits, bank balances, interest accrued and other receivables. To reduce the exposure toward the credit risk, comprehensive customer category wise credit limits and terms have been established. Gas supply deposits of industrial, commercial and domestic customers equivalent of three months estimated gas consumption as per the OGRA notification are taken to reduce credit exposure. The Group continuously monitors the credit given to customers and interest accrued thereon and has established a dedicated recovery department for follow-up, recovery or disconnection of gas supply as the case may be. Loans and advances given to employees are secured against retirement benefits of the employees and title deed of properties of employees. Balances are maintained with banks of sound credit rating. The Group attempts to control credit risk in respect of other receivables by monitoring credit exposures of counterparties.

The maximum exposure to credit risk before any credit enhancement at year end is the carrying amount of the financial assets as set out below:

	2020	2019
	----- (Rupees in '000) -----	
Trade debts	91,835,466	84,191,799
Net investment in finance lease	188,949	246,763
Loans and advances	634,557	835,430
Deposits	36,963	48,204
Bank balances	1,543,922	831,679
Interest accrued	13,542,593	11,754,266
Other receivables	125,274,536	97,479,905
	<u>233,056,986</u>	<u>195,388,046</u>

#### 57.1.1 Collateral and other credit enhancements obtained

Security against supply of gas to industrial, commercial and domestic customers is taken on the basis of average three months gas consumption as per OGRA notification. These collaterals are adjusted / called following on disconnection of gas supply. Details of security held at year end is as follows:

Cash deposits	20,596,737	17,770,693
Bank guarantee / irrevocable letter of credit	<u>36,927,002</u>	<u>35,940,539</u>

#### 57.1.2 Credit Quality

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of all financial assets which are neither past due nor impaired are given in the note 57.1.3 to these consolidated financial statements.

The credit quality of the Company's major bank accounts is assessed with reference to external credit ratings which are as follows:

Bank	Rating Agency	Rating	
		Short Term	Long Term
National Bank of Pakistan	PACRA	A1+	AAA
Allied Bank Limited	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Faysal Bank Limited	JCR-VIS	A-1+	AA
MCB Bank Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Sindh Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	PACRA	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA+
The Bank of Punjab	PACRA	A2	A-
First Women Bank Limited	JCR-VIS	A3	BBB-
Summit Bank Limited	PACRA	A1+	AAA
Bank Al-Habib Limited	PACRA	A1	A+
BankIslami Pakistan Limited	JCR-VIS	A-1	A+
Al Baraka Bank (Pakistan) Limited	PACRA	A1+	AA+
Habib Metropolitan Bank Limited	JCR-VIS	A-1+	AAA
Meezan Bank Limited	JCR-VIS	A-1	AA
Samba Bank Limited	JCR-VIS	A-2	A-
Silk Bank Limited	PACRA	A-1+	AA-
Soneri Bank Limited	PACRA	A-1+	AA-
Telenor Micro Finance Bank Limited	PACRA	A1	A+
Citi Bank N. A.	Moody's	P-1	Aa3
Deutsche Bank A.G,	Standard & Poor's	A2	BBB+
The Bank of Tokyo- Mitsubishi- UFJ, Limited	Standard & Poor's	A-1	A

### 57.1.3 Past due and impaired financial assets

#### Industrial and commercial customers

The age analysis of trade debt balances relating to industrial and commercial customers at year end is as follows:

	2020		2019	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	22,307,991	-	21,991,924	-
Past due but not impaired	52,885,918	-	46,949,862	-
Past due and impaired	9,346,192	4,066,411	11,641,445	4,686,016
Disconnected customers	1,522,403	1,515,524	1,179,486	1,179,486
Total	86,062,504	5,581,935	81,762,717	5,865,502

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 59,527 million and are subject to inter corporate circular debt of government entities and K-Electric.

The Holding Company has collateral / security against industrial and commercial customers amounting to Rs. 47,212 million (2019: Rs. 45,276 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due. In case of past due balances the Holding Company starts recovery process through recovery department and where the amount is in excess of collateral and is not recovered by recovery department, then disconnection of meter (disconnected customers) is considered. Receivables which are past due and against which recoveries are not made or which are disconnected are considered as impaired debts.

#### Domestic customers

The age analysis of trade debt balances relating to domestic customers at year end is as follows:

	2020		2019	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	3,096,643	-	2,610,497	-
Past due but not impaired:				
Past due 1 - 3 month	3,117,904	-	1,799,800	-
Past due and impaired:				
Past due 4 - 6 months	4,295,893	1,004,664	2,115,318	2,116
Past due 7 - 9 months	1,642,144	1,180,305	837,457	177,938
Past due 10 - 12 months	1,208,396	789,750	428,589	114,406
Over 12 months	3,969,492	2,993,976	2,689,587	1,892,205
	11,115,925	5,968,695	6,070,951	2,186,665
Disconnected customers	7,652,447	7,659,328	7,102,744	7,102,744
Total	24,982,919	13,628,023	17,583,992	9,289,409



The Holding Company has collateral / security against domestic customers amounting to Rs. 9,961 million (2019: Rs. 8,119 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due.

#### Interest accrued

As at June 30, 2020 interest accrued net of provision was Rs. 15,113 million (2019: Rs. 13,110 million). Interest is mainly accrued on customer balances which are past due. Interest on past due balances includes receivable from WAPDA and SNGPL amounting to Rs. 13,076 million (2019: 11,288 million), recovery of which is subject to inter corporate circular debt of Government entities.

#### Other receivables

As at June 30, 2020, other receivable financial assets amounted to Rs. 125,275 million (2019: Rs. 97,480 million). Past due other receivables amounting to Rs. 79,781 million (2019: Rs. 60,792 million) include over due balances of SNGPL amounting to Rs. 68,730 million (2019: Rs. 49,613 million) and of JJVL amounting to Rs. 11,051 million (2019: Rs. 11,179 million).

### 57.1.4 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Holding Company's performance to developments affecting a particular industry. Concentration of credit risk is determined with references to the individual customers / counter parties, type as well as geographical distribution of customers / counterparties. Concentration of credit risk in financial assets of the Holding Company is as follows:

#### Trade debts

Customer category wise concentration of credit risk in respect of trade debts at year end is as follows:

	2020	2019
	(Rupees in '000)	
Power generation companies	39,623,399	39,918,329
Cement industries	7,012	20,339
Fertilizer and steel industries	24,889,094	24,034,596
Other industries	13,828,428	11,180,411
Total industrial customers	78,347,933	75,153,675
Commercial customers	2,132,636	1,446,575
Domestic customers	11,328,318	7,556,635
	91,808,887	84,156,885

At year end the Company's most significant receivable balances were K-Electric, PSML, and WAPDA which amounted to Rs. 33,415 million (2019: Rs. 32,888 million), Rs. 24,332 million (2019: Rs.23,661 million), and Rs. 4,242 million (2019: Rs. 5,196 million) respectively. These balances have aggregated due to inter corporate circular debt.

Geographical region wise concentration of credit risk in respect of trade debts at year end is as follows:

	2020	2019
	(Rupees in '000)	
Karachi	75,554,416	69,021,495
Sindh (excluding Karachi)	12,243,559	11,432,610
Balochistan	4,010,913	3,702,780
	91,808,888	84,156,885

### Net investment in finance lease

The Holding Company's most significant investment in finance lease amounted to Rs. 188.949 million (2019: Rs. 246.763 million) in respect of SNGPL.

### Interest accrued

Most significant counter parties of the Holding Company in respect of interest accrued are disclosed in note 34 to these consolidated financial statements.

### Other receivables

Most significant other receivables of the Holding Company are in respect of lease rental, lease service cost, contingent rent and uniform cost of gas agreement with SNGPL as disclosed in note 35.3 to these consolidated financial statements. These balances are subject to inter circular corporate debt.

## 57.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Due to nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available. The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring statement of financial position liquidity ratios against internal and external requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
(Rupees in '000)					

#### As at June 30, 2020

Long term financing	37,173,599	(37,918,291)	(4,962,548)	(4,815,776)	(9,778,324)	(18,361,642)
Obligation against pipeline	879,330	(1,323,386)	(67,866)	(67,866)	(135,732)	(1,051,922)
Provision	9,394	(9,394)	(9,394)	-	-	-
Deferred liability - gratuity	39,608	(39,608)	(39,608)	-	-	-
Short term borrowings	14,979,552	(14,979,552)	(14,979,552)	-	-	-
Trade and other payables	494,288,219	(494,573,649)	(494,573,649)	-	-	-
Interest accrued	17,442,056	17,881,425	17,881,425	-	-	-
Long term deposits	20,690,732	(36,927,002)	-	-	-	(36,927,002)
Lease liability	245,250	(356,995)	(68,930)	(68,930)	(25,441)	(193,694)
	<u>585,747,740</u>	<u>(568,246,452)</u>	<u>(496,820,122)</u>	<u>(4,952,572)</u>	<u>(9,939,497)</u>	<u>(56,534,260)</u>

#### As at June 30, 2019

Long term financing	46,757,348	(52,722,971)	(7,668,805)	(5,645,098)	(10,586,997)	(28,822,071)
Obligation against pipeline	933,345	(1,459,118)	(67,866)	(67,866)	(135,732)	(1,187,654)
Provision	8,051	(8,051)	(8,051)	-	-	-
Deferred liability - gratuity	27,971	(27,971)	(27,971)	-	-	-
Short term borrowings	16,294,237	(16,294,237)	(16,294,237)	-	-	-
Trade and other payables	393,402,467	(393,402,467)	(393,402,467)	-	-	-
Interest accrued	17,881,425	(17,881,425)	(17,881,425)	-	-	-
Long term deposits	17,892,318	(36,250,284)	-	-	-	(36,250,284)
	<u>493,197,162</u>	<u>(518,046,524)</u>	<u>(435,350,822)</u>	<u>(5,712,964)</u>	<u>(10,722,729)</u>	<u>(66,260,009)</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of latest available market rates. The rates of mark-up have been disclosed in notes 8 and 9 to these consolidated financial statements. Contractual cash flows of the long term deposits are determined on the assumption that adjusted / refund of these deposits will not be required before expiry of 40 years from reporting date.

### 57.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The market risk comprises of currency risk, interest rate risk and other price risk (equity price risk).

#### 57.3.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Holding Company is exposed to currency risk on creditors for gas that are denominated in a currency other than functional currency of the Holding Company. The currency in which these transactions primarily are denominated is US Dollars. The Holding Company's exposure to foreign currency risk is as follows:

	2020		2019	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Creditors for gas	60,485,661	358,434	84,653,566	514,611
Estimated forecast gas purchases	93,582,113	585,147	11,500,169	75,759
	<b>154,067,774</b>	<b>943,581</b>	<b>96,153,735</b>	<b>590,370</b>

Above net exposure is payable by the Holding Company in Rupees at the rate on which these are settled by the Holding Company. Currently, the Holding Company does not obtain forward cover against the gross exposure as exchange loss / gain on purchases of gas and supplies is recovered from / paid to Government of Pakistan as part of guaranteed return.

The following significant exchange rates applied during the year:

Average rates		Reporting date rate	
2020	2019	2020	2019
159.93	151.80	168.75	164.50

#### Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2020 would have (decreased) / increased trade creditors by Rs. 6,049 million (2019: Rs.8,465 million). There is no effect of strengthening / (weakening) of US dollar on consolidated equity and consolidated statement of profit or loss of the Holding Company as exchange loss / gain on purchases of gas and store and supplies is recovered from / paid to Government of Pakistan as part of 17.43% guaranteed return. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2019.

#### 57.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were as follows:

2020                      2019  
(Rupees in '000)

#### Fixed rate instruments

##### Financial assets

Net investment in finance lease	188,949	246,763
Loan and advances	344	560
Trade debts	32,681,876	26,724,698
Cash and bank balances	368,339	124,098
Receivable against Asset contribution	418,118	451,011
	<b>33,657,626</b>	<b>27,547,130</b>

##### Financial liabilities

Long term deposits	(10,284,352)	(9,336,259)
Government of Sindh loan	(768,723)	(752,086)
Front end fee of foreign currency loan	(23,950)	(23,950)
Obligation against pipeline	(879,330)	(933,345)
Lease liability	-	-
	<b>(11,956,355)</b>	<b>(11,045,640)</b>
	<b>21,701,271</b>	<b>16,501,490</b>

#### Variable rate instruments

##### Financial assets

Other receivables	27,246,676	27,348,889
	<b>27,246,676</b>	<b>27,348,889</b>

##### Financial liabilities

Long term loan except Government of Sindh loan	(28,505,479)	(36,354,124)
Short term borrowings	(14,979,552)	(16,294,237)
Trade and other payables	(308,398,863)	(241,478,043)
	<b>(351,883,894)</b>	<b>(294,126,404)</b>
	<b>(324,637,218)</b>	<b>(266,777,515)</b>

Fixed rate instruments bear fixed interest rate while all other borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs. The Group analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

#### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through consolidated statement of profit or loss. Therefore, a change in interest rates at the reporting date would not affect the consolidated statement of profit or loss and the equity of the Group.

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased or (net decreased) the consolidated statement of profit or loss of the Holding Company as at June 30, 2020 by Rs. 3,246 million (2019: Rs. 2,668 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2019.

### 57.3.3 Equity price risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Holding Company's investments in listed equity securities. This arises from investments held by the Holding Company for which prices in the future are uncertain. The fair value of listed equity investments of the Holding Company that are exposed to price risk as at June 30, 2020 is Rs. 180.017 million (2019: Rs. 236.148 million).

A ten percent increase / decrease in the prices of listed equity securities of the Holding Company at the reporting date would have increased / (decreased) long term investment and consolidated equity by Rs. 18.002 million (2019: Rs. 23.615 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

### 57.4 Fair value of financial assets and liabilities

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

The carrying values of all financial instruments reflected in these consolidated financial statements approximate their fair values except for investment in unquoted companies which are reflected at cost less impairment losses.

#### 57.4.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			

#### Fair Value through OCI financials assets

Quoted equity securities	180,017	-	-	180,017
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	2019			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			

#### Fair Value through OCI financials assets

Quoted equity securities	236,148	-	-	236,148
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There have been no transfers during the year (2019: no transfers in either direction).



## Financial instruments by categories

### As at June 30, 2020

	Financial assets		
	Amortized cost	FVTOCI (Rupees in '000)	Total
Trade debts	91,835,466	-	91,835,466
Net investment in finance lease	188,949	-	188,949
Loans and advances	634,557	-	634,557
Deposits	36,963	-	36,963
Cash and bank balances	1,550,683	-	1,550,683
Interest accrued	13,542,593	-	13,542,593
Other receivables	125,274,536	-	125,274,536
Long term investments	-	180,017	180,017
	<b>233,063,747</b>	<b>180,017</b>	<b>233,243,764</b>

### As at June 30, 2019

	Financial assets		
	Amortized cost	FVTOCI (Rupees in '000)	Total
Trade debts	84,191,799	-	84,191,799
Net investment in finance lease	246,763	-	246,763
Loans and advances	835,430	-	835,430
Deposits	48,204	-	48,204
Cash and bank balances	836,483	-	836,483
Interest accrued	11,754,266	-	11,754,266
Other receivables	97,479,905	-	97,479,905
Long term investments	-	236,148	236,148
	<b>195,392,850</b>	<b>236,148</b>	<b>195,628,998</b>

	Financial liabilities at amortised cost	
	2020 (Rupees in '000)	2019
Long term financing	37,173,599	46,757,348
Obligation against pipeline	879,330	933,345
Provision	9,394	8,051
Deferred liability - gratuity	39,608	27,971
Short term borrowings	14,979,552	16,294,237
Trade and other payables	494,288,219	393,402,467
Interest accrued	17,442,056	17,881,425
Long term deposits	20,690,732	17,892,318
Lease liability	245,250	-
	<b>585,747,740</b>	<b>493,197,162</b>

## 57.5 Capital risk management

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to the shareholders or issue new shares.

The Group is not subject to externally imposed regulatory capital requirements.

The gearing ratio as at June 30 is as follows:

	Note	2020 (Rupees in '000)	2019
<b>Total borrowings</b>			
Long term finance		29,087,535	36919543
Short term borrowings		14,979,552	16294237
Current portion of long term finance		8,086,064	9,837,805
		52,153,151	63,051,585
Less: Cash and bank balances		(1,550,683)	(836,483)
Net debts		50,602,468	62,215,102
Capital employed		27,474,548	55,467,544
Gearing ratio		1.84	1.12

## 58. OPERATING SEGMENTS

IFRS 8 -Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Holding 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)

### 58.1 Segment revenue and results

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

	Segment revenue		Segment profit	
	2020	2019	2020	2019
	(Rupees in '000)			
Gas transmission, distribution and marketing	251,800,271	219,264,033	(18,905,428)	2,395,553
Meter Manufacturing	1,763,877	1,810,650	13,988	9,097
Total segment results	253,564,148	221,074,683	(18,891,440)	2,404,650
<b>Unallocated - other expenses</b>				
- Other operating expenses			(1,797,088)	(20,686,660)
<b>Unallocated - other income</b>				
- Non-operating income			1,817,081	1,494,085
<b>Loss before tax</b>			(18,871,447)	(16,787,925)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 2,030 million (2019: Rs. 2,120 million).

The accounting policies of the reportable segments are same as disclosed in note 4.21 to these consolidated financial statements.

## 58.2 Segment assets and liabilities

	2020	2019
	(Rupees in '000)	
Gas transmission, distribution and marketing	586,504,806	506,297,822
Meter manufacturing	1,036,492	762,427
Total segment assets	587,541,298	507,060,249
Unallocated		
- Loans and advances	634,557	835,430
- Taxation - net	19,406,544	19,717,006
- Interest accrued	487,739	487,739
- Cash and bank balances	1,550,683	836,483
	22,079,523	21,876,658
Total assets as per consolidated statement of financial position	609,620,821	528,936,907
<b>Segment Liabilities</b>		
Gas transmission, distribution and marketing	632,456,587	536,235,229
Meter manufacturing	292,154	285,719
Total liabilities as per consolidated statement of financial position	632,748,741	536,520,948

## 59. ACCOUNTING ESTIMATES AND JUDGMENTS

### 59.1 Income tax

The Group takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

### 59.2 Staff retirement and other service benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 48 to the financial statements for valuation of these obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

### 59.3 Property, plant and equipment

In accordance with the accounting policy, the management carries out an annual assessment of depreciable amount and useful lives of property, plant and equipment. Further, the Group reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

### 59.4 Trade debts and other receivables

The management reviews its receivable against provision required there against on a ongoing basis and appropriate provision is made against outstanding receivable based on systematic basis as approved by the Board of Directors.

### 59.5 Stock in trade and stores, spares and loose tools

The management continuously reviews its inventory for existence of any items which may have become obsolete. The estimates against slow moving and obsolete items are made based on systematic basis as approved by the Board of Directors.

## 59.6 Fair value of investments

Management has determined fair value of certain investments by using quotations from active market of the financial instruments.

## 59.7 Recognition of income from sale of Natural Gas Liquid (NGL) and Liquefied Petroleum Gas (LPG)

Income from sale of NGL to Jamshoro Joint Venture Limited is recognized based on provisional invoice price / quantity being the best estimate available. Any change in provisional price / quantity will be accounted for prospectively in the year in which there is change in price / quantity.

## 59.8 Recognition of gas development surcharge

Management has recognised income from gas development surcharge according to Final Revenue Requirement (FRR) issued by OGRA based on stay orders as mentioned in note 1.4.

## 59.9 Purchases of gas

The Holding Company records purchases of gas at the rates notified by Oil and Gas Regulatory Authority. Effect of adjustments, if any, arising from revision in purchase price is reflected as and when the prices are approved by OGRA.

## 60. EVENTS AFTER THE REPORTING DATE

There were no events occurred after the reporting date.

## 61. IMPACT OF COVID-19

The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard predicting at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Group's financial condition or results of operations except those disclosed in notes to the consolidated financial statements.

## 62. GENERAL

### 62.1 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation, the effect of which is immaterial.

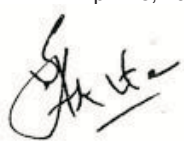
### 62.2 Number of employees

Total number of employees and average number of employees as at year end are 6,762 and 6,874 respectively (2019: 6,943 and 7,016).

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

## 63. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue in Board of Directors meeting held on April 25, 2022.



Dr. Shamshad Akhtar  
Chairperson



Imran Maniar  
Managing Director



Muhammad Amin Rajput  
Chief Financial Officer

# DEFINING A NEW HORIZON

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# STATISTICAL INFORMATION

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# TEN YEARS SUMMARY

## Key Statistical Data

For the year ended June 30, 2020

	Unit	2020	2019	2019	2017	2016	2015	2014	2013	2012	2011
Gas purchased	MMCF	429,144	454,530	445,604	438,389	469,381	434,871	423,760	419,275	405,322	395,779
Gas sold	MMCF	337,096	363,081	361,824	362,313	384,989	362,510	356,628	373,645	364,409	356,040
Mains - transmission	Km	4,126	4,054	4,054	3,997	3,614	3,551	3,551	3,490	3,401	3,337
Mains & services - distribution - additions	Km	528	784	689	758	871	801	673	1,455	1,709	2,468
New connections	Each	97,128	116,087	89,398	86,359	95,353	96,366	81,411	86,210	128,601	112,748
LPG air mix sales	MMBTU	222,381	163,596	216,015	156,242	108,963	90,966	80,853	68,428	37,492	9,065
Gas meters - produced / assembled	Each	452,670	582,590	503,840	444,850	491,799	614,680	851,460	690,129	675,521	612,903

## Income statement

Sales	295,722	251,645	184,015	187,028	214,637	182,792	176,545	164,354	153,269	126,403
GST	(43,922)	(32,381)	(25,252)	(25,666)	(31,234)	(23,939)	(24,004)	(22,156)	(19,394)	(16,001)
Sales excluding GST	251,800	219,264	158,763	161,362	183,403	158,853	152,541	142,198	133,875	110,402
Gas Development Surcharge and RLNG differential margin	38,440	77,903	18,641	(4,689)	(44,787)	3,730	742	9,440	(2,971)	4,127
Net sales	290,240	297,167	177,404	156,673	138,616	162,583	153,283	151,638	130,904	114,529
Cost of gas	(284,344)	(274,794)	(168,464)	(140,658)	(147,285)	(154,261)	(150,516)	(135,449)	(117,763)	(102,890)
Transmission and distribution costs	(15,216)	(13,198)	(11,842)	(11,277)	(11,306)	(10,281)	(7,836)	(8,938)	(7,086)	(6,395)
Administrative and selling expenses	(4,513)	(4,484)	(4,163)	(4,049)	(3,616)	(3,514)	(3,212)	(3,071)	(2,697)	(2,905)
Depreciation	(8,011)	(7,464)	(7,187)	(5,839)	(5,075)	(4,698)	(4,128)	(3,981)	(3,565)	(3,177)
Other operating expenses	(5,399)	(21,535)	(5,512)	(3,293)	(2,356)	(1,588)	(2,181)	(4,952)	(2,873)	(1,645)
Other income	15,429	14,248	14,002	13,451	25,799	12,686	16,196	12,741	14,698	13,788
Operating (loss) / profit	(11,813)	(10,062)	(5,762)	5,008	(5,222)	927	1,606	7,988	11,618	11,305
Finance cost	(7,235)	(6,758)	(5,064)	(1,692)	(2,618)	(9,696)	(7,416)	(7,608)	(7,532)	(5,786)
Profit before taxation	(19,048)	(16,820)	(10,826)	3,316	(7,840)	(8,769)	(5,810)	380	4,086	5,519
Taxation	(2,344)	(1,575)	(4,022)	(1,980)	1,725	3,378	2,057	(132)	(1,505)	(795)
Profit after taxation	(21,392)	(18,395)	(14,848)	1,336	(6,115)	(5,391)	(3,753)	248	2,581	4,724

## Balance Sheet

As at 30 June										
Share capital	8,809	8,809	8,809	8,809	8,809	8,809	8,809	8,809	8,809	8,390
Reserves	(56,846)	(37,875)	(19,076)	(4,455)	(6,391)	(234)	4,806	7,074	9,439	9,385
Surplus on revaluation of fixed assets	24,347	21,043	13,673	11,728	11,728	10,252	10,252	10,252	10,252	10,252
<b>Total Equity</b>	<b>(23,690)</b>	<b>(8,022)</b>	<b>3,406</b>	<b>16,082</b>	<b>14,146</b>	<b>18,827</b>	<b>23,867</b>	<b>26,135</b>	<b>28,500</b>	<b>28,027</b>
Deferred tax	-	-	-	-	-	-	3,321	5,865	7,622	7,651
Employees post-retirement benefits	5,096	5,847	5,935	4,886	4,704	4,688	3,470	2,518	2,154	1,825
Long term deposits & advances	23,308	20,629	18,331	16,429	13,555	11,411	9,379	6,416	6,497	5,359
Obligation against pipeline	820	879	933	983	1,028	1,069	-	-	-	-
Deferred credit	4,605	4,844	6,038	5,321	5,842	7,115	5,449	5,748	5,337	5,519
Contract liabilities	6,197	4,402	-	-	-	-	-	-	-	-
Lease liability	105	-	-	-	-	-	-	-	-	-
Long term financing	29,088	36,920	44,722	48,790	22,573	17,493	20,860	24,770	18,315	14,471
Non-current liabilities	69,219	73,522	75,959	76,409	47,702	41,776	42,479	45,317	39,925	34,825
Current portion of long term financing	8,086	9,838	11,574	7,045	5,756	8,146	4,046	3,598	3,227	4,272
Short term borrowings	14,980	16,294	9,760	2,901	4,860	989	3,141	4,018	-	-
Trade payables	478,935	376,881	234,616	168,177	143,782	145,975	114,771	80,522	78,532	56,717
Other payables	42,713	41,013	32,923	28,060	45,829	27,167	18,311	15,477	7,079	5,498
Current portion of obligation against pipeline	59	54	49	45	41	38	-	-	-	-
Current portion of deferred credit	432	395	571	423	428	430	-	-	-	-
Current portion of contract liabilities	192	167	-	-	-	-	-	-	-	-
Current portion lease liability	117	-	-	-	-	-	-	-	-	-
Interest and mark-up accrued	17,442	17,881	17,229	16,899	16,532	34,069	26,831	21,904	16,197	10,823
Taxation - net	-	-	-	-	-	-	-	-	-	-
Current liabilities	562,957	462,523	306,722	223,550	217,228	216,814	167,100	125,519	105,035	77,310
<b>Total equity and liabilities</b>	<b>608,486</b>	<b>528,023</b>	<b>386,087</b>	<b>316,041</b>	<b>279,076</b>	<b>277,417</b>	<b>233,446</b>	<b>196,971</b>	<b>173,460</b>	<b>140,162</b>
Work in progress	11,862	11,527	11,071	8,726	23,433	9,536	8,134	7,183	6,905	5,664
Operating tangible fixed assets	122,484	118,193	109,453	106,267	73,278	64,406	62,031	60,553	57,355	53,981
Property, plant & equipment	134,346	129,720	120,524	114,993	96,711	73,942	70,165	67,736	64,260	59,645
Intangible assets	2	21	49	74	25	36	89	125	46	16
Right of use assets	221	-	-	-	-	-	-	-	-	-
Long term financial assets	1,510	1,628	1,821	2,051	1,776	1,913	1,866	1,926	2,002	1,125
Deferred tax	-	-	-	2,476	2,669	292	-	-	-	-
Non-current assets	136,079	131,369	122,394	119,594	101,181	76,183	72,120	69,787	66,308	60,786
Stores spares & loose tools	2,717	2,364	2,015	2,472	2,147	1,821	2,174	2,166	2,080	2,263
Stock in trade	2,106	1,799	1,125	1,139	802	860	889	629	780	703
Trade debts	91,809	84,157	76,761	82,137	86,285	90,352	78,906	76,285	70,613	49,182
Other receivables	340,072	275,146	151,970	80,194	58,047	81,831	61,253	38,774	25,886	19,975
Interest and mark-up accrued	15,113	13,110	11,691	10,594	9,191	7,661	6,292	5,529	4,681	3,474
Taxation - net	19,192	19,536	19,549	18,867	19,987	17,443	10,475	2,788	1,428	2,306
Trade deposits & prepayments	699	202	172	147	482	282	137	166	181	388
Cash & bank balances	700	338	410	897	954	984	1,200	847	1,503	1,085
Current assets	472,407	396,653	263,693	196,447	177,895	201,234	161,326	127,184	107,152	79,376
<b>Total Assets</b>	<b>608,486</b>	<b>528,023</b>	<b>386,087</b>	<b>316,041</b>	<b>279,076</b>	<b>277,417</b>	<b>233,446</b>	<b>196,971</b>	<b>173,460</b>	<b>140,162</b>
<b>Earning Per share (Rupees)</b>	<b>(24.28)</b>	<b>(20.88)</b>	<b>(16.86)</b>	<b>1.52</b>	<b>(6.94)</b>	<b>(6.12)</b>	<b>(4.26)</b>	<b>0.28</b>	<b>2.93</b>	<b>5.63</b>

# TEN YEARS OF PROGRESS

Gas Customers	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Industrial</b>							3,			
Karachi	3,572	3,566	3,503	3,497	3,474	3,457	457	3,428	3,447	3,380
Sindh (Interior)	643	645	646	640	643	639	643	636	626	607
Balochistan	57	59	58	59	57	57	56	55	56	55
Sub - total	4,272	4,270	4,207	4,196	4,174	4,153	4,156	4,119	4,129	4,042
<b>Commercial</b>										
Karachi	17,119	17,520	15,810	15,898	16,064	16,366	16,763	17,102	17,442	17,998
Sindh (Interior)	4,170	4,297	4,171	4,206	4,393	4,527	4,617	4,756	4,854	4,872
Balochistan	2,765	2,780	2,714	2,660	2,624	2,515	2,360	2,261	2,198	2,128
Sub - total	24,054	24,597	22,695	22,764	23,081	23,408	23,740	24,119	24,494	24,998
<b>Domestic</b>										
Karachi	1,928,823	1,867,962	1,807,559	1,760,001	1,720,164	1,692,138	1,667,817	1,635,129	1,597,926	1,544,709
Sindh (Interior)	874,483	847,207	813,107	793,123	772,925	742,712	710,844	682,238	640,452	582,916
Balochistan	282,303	275,142	265,556	259,087	253,113	248,174	240,145	229,252	222,116	211,228
Sub - total	3,085,609	2,990,311	2,886,222	2,812,211	2,746,202	2,683,024	2,618,806	2,546,619	2,460,494	2,338,853
<b>Total</b>										
Karachi	1,949,514	1,889,048	1,826,872	1,779,396	1,739,702	1,711,961	1,688,037	1,655,659	1,618,815	1,566,087
Sindh (Interior)	879,296	852,149	817,924	797,969	777,961	747,878	716,104	687,630	645,932	588,395
Balochistan	285,125	277,981	268,328	261,806	255,794	250,746	242,561	231,568	224,370	213,411
Grand Total	3,113,935	3,019,178	2,913,124	2,839,171	2,773,457	2,710,585	2,646,702	2,574,857	2,489,117	2,367,893

## Gas Sales in million cubic feet

<b>Industrial</b>										
Karachi	186,010	198,435	190,169	191,842	207,654	206,459	209,704	209,866	211,209	210,321
Sindh (Interior)	36,298	50,633	52,860	52,756	74,164	52,215	46,058	48,577	42,645	45,828
Balochistan	1,854	7,705	9,099	9,010	8,379	9,648	9,118	9,091	9,167	9,425
Sub - total	224,162	256,774	252,127	253,608	290,197	268,322	264,880	267,534	263,021	265,574
<b>Commercial</b>										
Karachi	6,991	7,962	7,847	7,825	7,772	7,869	7,843	7,938	8,040	7,864
Sindh (Interior)	1,401	1,642	1,621	1,618	1,641	1,645	1,737	1,748	1,780	1,672
Balochistan	951	984	905	901	843	773	736	711	709	649
Sub - total	9,343	10,588	10,373	10,344	10,256	10,287	10,316	10,397	10,529	10,185
<b>Domestic</b>										
Karachi	61,785	56,713	61,236	61,459	52,938	52,829	52,127	62,021	59,236	52,632
Sindh (Interior)	26,874	24,025	24,681	25,527	22,151	21,538	19,995	23,523	21,319	18,633
Balochistan	14,933	14,981	13,406	11,375	9,447	9,534	9,310	10,170	10,304	9,016
Sub - total	103,591	95,719	99,323	98,361	84,536	83,901	81,432	95,714	90,859	80,281
<b>Total</b>										
Karachi	254,785	263,110	259,252	261,126	268,364	267,157	269,674	279,825	278,485	270,817
Sindh (Interior)	64,573	76,300	79,162	79,901	97,956	75,398	67,790	73,848	65,744	66,133
Balochistan	17,737	23,670	23,410	21,286	18,669	19,955	19,164	19,972	20,180	19,090
Grand Total	337,096	363,081	361,824	362,313	384,989	362,510	356,628	373,645	364,409	356,040

# PATTERN OF SHAREHOLDINGS

AS AT JUNE 30, 2020

# Of Shareholders	Shareholdings' Slab			Total Shares Held
5993	1	to	100	145,688
3525	101	to	500	1,145,053
2101	501	to	1000	1,852,418
9533	1001	to	5000	17,988,445
1045	5001	to	10000	8,117,722
381	10001	to	15000	4,937,109
242	15001	to	20000	4,485,516
134	20001	to	25000	3,165,454
91	25001	to	30000	2,602,253
54	30001	to	35000	1,789,685
50	35001	to	40000	1,904,849
31	40001	to	45000	1,329,049
71	45001	to	50000	3,511,001
18	50001	to	55000	959,045
28	55001	to	60000	1,643,883
21	60001	to	65000	1,321,010
16	65001	to	70000	1,095,663
19	70001	to	75000	1,412,562
18	75001	to	80000	1,403,625
9	80001	to	85000	750,689
4	85001	to	90000	360,000
10	90001	to	95000	933,062
33	95001	to	100000	3,288,500
8	100001	to	105000	815,780
5	105001	to	110000	535,409
6	110001	to	115000	668,813
4	115001	to	120000	474,000
5	120001	to	125000	614,750
5	130001	to	135000	657,500
3	135001	to	140000	414,000
1	140001	to	145000	142,500
6	145001	to	150000	898,000
2	150001	to	155000	306,250
1	155001	to	160000	160,000
2	160001	to	165000	327,170
1	165001	to	170000	170,000
4	170001	to	175000	694,687
4	175001	to	180000	718,475
4	180001	to	185000	733,500
1	185001	to	190000	190,000
3	190001	to	195000	578,535
10	195001	to	200000	2,000,000
4	200001	to	205000	811,771
1	205001	to	210000	206,500
3	210001	to	215000	636,500

# PATTERN OF SHAREHOLDINGS

AS AT JUNE 30, 2020

# Of Shareholders	Shareholdings' Slab			Total Shares Held
1	215001	to	220000	220,000
2	220001	to	225000	446,000
3	230001	to	235000	695,800
1	235001	to	240000	239,625
1	240001	to	245000	243,500
7	245001	to	250000	1,744,000
2	265001	to	270000	537,000
1	270001	to	275000	275,000
1	275001	to	280000	279,577
1	280001	to	285000	283,000
5	295001	to	300000	1,500,000
1	300001	to	305000	301,000
3	305001	to	310000	923,000
1	315001	to	320000	316,500
1	320001	to	325000	322,000
1	335001	to	340000	335,500
1	340001	to	345000	342,690
4	345001	to	350000	1,397,634
1	350001	to	355000	352,937
1	360001	to	365000	365,000
2	390001	to	395000	782,000
1	395001	to	400000	399,000
1	400001	to	405000	404,500
1	410001	to	415000	414,500
1	420001	to	425000	423,000
1	425001	to	430000	428,000
1	445001	to	450000	450,000
2	450001	to	455000	909,500
1	455001	to	460000	457,371
2	470001	to	475000	950,000
2	495001	to	500000	1,000,000
1	500001	to	505000	500,251
2	515001	to	520000	1,032,008
1	535001	to	540000	538,500
3	540001	to	545000	1,632,687
2	555001	to	560000	1,120,000
1	575001	to	580000	580,000
1	580001	to	585000	580,500
1	590001	to	595000	590,500
3	595001	to	600000	1,797,751
2	605001	to	610000	1,213,000
1	635001	to	640000	640,000
1	675001	to	680000	679,000
1	690001	to	695000	690,500
2	695001	to	700000	1,400,000

# PATTERN OF SHAREHOLDINGS

AS AT JUNE 30, 2020

# Of Shareholders	Shareholdings' Slab			Total Shares Held
1	720001	to	725000	724,500
1	725001	to	730000	725,231
1	740001	to	745000	745,000
2	745001	to	750000	1,495,500
1	750001	to	755000	752,000
1	865001	to	870000	865,102
1	895001	to	900000	900,000
1	940001	to	945000	941,500
1	975001	to	980000	977,000
2	995001	to	1000000	2,000,000
1	1010001	to	1015000	1,011,000
1	1025001	to	1030000	1,026,000
1	1060001	to	1065000	1,062,801
1	1065001	to	1070000	1,067,500
1	1195001	to	1200000	1,200,000
1	1380001	to	1385000	1,381,149
1	1580001	to	1585000	1,582,938
1	1760001	to	1765000	1,764,000
1	1810001	to	1815000	1,810,500
1	1875001	to	1880000	1,879,937
1	2005001	to	2010000	2,010,000
1	2100001	to	2105000	2,103,000
1	2520001	to	2525000	2,520,500
1	2675001	to	2680000	2,678,500
1	3645001	to	3650000	3,648,750
1	3735001	to	3740000	3,735,679
1	4495001	to	4500000	4,500,000
1	4865001	to	4870000	4,870,000
1	8190001	to	8195000	8,192,028
1	8245001	to	8250000	8,249,823
1	8950001	to	8955000	8,954,000
1	10940001	to	10945000	10,941,554
1	12015001	to	12020000	12,017,700
1	12690001	to	12695000	12,694,227
1	12920001	to	12925000	12,921,366
1	13345001	to	13350000	13,349,674
1	14310001	to	14315000	14,314,772
1	14765001	to	14770000	14,766,900
1	14800001	to	14805000	14,803,000
1	57750001	to	57755000	57,754,179
1	63880001	to	63885000	63,882,029
1	468465001	to	468470000	468,468,218
<b>23630</b>				<b>880,916,30</b>

# CATEGORIES OF SHAREHOLDINGS

AS AT JUNE 30, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Government</b>			
THE PRESIDENT ISLAMIC REPUBLIC OF PAKISTAN	1	468,468,218	53.18
SSGC EMPLOYEES EMPOWERMENT TRUST	1	63,882,029	7.25
<b>Directors and their spouse(s) and minor children</b>			
AYAZ DAWOOD	3	210,958	0.02
ZUHAIR SIDDIQUI	1	5,000	0.00
MOHAMMAD RAZIUDDIN MONEM	1	1,000	0.00
MUHAMMAD AMIN	1	500	0.00
<b>Executives</b>	-	-	-
<b>Associated Companies, undertakings and related parties</b>	2	969,000	0.11
<b>Banks, Development Financial Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful Companies, and Modarbas;</b>	39	25,628,773	2.91
<b>Public Sector Companies and Corporation</b>	14	109,746,720	12.46
<b>Mutual Funds</b>	14	26,697,831	3.03
<b>General Public</b>			
a. Local	23,314	98,917,791	11.23
b. Foreign	8	47,822	0.01
<b>Foreign Companies</b>	27	35,427,577	4.02
<b>Others</b>	204	50,913,090	5.78
<b>Totals</b>	<b>23,630</b>	<b>880,916,309</b>	<b>100.00</b>

Share holders holding 5% or more	Shares Held	Percentage
THE PRESIDENT ISLAMIC REPUBLIC OF PAKISTAN	468,468,218	53.18
SSGC EMPLOYEES EMPOWERMENT TRUST	63,882,029	7.25
		-



[illegible]





COVID ریلیف فنڈ میں خاطر خواہ حصہ ڈالا بلکہ ساتھ ہی سندھ اور بلوچستان کے اپنے فریجنز صوبوں میں اُن گیارہ اسپتالوں اور ہیلتھ کیئر اداروں کو بھی مالی معاونت فراہم کی، جو شدید غربت کا شکار پسماندہ طبقات سے تعلق رکھنے والے مریضوں کو COVID ٹیسٹنگ اور آکسیجنیشن کی مفت سہولیات فراہم کر رہے تھے۔ سخت لاک ڈاؤن کے دوران، ایس ایس جی سی نے اندرون سندھ میں پسماندہ طبقات میں راشن پیک تقسیم کرنے کے لیے مقامی این جی او کی معاونت کی نیز کراچی اور کوسٹ میں موجود پریس کلبوں کے ذریعے اپنے فریجنز علاقوں میں میڈیا سے تعلق رکھنے والے بے روزگار افراد کو راشن پیک فراہم کر کے ان کی بھی معاونت کی۔

کمپنی نے اپنے اس متحرک سماجی بہبود کے پروگرام کے تحت، اپنے فریجنز علاقوں میں پھیلے ہوئے 11 ہیلتھ کیئر اداروں کو اس وباء سے مقابلہ کرنے کے لیے مطلوبہ آئیٹمز اور آرٹیکلز جیسے CPAP مشین، ملٹی پیرامیٹر مانیٹر، پریکٹیکل گیسز برائے ہیلتھ کیئر پروفیشنل، ٹیسٹ کٹس، فیس ماسک، فیس شیلڈز، سرجیکل گائونز، دستانے، ٹوپیاں، سینینائزرز اور دیگر متعلقہ آرٹیکلز کی فراہمی کے ذریعے مدد کی۔

اس کے علاوہ کمپنی نے COVID-19 کے دوران آنے والے متعدد اخراجات کو پورا کرنے کے لیے بھی ان اداروں کی مالی معاونت کی۔ اس وباء کے دوران جن ہیلتھ کیئر اداروں کی معاونت کی گئی ان میں کراچی کا فیلڈ آکسیجنیشن سینٹر، وی ایٹس ہاسپتال، ڈاکٹر رحیم فو، سول اسپتال، جناح پوسٹ گریجویٹ میڈیکل سینٹر، سندھ انسٹی ٹیوٹ آف یورولوجی اینڈ ٹرانسپلانٹیشن، ڈاؤ یونیورسٹی آف ہیلتھ سائنسز، گمٹ انسٹی ٹیوٹ آف میڈیکل سائنسز، گمٹ، شہید محترمہ بینظیر بھٹو میڈیکل یونیورسٹی، لاڑکانہ، ہینپلز یونیورسٹی آف میڈیکل اینڈ ہیلتھ سائنسز برائے خواتین، نواب شاہ اور کوسٹ بولان میڈیکل کمپلیکس اسپتال اور سندھ یمن پروڈیکشن اسپتال شامل ہیں۔



## سماجی ذمہ داریاں (کارپوریٹ سوشل ریسپانسیبیلٹی)

سوئی سدرن، ایک ذمہ دار ادارہ ہونے کی حیثیت سے پورے سندھ اور بلوچستان کے فرنیچر علاقوں میں اپنے کسٹمرز کو گیس کی بلا تعطل فراہمی کے علاوہ، باقاعدہ بنیاد پر سماجی بہبود کے امور انجام دیتا ہے، جس کے حوالے سے کمپنی نے پسماندہ طبقات تک پہنچنے اور انہیں سہولیات بہم فراہم کرنے کا عزم کیا ہوا ہے۔ گزرتے سالوں کے ساتھ کمپنی نے اپنے فرنیچر علاقوں کے صوبوں میں تعلیم، حفظانِ صحت، ماحولیات اور کمیونٹی ڈیولپمنٹ کے شعبہ جات کے حوالے سے پراجیکٹس میں سرمایہ کاری کی ہے۔

زیر بحث مدت کے دوران کمپنی نے اپنے سماجی بہبود کے پروگرام کے تحت کئے جانے والے اقدامات کا سلسلہ برقرار رکھا اور یونیورسٹی کی سطح پر میرٹ اور ضرورت کے لحاظ سے طلباء کو اسکالرشپس فراہم کیں نیز اس کے ساتھ سالانہ تعلیمی اخراجات کی ادائیگی کے ذریعے پسماندہ اسکولوں میں تعلیم حاصل کرنے والے طلباء بشمول خصوصی بچوں، مکمل معاونت فراہم کی۔ خصوصی تعلیم دینے والے ایک اسکول کے معذور طلباء کے لیے کمپیوٹر لیب کے قائم کرنے کے ساتھ اسکول کے طلباء کو دو کیشنل تربیت بھی فراہم کی۔

اندرون سندھ میں چند اہم اشیاء سامان کی فراہمی کے ساتھ ساتھ ایک پرائمری اسکول کو چلانے کے سالانہ اخراجات میں بھی معاونت کی۔ ایس ایس جی سی نے متعلقہ اشیاء کی فراہمی اور ٹیچر ٹریننگ پروگرام میں معاونت کے ذریعے گورنمنٹ ویمن کالج ویمن کے آڈیٹوریم میں سامان کی فراہمی کے لیے بھی مالی معاونت کی۔ ادارے نے دو اسپیشل ایجوکیشن اسکولز کے ٹیلنٹ سے بھرپور طلباء کو اپنی صلاحیتوں کے اظہار کا موقع فراہم کیا اور انہوں نے کراچی میں منعقد ہونے والے ایک بڑے ادبی میلے میں اپنی شاندار پینٹنگز اور ہاتھ سے تیار کئے ہوئے مٹی کے برتن نمائش میں رکھے۔

ادارے کی جانب سے تھیلیسیمیا میں مبتلا بچوں کے سالانہ علاج کے اخراجات میں مالی معاونت کی فراہمی کے ساتھ ساتھ بلا معاوضہ خدمت کرنے والے اسپتالوں کے لیے ہیلتھ کیئر کے آرٹیکلز کی فراہمی کا بھی انتظام کیا گیا۔ ایس ایس جی سی نے اپنے ماضی کی روایات کو برقرار رکھتے ہوئے شدید اور پیچیدہ بیماریوں میں مبتلا بچوں کی آخری خواہشات کی تکمیل میں بھی معاونت کی۔

زیر بحث مدت کے دوران، پوری دنیا کے لوگ خطرناک وباء COVID-19 سے نبرد آزما ہوئے، جس نے انسانی جانوں سے کھیلا۔ صورتحال کی سنگینی کے پیش نظر، ایس ایس جی سی اس موقع پر ایک مرتبہ پھر سے سرگرم عمل ہوا اور ادارے نے نہ صرف وزیراعظم



اس کے ساتھ ساتھ، تمام اعلیٰ اور اہم کاروباری عہدوں کے کام کی صراحت کا جائزہ لیا گیا اور مستقبل کی کاروباری ضرورت کو مد نظر رکھتے ہوئے SSGC بورڈ نے اس کی منظوری دی۔ اس کا بنیادی مقصد کمپنی کے اندر یا باہر سے کام کی صراحت میں معیار پر پیشہ ورانہ انداز میں پورا اترتے ہوئے سب سے زیادہ موزوں، اہل اور قابل افراد کا انتخاب کرنا ہے۔

کمپنی نے غیر ہنرمند یونینائزڈ عملے کو کمپنی کو درکار مہارتوں جیسے ویلڈنگ، پائپ فٹنگ، آلات سازی، میکینکس وغیرہ پر تربیت فراہم کرنے کے لیے ایک وسیع پروگرام بھی شروع کیا۔ ہنر کی فراہمی کے حوالے سے تربیت کی تکمیل پر، ان افراد میں کام بالخصوص UFG سے متعلقہ سرگرمیوں/امور میں اعلیٰ معیار کی کارکردگی کو یقینی بنانے کے لیے انہیں معروف اور اچھی ساکھ کے حامل انسٹی ٹیوٹ سے سند حاصل کرنے کے لیے بھیجا گیا۔ COVID وباء کی وجہ سے تقریباً دیرھ سال کی مدت تک متعدد لاک ڈاؤنز اور "ورک فرام ہوم" کے باوجود، کمپنی نے UFG سے آگاہی پر متعدد نشستوں کا انعقاد کیا اور اس نے تربیت کے حوالے سے اپنے 88% اہداف حاصل کئے۔

زیر بحث مدت کے دوران، ایچ آر ڈپارٹمنٹ نے بزنس میجرز کو مکمل معاونت فراہم کی اور انہیں UFG جیسے خطرناک رقم کو کم کرنے کے لیے سہولت فراہم کی نیز ان افراد کے لیے لائف انشورنس کی رقم پر نظر ثانی کی جو گیس کی چوری کے حوالے سے چھاپوں کی کارروائی کرتے ہوئے اور اپنی فرائض کی ادائیگی میں اپنی زندگیوں کو خطرے میں ڈال رہے ہیں۔ انہیں ہنرمندی پر مبنی تربیت فراہم کی گئی ہے اور داخلی منتقلی/بھرتی کے ذریعے مطلوبہ وسائل فراہم کئے گئے ہیں۔

آنے والے سالوں میں، ہیومن ریسورسز نے بورڈ آف ڈائریکٹرز کی منظوری حاصل کرنے کے بعد افرادی قوت کے جائزہ کی مشق اور سفارشات کے حوالے سے متنوع حکمت عملی کے ذریعے ایس ایس جی سی کی تبدیلی کے انتظام اور ٹرانسفارمیشن کو بتدریج رائج کر رہے ہیں۔

## انسانی وسائل (ہیومن ریسورس)

سال 2019-20 میں کمپنی نے اپنی بنیادی توجہ مستقبل کی کاروباری ضروریات کو پورا کرنے والے ایک مؤثر تنظیمی ڈھانچہ متعارف کروا کر، انسانی وسائل (ہیومن ریسورس) اور کمپنی میں ٹھوس اصطلاحات لانے اور اسی کے مطابق جانشینی (سکسیشن) کی منصوبہ سازی کے ذریعے یا مارکیٹ کے تجربہ کار پیشہ ور افراد کو اپنے ساتھ شامل کر کے کاروبار میں آنے والے خلاء کو پُر کرنے پر مرکوز رکھی۔ انسانی وسائل کی تربیت اور ان کی ترقی و ترویج پر خصوصی توجہ دی گئی۔ کمپنیوں کی جانب سے کئے جانے والے اقدامات کی تکمیل کے لیے معروف ایچ آر کنسلٹنٹ کو اپنے ساتھ شامل کر کے افرادی قوت کے جائزے کے عمل کا آغاز کیا گیا۔ ان تمام کوششوں کا مقصد کمپنی کی مجموعی کارکردگی کو بہتر بناتے ہوئے کمپنی کے استحکام کو یقینی بنانا تھا۔

ایس ایس جی سی بورڈ کی جانب سے انسانی وسائل (ہیومن ریسورس) میں اصلاحات لانے کے ایجنڈے کے تحت، کمپنی نے بڑے پیمانے پر افرادی قوت کا جائزہ لینے کے عمل کی انجام دہی کے لیے ایچ آر کنسلٹنٹ کو اپنے ساتھ منسلک کیا۔ تاہم متعدد بار COVID لاک ڈاؤن اور کام کرنے والے مختصر افراد کے باعث اس کی رفتار قدرے سست رہی۔ اب یہ لاک ڈاؤن میں آرام کرنے بعد بھرپور انداز میں کام کر رہا ہے۔ کنسلٹنٹ کو کمپنی کے ورک لوڈ کا جائزہ لینے، اسٹیمبلشمنٹ پوزیشنز کا تخمینہ لگانے، بیرونی طور پر افرادی قوت کی ضرورت، بیرونی افرادی قوت کی کارکردگی کا جائزہ، فضولیات کی نشاندہی، اوور لپنگ، اضافی رکم عملہ اور ایگزیکٹو کیڈر کے کام کا تخمینہ لگانے کا کام بھی سونپا گیا ہے۔

انتظامیہ نے افرادی قوت کی درستی کے حوالے سے ایک جامع حکمت عملی بھی وضع کی ہے، جو افرادی قوت کی تشخیص، کاروبار کے اہم عہدوں پر تقرری، جہاں داخلی سطح پر وسائل دستیاب نہ ہوں، صلاحیت میں اضافے، ان ہاؤس ریسورس کی تربیت اور ترقی کے لیے اقدامات اور عملی امور میں جانشینی (سکسیشن) کی منصوبہ سازی، کام کو یکجا کرنا اور ترقی دینے کے عمل کا جائزہ بھی لیتی ہے۔

بورڈ نے عملی امور میں کارکردگی کو بہتر بنانے کے لیے ادارے کی تنظیم نو کی منظوری دی اور موجودہ اور آنے والے چیلنجز کے حل کو اجاگر کیا۔ تنظیم نو کے جزو کے طور پر، مربوط اور مماثلت کی حامل حکمت عملی بنانے کے لیے قائم کیا گیا تھا تاکہ کاروباری امور میں کمپنی کے استحکام کو یقینی بنایا جاسکے۔



کلینک کراچی، بلوچ میڈیکل اسٹور شہدادکوٹ، بابو میڈیکل اسٹور جیکب آباد، سنجے میڈیکل اسٹور۔ رتو ڈیرہ اور حسینی اسٹور ٹھٹھہ شامل ہیں۔

### COVID-19 وباء کے دوران

- دیگر تمام سرگرمیوں کے علاوہ، سب سے زیادہ قابل ستائش بات یہ ہے کہ COVID-19 وباء کے پھیلاؤ کی وجہ سے لاک ڈاؤن کے مسائل سے بھرپور حالات کے دوران ڈاکٹرز، پیرامیڈیکل اور میڈیکل سروسز ڈپارٹمنٹ کی پوری ٹیم نے کراچی اور ملک کے بالائی علاقوں میں بلا تعطل خدمات انجام دیں۔

- COVID-19 کے حوالے سے مریضوں کے سوالات کا جواب دینے کے لیے کراچی اور بالائی ملک کے لیے علیحدہ علیحدہ ہیلپ لائن نمبرز متعارف کرائے گئے۔ اعلیٰ انتظامیہ کو باخبر رکھنے کے لیے COVID-19 سے متاثرہ مریضوں کے جامع کوائف بھی باقاعدگی سے جمع کئے گئے۔ وباء کے لحاظ سے ہیلتھ ایڈوائزریز جاری کی گئیں اور سیکورٹی کے افراد نیز مشکوک کیسز کو تنہا رکھنے کے لیے SoPs تیار کئے گئے۔ کراچی ٹریمنل کی سہولت پر ایک 30 بستروں پر مشتمل آئیسولیشن سینٹر قائم کیا گیا اور مخصوص SoP کے کامیاب اطلاق کے ذریعے، KT کے رہائشی علاقوں اور دفاتر میں اس وباء کے پھیلاؤ پر مؤثر طریقے سے قابو پایا گیا۔

- باہمی روابط اور تعاون نیز نگرانی کے نتیجے میں میڈیکل سینٹر حیدرآباد کی تعمیر مکمل ہوئی اور لاک ڈاؤن کے دوران مارچ 2020 میں سینٹر کو ایک کرایہ کے بنگلے سے ریجنل آفس حیدرآباد میں نئی تعمیر کردہ عمارت میں منتقل کر دیا گیا۔ 31 مارچ، 2020 سے ایس ایس جی سے کے مریضوں کو اس نئے میڈیکل سینٹر میں جدید اور فن مہارت سے آراستہ سہولیات بہم فراہم کی جارہی ہیں۔

## طبی خدمات (میڈیکل سروسز)

- ایس ایس جی سی میڈیکل سروسز ڈپارٹمنٹ اپنے ملازمین کو ایک انتہائی جامع ہیلتھ کورج فراہم کرتا ہے۔ مالی سال 2019-20 میں بیماری کی ابتدائی مرحلے میں بروقت تشخیص پر توجہ مرکوز رکھی گئی اور ضرورت کے مطابق متعدد اصلاحات کی گئیں۔
- لاک ڈاؤن سے قبل کراچی اور بالائی ملک کے تمام میڈیکل سینٹرز میں صحت اور ایس ایم ایز سے متعلق آگاہی کے پروگرامز منعقد کئے گئے، جس میں ایس ایس جی سے مریضوں کو درپیش صحت کے دیرینہ مسائل پر توجہ مرکوز رکھی گئی۔ ہیڈ آفس کے میڈیکل سینٹر میں افضل میموریل تھیلیپیما فاؤنڈیشن کے اشتراک سے خون کا عطیہ دینے کی مہم کا بھی انعقاد کیا گیا، جس میں خون کے نمونوں کی جانچ کے بعد ایگزیکٹو اور ملازمین نے بھرپور انداز میں شرکت کی۔
- ایس ایس جی سی کی موجودہ میڈیکل پالیسی میں ترمیم کرنے اور ایک بیج مارک طے کرنے کے لیے، جی ایم (میڈیکل سروسز) نے چیف منیجر اپ کنٹری انچارج کے ساتھ پی پی ایل اور او جی ڈی سی ایل کی میڈیکل پالیسی پر نظر ثانی کے لیے لاہور اور اسلام آباد کا دورہ کیا۔ میڈیل ٹیم نے اپنی میڈیکل پالیسی پر نظر ثانی کے لیے کراچی میں واقع پی ایس او ہاؤس کا بھی دورہ کیا۔
- کمپنی کے ڈائریکٹر نے طبی شعبہ کے حوالے سے تازہ ترین معلومات اور ڈیولپمنٹس سے متعلق آگاہی کے لیے متعدد سیمینارز اور ورکشاپس میں شرکت کی۔
- پی اینڈ ڈی ڈپارٹمنٹ کے مطالبے پر ہیڈ کوارٹر شکارپور میں غیر ملکی انجینئرز کی ٹیم کو طبی معاونت فراہم کرنے کے لیے ایک ڈاکٹر بمع پیرامیڈیکل اسٹاف اور طبی آلات سے ایس ایس جی سائٹ پر فراہم کی گئی تھی۔

## ہیلتھ کیئر میٹ ورک میں توسیع

- طبی نظام میں بہتری لانے کے لیے نئے پینل متعارف کرائے گئے جن میں جناح سندھ میڈیکل یونیورسٹی لیبارٹری اور بلڈ بینک کراچی، ڈاکٹر ندیم زہرہ (اسکن اسپیشلسٹ) کراچی، بے ویو ہسپتال، کراچی، لائف کیئر کنسلٹنٹ کلینک، کراچی، رائل ڈینٹل اسپیشلسٹ اسلام آباد، ندیم میڈیکل اسٹور۔ دادو، ڈاکٹر بھاگ چند (چائلڈ اسپیشلسٹ) حیدر آباد، زینب میڈیکل اسٹور۔ ٹھٹھہ، لیزر سائٹ ایڈوانسڈ آئی کلینک حیدر آباد، اے ون میڈیکل اسٹور میہڑ، ڈاکٹر ایم حنیف میمن (ریٹینر ڈاکٹر ٹھٹھہ)، شاہ ڈینٹل



- اوگرا کی جانب سے مذکورہ بالا کے حوالے سے ایک عوامی سماعت مورخہ 20 نومبر، 2019 کو کراچی میں منعقد ہوئی۔ بعد ازاں 11 دسمبر، 2019 کو مجاز حکام نے ایس ایس جی سی کے 62.52 روپے فی MMBTU کے دعویٰ کے برخلاف 21.54 روپے فی MMBTU کے شارٹ فال کا تعین کیا۔

### ہمائے سال 2020-21

- دوران سال کہنی نے 31 جنوری 2020 کو مالی سال 2020-21 کی تخمینی آمدن کے تقاضوں کے حوالے سے اپنی درخواست جمع کرائی، جس میں ایس ایس جی سی نے 138.43 روپے فی MMBTU کے اضافے کی درخواست کی۔ بعد ازاں ایس ایس جی سی نے اپنے مراسلہ مورخہ 12 مئی، 2020 کے ذریعے 85.35 روپے فی MMBTU کے ریوائنڈ شارٹ فال پر جی ایک ترمیم شدہ درخواست جمع کرائی۔

- اوگرا کی جانب سے مذکورہ بالا کے حوالے سے ایک عوامی سماعت 25 جون، 2020 کو منعقد ہوئی۔ بعد ازاں 14 جولائی، 2020 کو مجاز حکام نے ایس ایس جی سی کی جانب سے دعویٰ شدہ 85.35 روپے فی MMBTU کے برخلاف 18.30 روپے فی MMBTU کے اضافے کا تعین کیا۔



- مجاز حکام نے مذکورہ بالا کے حوالے سے ایک درچوکل سماعت کا انعقاد کیا، جو 23 نومبر 2020 کو منعقد ہوئی اور بعد ازاں 26 جنوری، 2021 کو منعقد کی گئی جس میں ایس ایس جی کی جانب سے دعویٰ شدہ 21.51 روپے فی MMBTU کے برخلاف 13.97 روپے فی MMBTU کے شارٹ فال کا تعین کیا گیا۔

### برائے سال 2019-20

- کمپنی نے مالی سال 2019-20 کی تخمینی آمدن کی ضرورت کے حوالے سے اپنی درخواست 30 نومبر 2018 کو جمع کرائی، جس میں ایس ایس جی سی نے 106.54 روپے فی MMBTU کے اضافے کی درخواست کی۔ مذکورہ بالا کے حوالے سے عوامی سماعت 08 اپریل 2019 اور 10 اپریل 2019 کو بالترتیب کراچی اور کوئٹہ میں منعقد کی گئی۔ بعد ازاں 17 مئی 2019 کو مجاز حکام نے ایس ایس جی سی کی طرف سے دعویٰ شدہ 106.54 روپے فی MMBTU کے برخلاف 89.92 روپے فی MMBTU کے شارٹ فال کا تعین کیا۔

- کمپنی نے 15 جون 2019 کو نظر ثانی کی کے لیے ایک تحریک جمع کرائی، جس میں ایس ایس جی سی نے 36.07 روپے فی MMBTU کے اضافے کی درخواست کی۔

- اوگرا کی جانب سے مذکورہ بالا کے حوالے سے 22 اگست 2019 کو اسلام آباد میں ایک عوامی سماعت کا انعقاد کیا گیا۔ بعد ازاں 03 اکتوبر 2019 کو مجاز حکام نے تخمینی آمدن کے تقاضے کی نظر ثانی کی تحریک کے خلاف اپنا تعین جاری کیا، جس میں اتھارٹی نے صفحہ نمبر 21، شق نمبر 6.32 میں بتایا کہ، "مذکورہ بالا کے پیش نظر، مجاز حکام کی جانب سے مذکورہ سال کے حوالے سے تخمینی آمدن کے تعین کے خلاف نظر ثانی کی تحریک کو بذریعہ ہڈا نمٹا دیا گیا ہے۔ تاہم مالیاتی اثرات کے تصفیہ (ایڈجسٹمنٹ) کے لیے، جیسا کہ پچھلے پیرا گراف میں طے کیا ہے، FRR کے وقت مذکورہ سال کے حوالے سے اصل اخراجات رکھپلا نیزیشن کی بنیاد پر اجازت دے دی جائے گی۔

- زیر بحث سال کے دوران، کمپنی نے مورعہ 16 اکتوبر، 2019 کو اوگرا کے پاس مالی سال 2019-20 کے حوالے سے تخمینی آمدن کے تقاضوں کے تعین کے خلاف اپنی نظر ثانی کی درخواست جمع کرائی، جس میں ایس ایس جی سی نے 62.52 روپے فی MMBTU اضافے کی درخواست کی۔ درخواست میں گیس کی قیمت میں تبدیلی اور امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی کے باعث نظر ثانی کی گئی۔



انوار منگل منچنٹ سسٹم کے کامیاب اطلاق پر 16 واں NFEH ایوارڈ سے نوازا گیا ہے۔ کمپنی کو پاکستان میں ماحولیات، صحت اور تحفظ کی سرگرمیوں میں اس کی جانب سے کی جانے والے نمایاں کوششوں کی وجہ سے تیسری مرتبہ 5 ویں پرفیشنل نیٹ ورک ایوارڈ 2019 سے بھی نوازا گیا۔ ادارے میں ماحولیاتی اور پیشہ ورانہ صحت کے بہترین انتظام و انصرام اور کامیاب اطلاق کی وجہ سے سوئی سدرن کو صحت اور سیفٹی رسک اسسمنٹ اینڈ کنٹرول کے زمرے میں کامیابی سے ہمکنار قرار دیا گیا ہے۔

## ریگولیشن اور ٹیرف

- ایس ایس جی سی نے ٹرانسمیشن، ڈسٹری بیوشن اور قدرتی گیس کی فروخت کے امور کی باضابطہ انجام دہی کے اقرار نامہ کے حوالے سے آئل اینڈ گیس ریگولیٹری اتھارٹی (اگر) کی مخصوص کارکردگی اور سروس کے معیارات اور لائسنس کی شرائط کی کامیابی کے ساتھ تعمیل کی۔ ایس ایس جی سی کے لائسنس کی شرط نمبر 28 کے مطابق، ہر 10 سال بعد کمپنی کا ٹیکنیکل آڈٹ کرانا ضروری ہے۔ میسرز پیور وور ریش کا دوسرے ٹیکنیکل آڈٹ کے لیے ٹیکنیکل آڈیٹر کے طور پر تقرر کیا گیا تھا، یہ آڈٹ مکمل ہو چکا ہے اور اس کی آڈٹ رپورٹ اگر کے پاس 15 جولائی، 2019 کو جمع کرا دی گئی تھی۔

## ہمائے مالی سال 2018-19

- کمپنی نے اپنی ترمیم شدہ درخواست 30 جنوری، 2020 کو جمع کرائی، جس میں ایس ایس جی سی نے 111.84 روپے فی MMBTU کے بڑھانے کی درخواست کی۔
- اگر کی جانب سے 29 جنوری، 2020 کو اسلام آباد میں ایک عوامی سماعت کا انعقاد کیا گیا۔ اسی سلسلے میں بعد ازاں مجاز حکام نے ایس ایس جی سی کی جانب سے دعویٰ شدہ 111.84 روپے فی MMBTU کے حوالے سے 87.21 فی MMBTU کے شارٹ فال کا تعین کیا۔
- دوران سال کمپنی نے 22 مئی 2020 کو اگر کے سامنے مالی سال 2017-18 کے حوالے سے حتمی آمدن کے تقاضوں کے تعین کے خلاف نظر ثانی کی درخواست کے لیے اپنی تحریک جمع کرائی۔

HSEQA ڈپارٹمنٹ نے HSEQA پاسپورٹ کا تصور بھی اجاگر کیا ہے۔ HSEQA پاسپورٹ کا مقصد، ایس ایس جی سی میں کام کرنے والے تمام افسران اور ملازمین کے لیے ممکنہ خطرات کو آسانی سے شناخت کرنے اور اسے درست کرنے کے عمل کو یقینی بنانا ہے۔ 1500 سے زائد ملازمین کو اس کی تربیت دی گئی ہے اور انہیں HSEQA پاسپورٹ جاری کیا گیا ہے۔

HSEQA ڈپارٹمنٹ نے عملے اور ملازمین میں آگاہی پیدا کرنے اور نیرمس سرگرمیوں کے بارے میں مطلع کرنے میں معاونت کے لیے باضابطہ تربیت کے ذریعے Near-Miss متعارف کرایا۔

UFG کے خطرات سے نبرد آزما ہونے اور ان کے تدارک کے لیے HSE&QA انجینئرز اکثر اوقات اہم تنصیبات جیسے ٹاؤن بارڈر اسٹیشنز، پریشر کم کرنے والے اسٹیشنز، سی پی اسٹیشنز اور دیواروں پر لگے ہوئے صنعتی و تجارتی میٹرز کی جانچ کے لیے ان کا وزٹ کرتے ہیں تاکہ UFG سے متعلقہ کمزور پوائنٹس کی نشاندہی کی جاسکے۔ مزید برآں سروس سے متعلق پارٹس (سروس والو، سروس ٹی، ریگولیٹر، Swivel اور نٹ اسبلی، میٹر لاک کاک وغیرہ) کی تکنیکی صراحت پر نظر ثانی کی گئی اور اسے اپ ڈیٹ کیا جا چکا ہے۔ چونکہ ڈیوپلمنٹ اور انسپیکشن شاپ پر پرزہ جات کے معائنہ کا عمل نمونے پر مبنی ہے، لہذا ناقص مواد کے تدارک کے لیے وینڈرز کی پری کوالیفیکیشن مکمل کر لی گئی ہے، جس سے پائپ اور اس کی فٹنگز کے حوالے سے طے شدہ معیار کے مسائل میں کافی حد تک کمی واقع ہوگی۔

HSEQA اعلیٰ معیار سے متعلق سرگرمیوں کو برقرار رکھنے کی ہر ممکن کوشش کرتا ہے۔ اسی وجہ سے ایک جدید ترین کوالٹی ایشرورس لیب قائم کرنے کا منصوبہ بنایا گیا ہے۔ جس کے لیے ڈی آئی شاپ کو ڈوپ یا رڈ میں منتقل کر دیا جائے گا، جانچ کے پرانے اوزار اور آلات کو جدید آلات سے تبدیل کیا جائے گا نیز ریگولیٹرز کے لیے خود کار ٹیسٹ بیج اور کنویئر بیلٹ نصب کئے جائیں گے۔ اس کے علاوہ ہیڈ آفس اور کراچی ٹریمنٹل کے الیکٹریکل سیفٹی آڈٹ کا انعقاد کیا گیا۔ علاوہ ازیں، اوگرا لائسنس کی شرط 28.1 کی تعمیل میں ٹیکنیکل آڈٹ کا عمل انجام دیا گیا۔

ایس ایس جی سی نے سال 2019 میں پیشہ ورانہ تحفظ اور صحت کے حوالے سے بہترین امور کی انجام دہی پر 15 EFP ایسپلائرز فیڈریشن آف پاکستان کا بیسٹ پریکٹس ایوارڈ حاصل کیا۔ ایس ایس جی سی کو بہترین ماحولیاتی تحفظ کے امور کو اپنانے اور



ہے جو عملی اعتبار سے ڈائریکٹرز کی آڈٹ کمیٹی کو رپورٹ کرتا ہے اور انتظامی اعتبار سے مینجنگ ڈائریکٹر کو رپورٹ کرتا ہے۔ IA امور سرگرمی کے اختیار، ذمہ داری اور رپورٹنگ ریلیشن شپ کو آڈٹ کمیٹی کی جانب سے منظور شدہ آڈٹ چارٹر میں وضاحت سے بیان کیا گیا ہے۔ IA کے ضابطہ اخلاق و ضابطہ کار کو داخلی آڈیٹنگ ٹیم کے اندر اپنے فرائض کی موثر انداز میں ادائیگی کے حوالے سے اخلاقی ثقافت کو فروغ دینے کے حوالے سے وضع کیا گیا ہے۔ IA مسلسل کمپنی کے متعدد امور اور طریقہ کار میں رسک مینجمنٹ کی نوعیت کے تجزیہ اور اسے بہتر بنا کر، اس پر کنٹرول اور نگرانی کے عمل کو برقرار رکھ کر اس کی اقدار میں اضافہ کرتا ہے۔

تمام ٹرانزیکٹل آڈٹ ایسورنس سروسز، آڈٹ کمیٹی کی جانب سے منظور شدہ سالانہ آڈٹ پلان کے مطابق انجام دی جاتی ہیں اور مشاورتی خدمات مختلف انتظامی سطحوں کی جانب سے درخواست کردہ عرضی کے مطابق طے کی جاتی ہیں۔ مالی سال 2019-20 کے آڈٹ پلان پر موثر انداز میں عمل کیا گیا تھا۔ ڈائریکٹرز کی آڈٹ کمیٹی کو آڈٹ کے حوالے سے اہم معلومات سے متعلق مطلع کیا گیا تھا۔ اصلاحی اقدامات کے نتیجے میں کنٹرول میں بہتری، ادارے کی اقدار میں اضافہ اور عملی امور کی موثر کارکردگی اور وسائل کے بھرپور استعمال کے ذریعے بچت ہوئی۔

## ایچ ایس ای اینڈ کیو اے

صحت، تحفظ، ماحول اور کوالٹی ایسورنس (HSE&QA) پورے ایس ایس جی سی میں ایک غیر مشروط اور مخلص رواج کو فروغ دینے میں مسلسل اپنا کردار ادا کر رہا ہے۔ اس حوالے سے کوالٹی مینجمنٹ سسٹم، انوائرمینٹل مینجمنٹ سسٹم اور پیشہ ورانہ ہیلتھ اینڈ سیفٹی مینجمنٹ سسٹم پر مشتمل ایک جامع اور مربوط HSE&QA مینجمنٹ سسٹم، تمام فرنیچر نچاز ایریا میں لاگو کر دیا گیا ہے۔

کمپنی کی IMS سرٹیفیکیشن برائے QMS:2015، EMS:2015 اور OHSAS 45001:2018 کو سندھ اور بلوچستان کے صوبوں میں تیسرے فریق میسرز بیور ویرٹس سرٹیفیکیشن کے ذریعے قدرتی گیس کی فروخت کے لیے ٹرانسمیشن اور ڈسٹری بیوٹن سسٹم کے حوالے سے حاصل کیا گیا تھا۔

دیگر اہم اور ناقابل یقین امور کی انجام دہی کے علاوہ، HSE&QA باہمی بیداری و شعور اور تربیت کے ذریعے ملازمین کی اہلیت کو بڑھانے میں بھی اہم کردار ادا کرتا ہے۔

موجودہ ٹیکنالوجی کے رجحانات میں منفرد رہنے کے لیے ادائیگیوں اور ورک فلو کے اطلاق کے حوالے سے آن لائن سسٹمز کے موثر اور آسان استعمال کی پیشکش کے ذریعے آئندہ سال کے لیے جدید ٹیکنالوجی پر مبنی اقدامات کی منصوبہ بندی کی ہے۔ آنے والے سالوں میں پیپر لیس انوائسمنٹ کو ترجیحی بنیاد پر رائج کرنے پر بھی غور کیا جا رہا ہے، جس سے لاگت اور وقت میں کمی واقع ہوگی۔

### پروکیورمنٹ

پروکیورمنٹ ڈویژن ہمیشہ PPRA کے دائرہ کار میں رہ کر سالمیت، انصاف اور شفافیت کو یقینی بناتے ہوئے سامان، خدمات اور عملی امور کی بروقت انجام دہی کے لیے کوشاں رہتا ہے۔ اس محکمہ کا بنیادی مقصد PPRA قوانین کو اس کی اصل روح کے ساتھ لاگو کر کے بہترین مالیت حاصل کرنے پر اپنی توجہ مرکوز رکھنا اور تقسیم اور ترسیل کے مقاصد کی تکمیل کے حوالے سے کسی بھی قسم کے درپیش مسائل سے نبرد آزما ہونے کے لیے خود کو ہم قدم رکھنا ہے۔

کمپنی کے پروکیورمنٹ ڈپارٹمنٹ نے بحالی کے امور اور زیر تکمیل نئی اسکیمز کے لیے مطلوب ڈسٹری بیوٹن پراجیکٹس کے لیے مالی سال 2019-20 کے دوران عمومی پروکیورمنٹ کے علاوہ، غیر ملفوف، پی ای ای لائن پائپ اور منسلک میٹریلز کی بروقت فراہمی میں کلیدی کردار ادا کیا۔ COVID-19 وباء کے باوجود UFG سے متعلقہ امور کے لیے ممکنہ طور پر کم ترین وقت میں میٹریل پہلے سے دستیاب تھا اور تمام مطلوبہ قانونی تقاضے پورے کر لیے گئے تھے۔

### انٹرنل آڈٹ

ایس ایس جی سی کا ایک انٹرنل آڈٹ (آئی اے) فنکشن ہے جو کارپوریٹ ضابطہ کار، انٹرنل آڈیٹنگ کی پیشہ ورانہ مشق کے حوالے سے بین الاقوامی معیارات اور انفارمیشن سسٹمز آڈٹ اینڈ کنٹرول ایسوسی ایشن، ISACA کی جانب سے جاری کردہ انفارمیشن سسٹمز آڈیٹنگ کے معیارات کے مطابق یقین دہانی اور مشاورتی تفویض انجام دینے کا ذمہ دار ہے۔ محکمہ کی سربراہی چیف انٹرنل آڈیٹر کرتا



## انفارمیشن ٹیکنالوجی

ایس ایس جی سی مسلسل اپنے آن لائن سسٹم کو بہتر بنا رہی ہے اور UFG کو کم کرنے نیز صارفین کو بہتر سہولیات کی فراہمی کے بنیادی مقصد کے تحت آڈیٹیشن اور ڈیجیٹائزیشن کے عمل کے ساتھ جدید ٹیکنالوجی کو استعمال کر رہی ہے۔ یہ اقدامات کاروباری امور کو کم لاگت اور وقت کی بچت کے ساتھ آسان اور سہل بنانے کے لیے کئے گئے ہیں اور ان سے ہمارا بنیادی مقصد صارفین کا اطمینان ہے۔

زیر بحث سال کے دوران، ٹیکنالوجی کے لحاظ سے کمپنی کے آئی ٹی ڈپارٹمنٹ کی ایک اہم اور بڑی کامیابی، اسمارٹ راؤٹنگ، ریکارڈنگ، پلے بیک اور بکنگ کی معلومات دینے کے خود کار نظام کے ساتھ ایک مربوط رابطہ سینٹر کا آغاز تھا۔ صارفین کو سہولیات بہم فراہم کرنے کے لیے آن لائن ادائیگی کے مربوط نظام اور باہمی گفتگو پر مبنی شکایت کے خود کار اندراج جیسی سہولیات کی منصوبہ بندی کی گئی ہے۔ ادارے نے اس حوالے سے موبائل ایپلیکیشن کی ڈیولپمنٹ کا ایک اور سنگ میل طے کیا، جس میں آن لائن ادائیگی اور موجودہ بل کو ظاہر کرنے اور بکنگ ہسٹری کو ایک ٹچ پر دکھائے جانے کی اضافی خصوصیات شامل کی گئی ہیں۔ موبائل ایپلیکیشن میں UFG سے نبرد آزما ہونے کے لیے "چوری اور لکچ کی اطلاع" جیسی خاصیت کو بھی شامل کیا گیا ہے۔ میٹر ریڈنگ کی تصویر بل پر چھاپی جاتی ہے اور حالیہ بل کی ادائیگی کی ایس ایم ایس کے ذریعے اطلاع کو بھی ان خصوصیات میں شامل کرنے کا عمل شروع کیا گیا ہے۔

COVID وباء کے دوران عملی امور کی انجام دہی کے عمل کو جاری رکھنے کے لیے، گھر سے کام کرنے (ورک فراہم ہوم-WFHL) کو بھی بزنس کی ایپلیکیشن میں لاگو کیا گیا اور اس سہولت کو کاروباری صارفین کی ایک بڑی تعداد تک وسعت دی گئی تھی اور اس حوالے سے آن لائن کانفرنسنگ ٹولز کا بھی بے تحاشہ استعمال کیا گیا۔

## مستقبل کی منصوبہ بندی

موجودہ سال میں آئی ٹی سیکورٹی کو پوری دنیا میں کمپیوٹر ہیکنگ کے ذریعے تاوان کی وصولی کی وجہ سے بڑے مسائل کا سامنا رہا، جس نے آن لائن آپریشنز کو بری طرح متاثر کیا۔

## ایس ایس جی سی۔ ایل پی جی (ایس ایل ایل)

ایس ایس جی سی۔ ایل پی جی (پرائیویٹ) لمیٹڈ یا ایس ایل ایل نے منافع بخش عملی امور کو برقرار رکھا اور 324 ملین روپے (2019:135 ملین روپے) کا تاریخی آپریننگ منافع حاصل کیا۔ یہ کمپنی جو کہ ایس ایس جی سی کا ذیلی ادارہ ہے، نے 124.0 ملین روپے (2019:26 ملین روپے) کا بعد از محصول ٹیکس صافی منافع حاصل کیا۔

ایل پی جی کی فروخت کے کاروبار میں نمایاں طور پر بہتری آئی ہے، جو دہائیوں سے بھی زیادہ بڑھ کر 3,014 ملین روپے (مالی سال 2020:1,326 ملین روپے) ہو گیا۔ ایل پی جی کی فروخت میں اضافے کی بنیادی وجہ فروخت کے حجم میں مالی سال 2020 میں 31,389 میٹرک ٹن کا اضافہ جو کہ مالی سال 2019:12,998 میٹرک ٹن تھا، اور مارکیٹنگ کمینیز کو پیک شدہ اور بلک سیلز میں ہونے والے مارکیٹ شیئر میں اضافے سے منسوب ہے۔

کمپنی نے دوران سال ٹریڈر میں اپنا مارکیٹ شیئر بھی حاصل کیا جو 46% رہا (مالی سال 2019-18: 42%)۔

کمپنی نے دوران سال فروری 2020 میں اپنے ذاتی ایل پی جی کارگزار درآمد کرنا شروع کر دیئے ہیں اور مالی سال 2020-2019 کے اختتام تک 6,400 میٹرک ٹن کے چار ایل پی جی پارسل درآمد کئے گئے تھے۔ ایس ایس ایل کی اپنی درآمدات نہ صرف ایل پی جی کے کاروبار میں اپنے مارکیٹ شیئر میں اضافہ کرے گی بلکہ ایس ایس ایل کی بحری درآمدات سے اپنے حصص کے ساتھ منافع میں بھی اضافہ ہوگا۔ متوقع منافع بخش کارکردگی کے ساتھ، کمپنی مدتی قرضہ جات کوری اسٹرکچر کرنے کی منصوبہ سازی کرتی ہے اور مالی سال 2020-21 کے اختتام تک ایس ایس جی سی ایل کی جانب سے لیے گئے مدتی قرض کی واپس ادائیگی شروع کرے گی۔

کمپنی اپنے منافع بخش آپریشنز کو جاری رکھنے اور ٹریڈر کے کاروبار میں اپنے مارکیٹ شیئر میں اضافے کے لیے پرامید ہے اور یہ کہ اس کے مارکیٹ شیئر میں بہتری کے ساتھ ہی اس کا ایل پی جی مارکیٹنگ بزنس مزید بڑھے گا۔

طویل المدت ایل پی جی مارکیٹ آئندہ 5 سالوں میں جی ڈی پی کی شرح نمو سے زیادہ بڑھنے کی توقع کی جاتی ہے اور مقامی پیداوار میں کوئی بھی کمی درآمدات کے ذریعے پوری کی جاتی رہے گی۔ ایل پی جی سیگمنٹ میں، کمپنی اپنی توجہ کو ان علاقوں میں رسائی کے لیے وسعت دینے پر مرکوز رکھنے کا عمل جاری رکھے گی، جہاں پائپ کے ذریعے گیس کی فراہمی دستیاب نہیں ہے۔ کمپنی بلک ٹریڈنگ کے ذریعے اپنے حجم میں اضافہ کا منصوبہ بنا رہی ہے، جس سے ٹریڈر کے استعمال میں بھی اضافہ ہوگا۔

ہدف / مقصد / حاصل کردہ پیش رفت	پراجیکٹ
<p>مقاصد یا اہداف</p> <p>بلوچستان (آوران، گوادر، نوشکی، سراپ) اور سندھ (کوٹ غلام محمد) میں پانچ (05) عدد ایل پی جی۔ ایئرکس پلانٹس کے محفوظ اور آسان اور کھل آپریشنز۔ 241,560Nm<sup>3</sup> ایس این جی کی پیداوار کے لیے تقریباً 5,870 میٹرک ٹن ایل پی جی استعمال کی گئی تھی، جو 6,958 صارفین کو فراہم کی گئی۔</p> <p>حاصل کردہ پیش رفت:</p> <p>آوران میں اگست 2019 میں ایل پی جی ایئرکس پلانٹ کامیابی کے ساتھ شروع کیا گیا۔ تمام ایل پی جی۔ ایئرکس پلانٹس بروقت مرتبی عمل اور درست انتظام و انصرام کے ذریعے باحفاظت اور آسان طریقے سے چلائے جا رہے ہیں۔</p>	<p>بلوچستان اور سندھ میں پانچ (05) عدد ایل پی جی۔ ایئرکس پلانٹس کے عملی امور (آپریشنز)</p>



ہدف / مقصد حاصل کردہ پیش رفت	پراجیکٹ
<p>ہدف / مقاصد</p> <p>ایس ایس جی سی کے فرمچائز ایریا میں (33) ایل پی جی - ایئرکس پلانٹس لگانے کے لیے ای سی سی کے فیصلے کا اطلاق</p> <p>حاصل کردہ پیش رفت:</p> <p>تینیس (33) ای سی سی - منظور شدہ ایل پی جی ایئرکس پلانٹس کی تنصیب کے لیے زمین کے حصول پر کام جاری تھا اور پمپنگی لاٹ میں شامل دس (10) پلانٹس کے حوالے سے یہ عمل مکمل ہو چکا تھا۔</p> <p>پہلے مرحلے میں EPCC کی بنیاد پر دس (10) عدد ایل پی جی - ایئرکس پلانٹس کی انجام دہی کے لیے دوبارہ ٹینڈر جاری کرنے کا عمل پر بھی کام جاری تھا۔ پمپنگی لاٹ کے سات (07) ایل پی جی ایئرکس پلانٹس کے اوگراکسیژنیشن لائسنسز بھی حاصل کر لیے گئے تھے۔</p> <p>تاہم، ڈپارٹمنٹ، ان پراجیکٹس کی تنصیب کو روکنے کے حوالے سے 26 مارچ 2020 کو کمیٹی کی ای سی سی کے فیصلے کی مطابق اس معاملے پر مزید کارروائی کرنے کے قابل نہیں ہے۔</p>	<p>وزارت توانائی (پٹرولیم ڈویژن) کی ہدایات کے مطابق تینیس (33) ای سی سی - منظور شدہ ایل پی جی ایئرکس پلانٹس</p>





- خراب میٹرز کی نشاندہی کرنے کے لیے ریڈنگ کے دوران فوری سروے متعارف کرائے گئے۔
- میٹر ریڈنگ سسٹم میں درستگی کو برقرار رکھنے کے لیے ہینڈ ہیلڈ ڈیوائس میں فنگر پرنٹ امپریشن لاگو کئے گئے (کراچی ریجن)
- وہائی حالات کے دوران معزز کسٹمرز کو سہولت بہم فراہم کرنے کے لیے بلنگ ڈپارٹمنٹ مکمل طور پر پُر عزم تھا۔ مندرجہ ذیل انتظامات کئے گئے:

- وہائی حالات کے دوران تمام کسٹمرز کو آسان اقساط کی سہولت فراہم کی گئی
  - کسٹمرز کی شکایات کی لائیو سنوائی کے لیے ای کچہری متعارف کرائی گئی
  - پرائم منسٹر ڈیلیوری یونٹ (پی ایم ڈی یو) کی شکایات کا بروقت ازالہ کیا گیا
  - ایک سال تک کوئی کنٹیکشن منقطع نہیں کیا گیا
- مستقبل کے منصوبے

- اندرون سندھ کو SBUس (اسٹریٹجک بزنس یونٹ) کے طور پر بنانے کا منصوبہ بنایا گیا
- گیس کی چوری میں ملوث نان رجسٹرڈ کسٹمرز کا پتہ لگایا گیا

## ایل پی جی ایئرکس پلانٹس

پراجیکٹ	ہدف / مقصد حاصل کردہ پیش رفت
ایل پی جی ایئرکس پراجیکٹس - بیلہ	<p>ہدف / مقاصد</p> <p>مالی سال 2019-20 میں بیلہ، لسبیلہ، بلوچستان میں ایل پی جی ایئرکس پلانٹ کی فراہمی اور آپریشن</p> <p>حاصل کردہ پیش رفت:</p> <p>مالی سال 2019-20 میں بیلہ، لسبیلہ، بلوچستان میں ایل پی جی ایئرکس پلانٹ کی منصوبہ شدہ فراہمی کے مطلوبہ تقاضوں کی تکمیل کی جارہی ہے۔</p>

## بلنگ

بلنگ ڈپارٹمنٹ نے مالی سال 2019-20 کے دوران اپنی توجہ مکمل طور پر UFG میں کمی پر مرکوز رکھی۔ ڈپارٹمنٹ سال ہذا کے حوالے سے منظور شدہ KMLs کے تحت اپنا کردار ادا کرنے کے لیے پرعزم رہا ہے۔

کسٹمرز کی تمام اقسام کے حوالے سے UFG اور چوری کے کیسز کا پتہ لگانے کے لیے کسٹمر کا سروے ایک اہم ذریعہ کے طور پر بلنگ ڈپارٹمنٹ کی مربوط حکمت عملی کے اقدام کا حصہ رہا۔ دوران سال اصل دباؤ بے قاعدگیوں کے کیسز معلوم کرنے کے لیے کوارٹر کی بنیاد پر تمام تجارتی صارفین کا سروے کیا گیا۔ تقریباً 385 ہزار مقامی کیسز اور 20 ہزار تجارتی صارفین کی کم از کم استعمال ر عدم استعمال کی تصدیق کے لیے سروے کیا گیا تھا تا کہ خراب میٹرز اور خالی گھروں کے کیسز کی نشاندہی کی جائے۔

سندھ اور بلوچستان کے فرنیچر صوبوں میں گیس چوری پر قابو پانے کے لیے ان کسٹمرز کے سروے کا انعقاد کیا گیا، جن کے کنکشن منقطع کر دیئے گئے تھے اور تقریباً 41,000 گھریلو اور 4,500 تجارتی کیسز کی نشاندہی کی گئی۔

UFG میں میٹر ٹیمپرنگ اور پائپ لائن ٹیمپنگ اہم مسائل اور عوامل تھے۔ بلنگ ڈپارٹمنٹ نے ٹیمپر ڈاور خراب میٹرز کی شناخت کا عمل جاری رکھا۔ جس کے نتیجے میں تقریباً 280 ہزار کسٹمر میٹرز کی PUG کے طور پر نشاندہی کی گئی اور PUG کلیم کے طور پر 3.2 BCF کے حجم کا حساب لگایا گیا اور ٹیمپر ڈیکھیز کے طور پر 3.6 BCF کے حجم کی وصولی کی گئی۔

مذکورہ بالا کے علاوہ، مجموعی طور پر چوری کے 129,764 کیسز کی نشاندہی کی گئی اور 116,872 کیسز کو بحالی کی سرگرمیوں کے طور پر شناخت کیا گیا۔

اس مالی سال انڈسٹریل ریکرشل کسٹمرز کے گیس سپلائی ڈپازٹ (جی ایس ڈی) میں مجموعی طور پر 2.3 بلین روپے تک اضافہ کیا گیا۔

### اقدامات:

- مہینے میں دو دفعہ کی بنیاد پر صنعتی صارفین کے لیے خصوصی ریڈنگ سروے
- کوارٹر کی بنیاد پر تجارتی صارفین کے لیے خصوصی ریڈنگ سروے
- جی پی ایس لوکیشنز اور میٹر ریڈنگ کے اسنیپ شاٹ کو حاصل کرنے کے لیے سم پڑنی ہینڈ ہیلڈ میٹر ریڈنگ ڈیوائس کو متعارف کرایا گیا۔

سٹرک نومیت	پونٹ درجین	انجام کردہ امور کی تعداد	انجام کردہ امور کی رقم (روپے)	ری کٹکشن کی تعداد	ری کٹکشن کی رقم (روپے)	سٹرک رقم (روپے)
گمریلو	پونٹ۔ اے کراچی	134,047	1,576	51,746	531	550
	پونٹ۔ بی اندرون سندھ	121,211	1,592	74,113	530	872
	پونٹ۔ کیو بلوچستان	12,098	708	6,607	162	261
کل گمریلو		267,356	3,876	132,466	1,223	1,683
تھارتی	پونٹ۔ اے کراچی	2,480	244	965	118	58
	پونٹ۔ بی اندرون سندھ	871	71	430	32	24
	پونٹ۔ کیو بلوچستان	487	52	290	30	28
کل تھارتی		3,838	367	1,685	181	110
کل گمریلو اور تھارتی		271,194	4,243	134,151	1,404	1,793

رقم ملین روپے میں





تفصیلات درج ذیل ہیں:

(a) نوٹس ریاددہانی کا اجراء:

600,000 صدو کے ہدف کے بالقابل کسٹمرز کو ان کی اخلاقی رفقانوی ذمہ داری کی یاددہانی کے لیے نادہندہ کسٹمرز کو 602,906 نوٹس ریاددہانی جاری کئے گئے۔

(b) میڈیا مہم:

پرنٹ اور الیکٹرانک میڈیا کے ذریعے جارحانہ میڈیا مہم کا انعقاد کیا گیا۔

(c) زائد مالیت کے نادہندگان کو قائل کرنے کا عمل:

واجب الادا رقم کی ادائیگی کے حوالے سے قائل کرنے کے لیے حکومتی، بلک یا گھریلو صارفین میں زائد مالیت کے نادہندگان سے ڈپارٹمنٹ کی طرف سے ذاتی طور پر رابطہ کیا گیا۔

(d) نادہندگان کا کنکشن منقطع کرنے کا عمل:

271,194 نادہندہ گھریلو اور تجارتی صارفین کو ہدف بنایا گیا، جن پر کمپنی کے 4,243 ملین روپے واجب الادا تھے جس میں سے 1,404 ملین روپے وصول کئے گئے اور 1,793 ملین روپے کی وصولی پر کارروائی جاری تھی۔



سرگرمیاں (تعداد)	مالی سال 2019-20
حاصل کردہ	
تجارتی سروس کالز	105,327
لکچ کی درستی کی تعداد (اصل کے مطابق)	61,346
پریشر سروس (تجارتی)	17,923
فلیٹ سائنس (بلڈنگز) پر بحالی لکچ کی درستی	88
چھاپوں کے ذریعے گھریلو صارفین کے جانب سے چوری پر کنکشن منقطع کرنے کا عمل	4,384
گھر کے اندر لائن کی جانچ (مجموعی گھریلو صارفین کا 2% کراچی)	28,366

## وصولیابی رریکوری

وصولیابی رریکوری ڈپارٹمنٹ کا بنیادی کام گیس بلز کے حوالے سے زیادہ سے زیادہ ممکنہ واجب الادا رقم کی وصولی کے لیے ضروری اقدامات کرنا ہے۔ مالی سال 2019-20 میں رریکوری ٹیم کو دیا جانے والا ہدف مختلف اقسام کے 348,753 عدد نادہندگان، جن میں گھریلو، سرکاری، بلک اور کمرشل کسٹمرز شامل ہیں، سے وصولی کرنا تھا۔ رریکوری ٹیم نے کنکشن منقطع کرنے کی مہم اور دیگر ذرائع کے ذریعے ملک بھر میں 271,194 نادہندگان کا ہدف پورا کیا۔ رریکوری ڈپارٹمنٹ درست راستے پر گامزن تھا اور اس نے مارچ 2020 تک اپنے اہداف کے تناسب کو وسعت دی، تاہم ملک بھر میں ہونے والا لاک ڈاؤن مارچ 2020 میں نافذ کیا گیا تھا جو کہ مالی سال 2019-20 کے اختتام تک جاری رہا اور مارچ 2020 کے بعد سے مزید کوئی سرگرمی اور امور انجام نہیں دیئے جاسکے۔

## کسٹمر ریلیشن ڈپارٹمنٹ

کسٹمر ریلیشن ڈپارٹمنٹ کا بنیادی کام اپنے گراں قدر صارفین کو خدمات فراہم کرنا ہے۔ ہمارے CFCs، 1199 اور ایمرجنسی سیکشن بھرپور طریقے سے عملی طور پر کام کر رہے ہیں اور وبائی صورت حال (COVID-19) کے دوران روزانہ کی بنیاد پر صارفین کی شکایات پر توجہ دیتے ہیں۔ COVID-19 کے وبائی مرض کی وجہ سے لگائے جانے والے لاک ڈاؤن نے مالی سال 2019-20 کے لیے محکمہ کے سالانہ اہداف کو متاثر کیا۔ ہر سال، محکمہ غیر رجسٹرڈ گیس (PUG) کے رجحان اور روایات سے نہر داڑما ہونے کے لیے میٹر کی تبدیلی کے امور انجام دے کر UFG کے حوالے سے 3 سے 4 بی سی ایف حجم کی کمی میں حصہ ڈالتا ہے۔ تاہم اس کے سالانہ ہدف کو پورا کرنے میں ناکامی کی اہم وجہ عملے کی کمی تھی۔

## کسٹمر ریلیشن ڈپارٹمنٹ کی کارکردگی کا خلاصہ

- کنٹیکٹ سینٹر ایجنٹ (1199) نے تقریباً 745,128 ٹیلی فون کالز وصول کی اور 408,451 کالز پر 60 سیکنڈز کے اندر

جواب دیا

- CFC نمائندگان نے تقریباً 963,473 صارفین کو اقساط، ڈپلیکیٹ بلز، ری کنکشن اور ان لاک کرنے کی سرگرمیاں انجام دیں۔

مالی سال 2019-20	سرگرمیاں (تعداد)
حاصل کردہ	
90,521	گھریلو میٹر کی شیڈول کے مطابق تبدیلی (پرانا ہونے کی بنیاد پر)
98,286	گھریلو PUG میٹر کی تبدیلی
62,813	گھریلو عمومی میٹر کی تبدیلی
1,788	تجارتی میٹر کی تبدیلی



ایس ایس جی سی کے فرنیچر ایریا میں آبادی کا ایک بڑا حصہ غربت کی حد کے قریب یا اس سے بھی نیچے رہتا ہے۔ اس کے ساتھ تعلیم کی کمی، سماجی و سیاسی بد امنی اور بے منصوبہ شہری ترقی سے سے چوری کار، حجان و رواج جنم لیتا ہے۔ بجلی اور پانی کی فراہمی کی طرح بہت سی کمیونٹیز، کاروبار اور یہاں تک کہ صنعتیں، قدرتی گیس کی فراہمی تک ادارے کو بغیر کسی ادائیگی کے غیر قانونی رسائی کا سہارا دیتی ہیں۔

شہری اور دیہی علاقوں کی آبادی میں بے منصوبہ اور بے قابو اضافہ ایس ایس جی سی کو اس کے ڈسٹری بیوشن نیٹ ورک کو مسلسل وسعت دینے پر مجبور کرتا ہے، جس نے پیمائش کے آلات کی دیکھ بھال اور مرمت کو مشکل بنا دیا ہے۔ اس کے علاوہ، ایس ایس جی سی کا ڈسٹری بیوشن نیٹ ورک اکثر یوٹیلٹی کی دیگر سہولیات جیسے سیوریج اور واٹر سپلائی کے ساتھ بچھایا جاتا ہے، جس کی وجہ سے اس طرح کے بیرونی ذرائع سے نکلنے والی گیس سے پائپ لائنوں کو نقصان پہنچنے کے اندیشہ ہوتا ہے۔ جبکہ بحالی اور بحالی کے امور میں شہری حکام کی جانب سے مطلوبہ اجازت کی عدم دستیابی اور ان تک رسائی میں درپیش مسائل کی وجہ سے اکثر رکاوٹیں حائل ہو جاتی ہیں۔ حالیہ برسوں میں، ایس ایس جی سی کو اہم قومی مقاصد اور مفادات کی معاونت کے لیے ایس این جی پی ایل کے ساتھ گیس کے تبادلے کے انتظام و انصرام کے عمل کا اطلاق کرنا پڑا۔ تاہم اسی طرح RLNG کی سوئی سدرن کے نیٹ ورک میں آمد ہوئی، جس نے عدم مطابقت کے مسائل کی وجہ سے گیس کے نقصانات میں اضافہ کر دیا۔

بورڈ آف ڈائریکٹرز اور انتظامیہ نے UFG میں کمی کے حوالے سے ایک جامع حکمت عملی ترتیب دی ہے تاکہ ان علاقوں کی نشاندہی کے مطابق کارروائیوں کو تیزی سے نافذ العمل کیا جاسکے۔ مندرجہ بالا اور دیگر متعلقہ اقدامات کے نتیجے میں، مالی سال 2019-20 میں 7.9 BCF کے ہدف کے مقابلے میں تقریباً 5.2 BCF یو ایف جی حجم کو بچایا گیا ہے، یہ عمل COVID-19 کے پھیلاؤ کو روکنے کے لیے سخت لاک ڈاؤن اور ایس او پی کے تقاضوں کی وجہ سے درپیش شدید رکاوٹ کے باوجود انجام دیا گیا۔

اسی پیش قدمی کے ساتھ بورڈ اور انتظامیہ نے آنے والے سالوں کے لیے UFG میں کمی کرنے کی غرض سے جارحانہ اہداف مقرر کیے ہیں۔ مزید برآں یہ فیصلہ کیا گیا ہے کہ ایک نیا ڈویژن تشکیل دیا جائے جو UFG سے متعلق سرگرمیوں کی نگرانی اور اس میں تیزی لانے کا ذمہ دار ہو۔ یہ طے کیا گیا ہے کہ نئے UFG حب کو بنیادی عملی امور کے متعلق سیر حاصل تجربے اور مہارت کے حامل ایگزیکٹوز کی معاونت حاصل ہوگی جبکہ اس کی سربراہی ڈی ایم ڈی سطح کا افسر کرے گا۔ بہتر توجہ اور انتھک محنت کے ذریعے اعتماد متوقع ہے جس سے UFG کے اعداد و شمار میں کمی ہوتی رہے گی۔

نمبر شمار	سرگرمیاں	پونٹ	کارکردگی
8	لائن پائپ کوئنگ اور ڈوپ یارڈ کا معائنہ	میٹرز	385,000
9	سائٹ پر سی پی ایکو پمنٹ کی ان ہاؤس مرمت	تعداد	20 ٹرانسفارمر ریکلیفائر اور 3 ٹی ای جی
10	سی پی کور سے نیوٹی	تعداد	16 عدد سیکر یفیشل اینوڈز کی تنصیب کے ذریعے بیلا ٹاؤن (32.57 کلومیٹر کا نیا نیٹ ورک بچھانے کا کام) کوہ 100% سی پی کور کی فراہمی

### مستقبل کا منصوبہ

سی پی کی موجودہ فراہمی اور پائپ لائن نیٹ ورک کی طلب کے درمیان خلاء کو پُر کرنے کے لیے مستقبل میں ڈسٹری بیوشن نارٹھ اور ساؤتھ میں اضافی سی پی اسٹیشنز کے قیام کا منصوبہ بنایا گیا ہے۔

پرانی رینا کارہ کوئنگز کی دوبارہ درستی، موجودہ سی پی اسٹیشنز کی تبدیلی، خراب گراؤنڈ بیڈز کی درستی، سیکر یفیشل اینوڈز کی تنصیب، سی پی کے اسٹیشنز کی نگرانی کے لیے ٹیمسٹ پوائنٹس کی مرمت، کوئنگ کے حالات تک رسائی کے لیے کوئنگ ایٹمیگر یٹی سروے اور مستقبل کے حوالے سے SMSs اور TBSs کی انسولیشن بھی اس کا جزو ہیں۔

### غیر شمار شدہ گیس (یو ایف جی)

آن۔ اکاؤنٹڈ۔ فار۔ گیس (یو ایف جی) کمپنی کے مالی نقصانات میں اضافہ کرنے والا شعبہ ہے، جسے آسان الفاظ میں گیس کی خرید اور فروخت کے درمیان فرق کے طور پر واضح کیا جاسکتا ہے۔ یو ایف جی کا فلسفہ ایک پیچیدہ چیز ہے اور اسے مکمل طور پر سمجھنے کے لیے محتاط تجزیہ کی ضرورت ہے۔

## کیٹھوڈک پروٹیکشن - ڈسٹری بیوشن نارٹھ اور ساؤتھ

کیٹھوڈک پروٹیکشن ڈپارٹمنٹ ڈسٹری بیوشن (این اینڈ ایس) دستیاب وسائل کو زیادہ سے زیادہ استعمال کرتے ہوئے گیس پائپ لائن کے زیر زمین اور زیر آب انفراسٹرکچر کو زنگ سے بچانے اور اس کی سالمیت کو یقینی بنانے کے لیے کوشاں ہے۔

ایس ایس جی سی میں زیر آب ریزر میں پائپ لائن نیٹ ورک کو زنگ سے بچانے کے لیے دو طریقے استعمال کئے جاتے ہیں۔

- پرانی رخراب کو ٹنکر کو دوبارہ درست حالت میں لانے کا عمل
- امپریسڈ کرنٹ کیٹھوڈک پروٹیکشن (ICCP) اور سیکرٹیفیکل اینوڈ سسٹم کے اطلاق کے ذریعے کیٹھوڈک پروٹیکشن کی تکنیک

زرخیز زمین (پی ایس پی) والے علاقہ جات میں لو پائپ پری پی اسٹیشنز کا قیام اور پرانے رخراب گراؤنڈ بیڈز اور پائپ لائن کوٹنگ کی درستی اور تجدید کرنے کے عمل کی انجام دہی۔ سالمیت کے حوالے سے کئے جانے والے معائنہ جات NACE کے مطابق سی پی اسٹیشن کو برقرار رکھنے کا ایک اہم کام ہے۔

مالی سال 20-19 میں حاصل کردہ اہم سی پی اہداف امور درج ذیل ہیں:

نمبر شمار	سرگرمیاں	یونٹ	کارکردگی
1	اضافی سی پی اسٹیشن	تعداد	15
2	گراؤنڈ بیڈ کی تجدید (روایتی)	تعداد	22
3	پائپ کوٹنگ کا معائنہ جاتی سروے	کلومیٹر	110.5
4	میکینیٹھم اینوڈز کی تنصیب	تعداد	275
5	اچ پی مین سروے	کلومیٹر	4710.32
6	سی پی سی مانیٹرنگ	تعداد	13,464
7	سی ایم ایس رٹی بی ایس کا انسولیشن سروے	تعداد	373



## سیکیورٹی سروسز اور کاؤنٹر گیس تھیفٹ آپریشنز

سیکیورٹی سروسز اور گیس کی چوری کے خلاف آپریشنز (گیس تھیفٹ اینڈ ریکوری) کا شعبہ گیس چوری کرنے والوں کے خلاف چھاپے مارنے اور گیس تھیفٹ اینڈ ریکوری ایکٹ 2016 کے تحت ان کے خلاف قانونی چارہ جوئی کرنے کا ذمہ دار ہے۔ یہ ایکٹ سال 2016 میں قومی اسمبلی نے منظور کیا تھا اور اس میں گیس کی چوری کو قابل دست اندازی ناقابل ضمانت جرم اور سخت سزا قرار دیا گیا تھا۔ اس ایکٹ کے تحت گیس چوری کرنے والے مجرمان کے خلاف ایف آئی آر درج کروائی جاتی ہیں۔

فرنیچر، صوبوں میں گیس چوری کی روک تھام کے حوالے سے ادارے کے ایس ایس اور سی ٹی جی اوڈ پارٹنمنٹ نے مندرجہ ذیل اقدامات کئے ہیں:

- کراچی میں ایس ایس جی سی کے اپنے پولیس اسٹیشن قائم کئے گئے ہیں تاکہ وہ علاقے جن میں ماضی میں رسائی ممکن نہیں تھی، ان میں گیس چوری کرنے والے مجرمان کے خلاف آپریشنز کی انجام دہی کے ذریعے گیس چوری کو روکا جاسکے۔
- UFG کی بلند سطح والے علاقوں کی نشاندہی کے لیے نگرانی کے امور میں بھی اضافہ کیا گیا۔
- ٹی وی سی اور پرنٹ نیز سوشل میڈیا پر گیس کی چوری کی روک تھام اور اس سے متعلق آگاہی پیدا کرنے کے لیے باقاعدہ بنیاد پر مہم چلائی جاتی ہے۔
- ایس ایس اور سی جی ٹی او نیز میو رمنٹ ڈپارٹمنٹس کی مشترکہ ٹیموں کو خصوصی طور پر یہ کام سونپا گیا ہے کہ وہ معائنہ کریں کہ آیا صنعتیں شیڈولڈ گیس لوڈ مینجمنٹ پروگرام پر عمل کر رہی ہیں۔
- سختی کے ساتھ جانچ اور گیس کے استعمال اور غیر معمولی امور (اگر کوئی ہو) کو متوازن رکھنے کے لیے تقریباً تمام صنعتوں میں الیکٹرانک والیوم کریکٹر نصب کئے جا رہے ہیں۔
- صارفین کا پیسگی اور بعد از معائنہ تجزیہ
- کسٹمر میٹرا سٹیشنز کی اچانک متواتر جانچ
- ڈپارٹمنٹ کے لگائے گئے چھاپوں کے باعث 109 ایف آئی آر رجسٹرڈ ہوئیں اور 35 سے زائد سزائیں سنائیں گئیں۔

## میٹرکی تیاری کا پلانٹ (ایم ایم پی)

میٹر مینوفیکچرنگ پلانٹ (ایم ایم پی) کا بنیادی مقصد ملک میں مقامی گیس میٹر کی طلب میں خود مختاری کے ساتھ تکمیل کرنا ہے۔ مزید برآں، گیس یوٹیلٹی کی یہ قانونی ذمہ داری ہے کہ وہ کمپنی کی جانب سے نصب کردہ ٹاپنے کے ایک درست پیمانے کے ذریعے صارف کی طرف سے استعمال کئے جانے والے گیس کے حجم کی پیمائش کو یقینی بنائے۔ یہ پلانٹ ISO 9001:2015 سرٹیفائیڈ ہے۔ سوئی سدرن کے ساتھ ساتھ میٹر پلانٹ بھی ISO 14001: 2004 اور OHSAS 18001:1999 سرٹیفائیڈ ہے۔

میٹر مینوفیکچرنگ پلانٹ میں دو طرح کے گھریلو گیس میٹرز تیار کئے جاتے ہیں، جن کے نام G-1.6 (2,500 لیٹر فی گھنٹہ صلاحیت) جو 94% مقامی طور پر تیار کردہ ہے (یعنی 51 میں سے 50 جزو مقامی طور پر تیار کردہ ہیں ماسوائے ڈایا فریگیز، جسے بین الاقوامی تیار کنندہ سے درآمد کیا جاتا ہے) اور تھرڈ جزیشن G-4 (6,000 لیٹر فی گھنٹہ صلاحیت)، جو 61% مقامی طور پر تیار کردہ ہے ماسوائے اس کے پیمائشی یونٹ کے، جسے فرانس میں موجود ٹیکنالوجی کمپنی Itron سے حاصل کیا گیا ہے۔

ادارے کی اپنی ضروریات کو پورا کرنے کے علاوہ، MMP سوئی نادرن گیس پائپ لائنز لمیٹڈ (SNGPL) کو بھی گیس میٹرز فراہم کرتی ہے۔ میٹر پلانٹ 2009 سے جرمنی کو G-1.6 میٹرز کی محدود تعداد کو برآمد کرنے میں بھی مصروف عمل ہے۔

### پیداوار، فروختگی اور آمدن

درج ذیل جدول مالی سال 2019-20 کے دوران میٹر مینوفیکچرنگ پلانٹ کی کارکردگی کا ایک مختصر جائزہ فراہم کرتا ہے:

کل	تھرڈ جزیشن G-4	G-16	پیداوار
452,670	259,025	193,645	
فروخت			
465,769	270,244	195,545	ایس ایس جی سی
367	20	347	دیگر





WATER TREATMENT PLANT



## مستقبل میں سسٹم کی توسیع کے پراجیکٹس

- DHA ڈی سیلینیشن پلانٹ سے کلفٹن ڈالمن مال تک سسٹم پریشر میں اضافے کے لیے 20" قطر کی 7 کلومیٹر پائپ لائن کی توسیع
- اولڈشٹی ایریا کے سسٹم پریشر میں اضافے کے لیے ٹی بی ایس مزار قائد سے ٹی بی ایس لیاری تک 12" قطر کی 5 کلومیٹر پائپ لائن اولڈشٹی میں اضافے کا پراجیکٹ
- SMSs کی علیحدگی کے لیے 20" قطر کی 1.5 کلومیٹر شیر شاہ مین کا انٹر لنک اور سائٹ گیس ٹرہائن کا مین
- کسٹمرز کے سسٹم پریشر کو بڑھانے کے لیے بوستان اسٹیشنل اکٹامک زون سے زیارت کی جانب 8" قطر کی 21 کلومیٹر پائپ لائن کی توسیع
- اولڈشٹی ایریا کے سسٹم پریشر کو بڑھانے کے لیے اور محبت پور کے حوالے سے 180mm کی 26 کلومیٹر پائپ لائن کی بحالی



UFG میں کمی کے اقدامات:		کراچی	اندرول سندھ	بلوچستان	کل
اولڈ میٹ ورک کی بحالی	کلومیٹر	98	57	-	155
ذریعہ مین لکج کا معائنہ اور درنگی	کلومیٹر	2,823	11,526	2,247.94	16,597
بالائی (اور ہیڈ) لکج کا معائنہ اور درنگی	تعداد	210,177	416,548	89,652	716,377
چوری کے کنیکشنز کو اظہار	تعداد	105	17,975	494	18,574
سیکنڈس کی حتمیت	تعداد	26	44	3	73

### انجام دیے جانے والے اہم پراجیکٹ:

- صنعتی صارفین کے سسٹم پریش کو بڑھانے کے لیے "20 قطر کی 5 کلومیٹر پائپ لائن برائے لائنڈ می انڈسٹریل ایریا
- کم پریش کے مسائل پر قابو پانے کے لیے "12 قطر کی 26.5 کلومیٹر ٹنڈ والڈ یار۔ میر پور خاص ری انفورسمنٹ مین کی تکمیل
- گھریلو صارفین کے سسٹم پریش کو بڑھانے کے لیے مرکزی صاریب روڈ سے صاریب کوئٹو مرکز کی جانب "16 قطر کی 2.280 کلومیٹر پائپ لائن بچھانے کا کام
- مستونگ زون کو تقسیم کرنے اور مستونگ شہر اور اس سے متصل علاقوں میں کم پریش کے مسائل کو حل کرنے کے لیے "8 قطر کی 1.500 کلومیٹر پائپ لائن بچھانے کا کام





دسمبر، 2021 تک مکمل کرنے کی منصوبہ بندی کی گئی ہے۔

## ii۔ ایس ایم ایس۔ سندھ یونیورسٹی سے ایس ایم ایس پاک لینڈ تک 30" قطر کی 125 کلومیٹر لوپ لائن

پائپ لائن پراجیکٹ، ایس ایم ایس جی سی کے آئی ایل بی پی میٹ ورک پر بڑھتے ہوئے گیس لوڈز کو پورا کرنے کے لیے تیار کیا گیا ہے، جو کہ عملی امور کی صلاحیت میں اضافہ اور سہولت فراہم کرے گا۔

## iii۔ ہیڈ کوارٹر سی پرائیویٹ پمپنگ سٹیشن

سسٹم کی صلاحیت میں اضافہ کرنے کے لیے کی جانے والی کوششوں کے تسلسل میں، ہیڈ کوارٹر سی پرائیویٹ پمپنگ سٹیشن 22 MMCFD صلاحیت کے حامل کپریسور سٹیشن کا اضافہ کیا جائے گا۔

## ڈسٹری بیوٹن۔ ڈویژن

انفراسٹرکچر کی توسیع:	کراچی	اندرون سندھ	بلوچستان	کل
پائپ لائن میٹ ورک میں عمومی توسیع	114.7	74.64	25.33	214.67
موجودہ میٹ ورک کے اطلاق کے لیے پائپ لائن بچانا	6.3	9.12	10.16	25.582
نئے کسٹمرز کا اضافہ رقومیت	76,713	28,855	10,275	115,843
نیوٹاؤن بارڈر اسٹیشن (ٹی بی ایس)	6	8	4	18
نیو پریشر ریگولیٹر اسٹیشن (پی آر ایس)	-	5	7	12



## ii۔ 8" قطر کی 28 کلومیٹر عائنہ آئرش گیس پائپ لائن پراجیکٹ

کمپنی کی جانب سے یہ پراجیکٹ نئی دریافت شدہ عائنہ آئرش گیس فیلڈ سے 30 MMCFD تک کا اضافی گیس حجم حاصل کرنے کے لیے انجام دیا گیا۔ یہ پائپ لائن فروری 2020 میں کامیابی کے ساتھ مکمل کی گئی۔

گیس ٹرانسمیشن پائپ لائن پراجیکٹس (آغاز سال 2019-20 میں)

### i۔ ہیڈ کوارٹر۔ شکارپور میں نئے ٹربو کمپریسر کی تنصیب

بلوچستان ریجن کو گیس کی مستحکم فراہمی کو یقینی بنانے کے لیے ہیڈ کوارٹر شکارپور کی کمپریشر صلاحیت میں مطلوبہ اضافہ کرنے کے لیے 200 MMCFD صلاحیت کے کمپریسر یونٹ کی تنصیب کے حوالے سے پراجیکٹ کا آغاز 2019-20 میں کیا گیا تھا جسے نومبر 2020 میں تکمیل متوقع ہے۔

## ii۔ سی ٹی ایس بن قاسم سے ایس ایم ایس پاک لینڈ تک 30" قطر کی 17 کلومیٹر پائپ لائن

اس پراجیکٹ کا منصوبہ ایس ایم ایس پاک لینڈ میں 600 MMCFD اضافی RLNG حجم کے حصول اور انتہائی سرد موسم میں قدرتی گیس کی طلب کو پورا کرنے کے لیے تیار کیا گیا ہے۔ یہ پراجیکٹ سال 2019 میں شروع کیا گیا اور دسمبر 2020 میں اس کی تکمیل متوقع ہے۔

### مستقبل کا منصوبہ

ملک میں قدرتی گیس کی بڑھتی ہوئی طلب کو پورا کرنے کے لیے، ایس ایم ایس جی سی نے انفراسٹرکچر کے لحاظ سے متعدد ڈیولپمنٹ پراجیکٹس کی انجام دہی کا منصوبہ بنایا ہے، جس کی تفصیل درج ذیل ہے:

## i۔ ایس ایم ایس پاک لینڈ سے نیو ایس ایم ایس واقع دھانبی برائے دھانبی اسپیشل اکنامک زون 12" قطر کی 9

### کلومیٹر پائپ لائن

یہ پراجیکٹ 13.5 MMCFD قدرتی گیس کی دھانبی اسپیشل اکنامک زون میں ترسیل کے لیے چائنا پاکستان اکنامک کوریڈور (CPEC) پروگرام کے تحت تیار کیا گیا ہے۔ یہ پراجیکٹ پی ایس ڈی پی پروگرام کے تحت انجام دیا جائے گا اور اسے 18



- ہیڈ کوارٹرز سے نیوکمپیرسیشن اور ہیڈ کوارٹر دوڑ، (نواب شاہ) میں پانی کی فراہمی کے داخلی نیٹ ورک پر "4 قطر کی پانی کی فراہمی کی مرکزی لائن بچھانے کا کام

### مستقبل کے پراجیکٹس (مالی سال 2020-21)

- سی ٹی ایس بن قاسم سے ایس ایم ایس پاک لینڈ تک 30 کلومیٹر کی "17 پاؤپ لائن
- ایچ ڈی ڈی کے ذریعے سات موجودہ اور ہیڈ کوارٹر کو زیر آب کرنے کا کام
- KDNRS-03 سانگڑھ پر "20 اور "24 قطر کے ساتھ "16 قطر کی گمبٹ۔ جنوبی پاؤپ لائن پر چیک میٹرنگ کی تنصیب
- ڈی سیلینیشن پلانٹ، ڈی ایچ اے سے ڈالمن مال کلفشن کراچی تک "20 قطر کی 7 کلومیٹر ڈسٹری بیوشن لنک مین
- "12 قطر کی 6 کلومیٹر اور "6 قطر کی 1.5 کلومیٹر پاؤپ لائن، انڈسٹریل ایریا، نوری آباد
- اسپیشل اکناک زون خیر پور میں "8 قطر کی 20.3 کلومیٹر اور "6 قطر کی 2.1 کلومیٹر گیس سپلائی

### پلاننگ اینڈ ڈیولپمنٹ

پی اینڈ ڈی ڈی پارٹنمنٹ دستیاب وسائل کے پر امید استعمال کے ذریعے ادارہ جاتی اور کمیونٹی اہداف کو جاری رکھنے کے لیے پرعزم ہے۔ یہ ان تمام ممکنات کی تحقیق کرتا ہے جو ملک کی قدرتی گیس کی طلب کو پورا کرنے میں کمپنی کی مدد کریں۔ پی اینڈ ڈی ڈی پارٹنمنٹ، ایس ایس جی سی کے ٹرانسمیشن نیٹ ورک کے ارتقاء اور اضافے کے لیے منصوبے، ڈیزائن تیار کرتا ہے اور پراجیکٹس کی نگرانی کرتا ہے۔ گیس کی خرید و فروخت کے معاہدہ جات بھی پی اینڈ ڈی ڈی پارٹنمنٹ کے دائرہ کار میں آتی ہے۔

مالی سال 2019-20 کے حوالے سے پی اینڈ ڈی ڈی پارٹنمنٹ نے گیس کے انفراسٹرکچر کی ڈیولپمنٹ سے متعلق مذکورہ ذیل پراجیکٹس کی کامیاب طریقے سے انجام دہی کی تاکہ ایس ایس جی سی کے کسٹمرز کو بلا تعطل گیس کی فراہمی کو جاری رکھا جائے۔

### i- "12 قطر کی 46 کلومیٹر رحمان۔ رزق گیس پاؤپ لائن پراجیکٹ

یہ پراجیکٹ پاؤپ لائن کی صلاحیت کو 50 MMCFD سے 90 MMCFD تک بڑھانے اور رزق گیس فیلڈ کے حجم میں اضافے کے حصول کے لیے بنایا گیا تھا۔ یہ پاؤپ لائن جنوری، 2022 میں کامیابی کے ساتھ فراہم کی گئی۔

مالی سال 2019-20 کے دوران ڈویژن اورڈ پارٹمنٹ کے لحاظ سے پراجیکٹس اور کامیابیوں کی تفصیلات درج ذیل ہیں:

### منصوبہ جات اور تعمیرات

زیر تبصرہ سال کے دوران، پراجیکٹس اور کنسٹرکشن (پی اینڈ سی) ڈپارٹمنٹ نے مندرجہ ذیل امور انجام دیئے:

### ہائی پریشر ٹرانسمیشن پائپ لائن پراجیکٹس

- رحمان گیس فیلڈ سے ایم وی اے نیٹنگ تک "12 قطر کی 46 کلومیٹر پائپ لائن
- عائشہ گیس فیلڈ سے ایم وی اے گلارچی تک "8 قطر کی 28 کلومیٹر پائپ لائن
- گیس ڈسٹری بیوٹن پائپ لائن پراجیکٹس (سندھ اور بلوچستان)
- ایس ایم ایس پالیجانی سے ٹنڈوالہڈ یار تک "12 قطر کی 26.5 کلومیٹر پائپ لائن
- KIA لکی موٹرز، پورٹ قاسم، کراچی میں "12 قطر کی 26.5 کلومیٹر پائپ لائن
- مین پائپ لائن سے پاکستان رینجرز، گڈاپ ٹاؤن تک "12 قطر کی 5 کلومیٹر کی فراہمی
- بیلہا شہر، (بلوچستان) میں گیس ڈسٹری بیوٹن نیٹ ورک کی فراہمی
- "16 قطر اور "12 قطر کی پائپ لائن نزدنیانا ظم آباد (کراچی) کی نقل مکانی
- "16 قطر کی 2.2 کلومیٹر اور "8 قطر کی 0.9 کلومیٹر نزد سریاب روڈ، کوئٹہ (بلوچستان) کی ری انفرسٹرکچر
- "6 قطر کی 2.3 کلومیٹر گیس ڈسٹری بیوٹن اسکیم، ڈیرہ مراد جمالی، ضلع نصیر آباد، بلوچستان

### پائپ لائن سے متعلقہ سول کام

- "12 قطر کی ڈسٹری بیوٹن مین کی نصیر کینال، ٹنڈوالہڈ یار پر اوور ہیڈ کراسنگ کے لیے پائلز اور پائل کی تعمیر
- جیکب آباد سے ڈی ایم جمالی تک "12 قطر کی 23 کلومیٹر کے لیے ڈیرہ اللہ یار اور ڈی ایم جمالی میں والو اسمبلیز سے متعلقہ سول کام

### پائپ لائن کے علاوہ سول کام

- F-37 سائٹ، کراچی اور کھادبگی میں موجودہ شیڈز پر گیلوانائزڈ آئرن (جی۔آئی) شیٹس کی چھت کے ساتھ ایسبٹاس شیٹس کی

تبدیلی



## عملی امور کا تجزیہ (آپریشنل اوڈرویو)

ایس ایس جی سی سالمیت کی بنیادی اقدار، بہترین کارکردگی، ٹیم ورک، شفافیت، تخلیقی کردار اور اسٹیک ہولڈرز کی ذمہ داری کے رہنماء اصولوں کے ماتحت ہے۔ ایس ایس جی سی، کمپنی کے مشن کے مطابق مسلسل بڑھتے ہوئے اپنے کسٹمرز کو محفوظ، قابل بھروسہ اور قابل استطاعت انداز میں قدرتی گیس کی سہولت کی بہم فراہمی کے لیے کوشاں ہے۔



## اعتراف

ڈائریکٹرز اپنے شیئر ہولڈرز اور معزز صارفین کے مسلسل تعاون اور سرپرستی کے لیے ممنون ہیں۔ اس کے ساتھ ہم تمام ملازمین کے خلوص کا اعتراف کرتے ہیں، جنہوں نے کمپنی کو درپیش متعدد چیلنجز کے باوجود سخت جدوجہد سے کام کیا۔ ہم حکومت پاکستان، وزارت توانائی اور آئل اینڈ گیس ریگولیٹری اتھارٹی کے بھی شکر گزار ہیں جنہوں نے ہمیں مسلسل رہنمائی اور تعاون فراہم کیا۔ بورڈ تمام رخصت ہونے والے ڈائریکٹرز کا خصوصی شکریہ ادا کرتا ہے، جنہوں نے پالیسی سازی میں کردار ادا کیا اور ان کی توجہ مسائل کے حل پر رہی۔

از طرف بورڈ،



عمران منیار

منیجنگ ڈائریکٹر سی ای او



ڈاکٹر شمشاد اختر

چیئر پرسن بورڈ آف ڈائریکٹرز

اپریل 25، 2022



کے حوالے سے اوگرا کو 3.9 بلین روپے کی اجازت دے دی گئی ہے اور 4.1 بلین روپے کی بقیہ رقم کو HCPCL سے واجبات کے طور پر بک کر دیا گیا ہے، جسے ECC کی منظوری کے مطابق LDs کی ایڈجسٹمنٹ کے ساتھ ایڈجسٹ کر دیا جائے گا۔

### توجہ طلب حوال

مذکورہ بالا کے علاوہ، بیرونی آڈیٹرز میسرز بی ڈی او ایمر ایجنٹ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 30 جون، 2020 کو ختم ہونے والے مالی سال کے حوالے سے اپنی آڈٹ رپورٹ میں مخصوص معاملات کی جانب توجہ مبذول کرائی تھی۔ ان معاملات کے حوالے سے تبصرے درج ذیل ہیں:

- 1- مختلف عدالتوں پر مشتمل مادی مقدمات اور دعویٰ جات، جن کا نتیجہ غیر یقینی ہے؛
- 2- کمپنی کے مستقبل کے عملی امور کے استحکام کا انحصار حکومت پاکستان کے سپورٹ لیٹر پر ہے، جس نے موجودہ تشویش کی صورتحال کو برقرار رکھنے کے لیے ضروری مالی مدد فراہم کرنے کی تصدیق کی ہے۔
- 3- ایس ایس جی سی نے حکومت کے زیر نگرانی ای ایٹ پی کمپنیوں (او جی ڈی سی ایل، پی پی ایل اور جی ایچ پی ایل) کو قبل ادا نیگی LPS اخراجات کی شناخت یکم جولائی 2012 سے PSML اور KE کی جانب سے LPS آمدن کی وصولی کے وقت تک بند کر دی ہے۔
- 4- کمپنی نے ہائی کورٹ کے فیصلے کی رو سے مالی سال 2019-20 تک کے ہونے والے نقصانات کے 36.7 بلین روپے کے خطیر خسارے کو مکمل طور پر برداشت کیا ہے۔



کی بنیاد پر، کمپنی واجب الادا رقم کے حوالے سے LPS حاصل کر رہی ہے۔ کمپنی روزانہ کی بنیاد پر متعلقہ سرکاری حکام کو ان معاملات سے آگاہ کر رہی ہے اور امید کرتی ہے کہ جب قومی سطح پر گردش قرضے کے مسئلے کو حل کیا جائے گا تو یہ مسئلہ حل ہو جائے گا۔

### HCPCL کی طرف واجبات

میسرز حبیب اللہ کوٹھل پاور کمپنی (پرائیویٹ) لمیٹڈ (HCPCL) نے 30 نومبر، 2015 کو انٹرنیشنل چیمبر آف کامرس، سنگاپور کے قوانین کے تحت ثالثی کے لیے درخواست جمع کرائی ہے۔ SSGC سے HCPCL گیس کی عدم یا کمیاب فراہمی (جی ایس اے کے تحت گیس کی فراہمی کے معاہدے کے برخلاف) کا تنازعہ دسمبر 2009 سے تاحال جاری ہے۔

30 اپریل، 2018 کو بین الاقوامی عدالت برائے ثالثی نے HCPCL کے حق میں ثالثی کی کارروائی کا فیصلہ جاری کیا ہے اور کمپنی کو HCPCL کو حتمی ریوارڈ کے طور پر ادائیگی معاوضے/ضمانت، لیکویڈیٹڈ خسارہ جات، سود اور قانونی اور پیشہ ورانہ چارجز کے صورت میں کرنا ہوگی۔

ایوارڈ کی رقم میں، کمپنی کی جانب سے HCPCL سے دعویٰ شدہ لیکویڈیٹڈ خسارہ جات، دراصل واپڈا/CPGA-G کی جانب سے HCPCL سے وصول کردہ لیکویڈیٹڈ خسارہ جات کا نتیجہ تھے، یہ عمل کسی بھی دعوایدار فریق کو کوئی خاطر خواہ فائدہ پہنچائے بغیر ایک GOP ادارے یعنی کمپنی سے دوسرے GOP ادارے یعنی واپڈا کو ادائیگی کے بہاؤ کو واضح طور پر ظاہر کرتا ہے۔ اسی لیے ECC نے مورخہ 07 فروری، 2018 کو منعقد کردہ اپنے اجلاس میں تمام اسٹیک ہولڈرز کی مشاورت کے ساتھ کام کے طریقہ کار کے لیے پٹرولیم ڈویژن اینڈ پاور ڈوژن کی ہدایت پر لیکویڈیٹڈ خسارہ جات کو معاف کرنے کے حوالے سے تجویز کی اصولی طور پر منظوری دی۔

تمام اسٹیک ہولڈرز (CPGA-GSSGC اور HCPCL) ڈسپنچ کی مدت کے بغیر "اور فورس میجر ایونٹ (OME)" کے طور پر دیکھ کر طریقہ کار کو حتمی شکل دینے کے مرحلے میں ہیں اور اس طرح ڈسپنچ کی مدت کے بغیر GSA کی مدت میں توسیع کر رہے ہیں۔ ایس ایس جی سی اور HCPCL کے مابین GSA ستمبر، 2019 میں ختم ہو چکا ہے جبکہ CPGA-G اور HCPCL کے درمیان پاور پر چیز ایگریمنٹ (PPA)، سال 2029 تک مؤثر ہے۔

ایوارڈ کے حوالے سے مجموعی ایکسپوژر 8.0 بلین روپے رہا، جس میں سے ایل پی ایس کی واپسی، ایل ڈی چارجز اور قانونی اخراجات



بلین کے نقصانات اٹھانے پڑے تھے۔ مہتمم حکام کی اجازت سے، ایس ایس جی سی کو یہ نقصانات چھ سالوں یعنی مالی سال 2020-21 تک برداشت کرنا تھے، لیکن یہ پانچ سالوں میں ہی پورے کر دیئے گئے ورکمل طور پر مالی سال 2019-20 تک پورے ہوئے۔

### بلند مالیاتی لاگت

ایس ایس جی سی کو 5.8 بلین روپے کے قرض کے حوالے سے مالیاتی چارجز کو برداشت کرنا ہے، جو شمالی علاقوں میں SNGPL نیٹ ورک کے RLNG والیومز کی کراچی پورٹ سے قاسم سے سیون (کسٹڈی ٹرانسفر اسٹیشن) کی ترسیل کے حوالے سے بنیادی طور پر اس کے پائپ لائن انفراسٹرکچر کی وجہ سے ہے۔

### بیرونی آڈیٹر کی رپورٹ میں قابلیت

بیرونی آڈیٹرز، میسرز بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے KE اور پی ایس ایم ایل کی طرف واجب الادا رقم، SNGPL اور واپڈا سے قابل وصول تاخیر سے ادائیگی کے سرچارج (ایل پی ایس) اور حبیب اللہ کوشل پاور کمپنی (پرائیویٹ) لمیٹڈ (ایچ سی پی سی ایل) سے قابل وصول رقوم کے حوالے سے 30 جون، 2020 کو ختم ہونے والے مالی سال کے حوالے سے اپنی آڈٹ رپورٹ میں کوالیفائیڈ رائے ظاہر کی تھی۔

### KE اور PSML کی طرف واجبات

مالی سال 2019-20، کے الیکٹرک (KE) اور پاکستان اسٹیل ملز لمیٹڈ (PSML) کی نادہندگی کے واجبات گزشتہ سالوں جیسے رہے۔ انتظامیہ نے KE اور PSML کے خلاف دائر کردہ ریکوری کے مقدمات کی بھرپور طریقے سے پیروی کی۔ اسی دوران انتظامیہ، KE اور PSML سے واجب الادا بقایا جات کی وصولی پر عمل درآمد کے لیے متعلقہ وزارتوں سے رابطہ میں ہے۔ یہ امید کی جاتی ہے کہ حکومت پاکستان کی جانب سے یہ معاملات مستقل بنیاد پر جلد حل ہوتے ہی، کمپنی کی مجموعی مالی حیثیت بہتر ہوگی۔ 30 جون، 2020 کو KE اور PSML کے طرف بشمول LPS، کمپنی کی واجب الادا رقوم بالترتیب 116.7 بلین روپے اور 67.7 بلین روپے ہے۔

### SNGPL اور واپڈا کی طرف قابل وصول LPS واجبات

کمپنی، مجموعی گردش قرضہ جات کی وجہ سے SNGPL اور واپڈا کی طرف مجموعی واجبات سے نبرد آزما ہے۔ تاہم، متفقہ شرائط و ضوابط

0.8 بلین روپے طے کیے۔ جی سی آئی کو اوگرانے اس بنیاد پر اجازت نہیں دی تھی کہ یہ ایس این جی پی ایل سے وصول کیا جائے گا، جس کے مطابق ایس ایس جی سی کے پاس رکھے گئے RLNG اسٹاک کے حوالے سے ایس این جی پی ایل کی جانب سے جاری کردہ انوائسز کے حوالے سے ایس ایس جی سی کی طرف سے اسے ایڈجسٹ کر دیا گیا ہے۔

اوگرانے ایس ایس جی سی کو مالی سال 2018-19 کے لیے 2.4 بلین روپے کے RLNG پر UFG کے حوالے سے سابقہ سال کے دعویٰ جات دائر کرنے کی اجازت دی ہے۔

### بلند UFG نامنظور مراعت (ڈس الاؤنس)

انتہائی بلند UFG ڈس الاؤنسز کی بنیاد وجہ 11 مئی، 2018 کو اکناک کو آرڈینیشن کمیٹی (ECC) کی طرف سے منظور کردہ سری کے ذریعے اوگرانے کی جانب سے ایس ایس جی سی کو دیئے گئے RLNG والیوم ہینڈلنگ بینیفٹ کو قبول نہیں کرنا ہے۔ اگر ایس ایس جی سی کو اس بینیفٹ کی اجازت دی جاتی تو مالی سال 2019-20 کے حوالے سے خالص UFG ڈس الاؤنس میں 12.9 بلین روپے تک کی کمی ہو جاتی۔ اس کے علاوہ اوگرانے کچھ مخصوص ڈس الاؤنسز تیار کئے ہیں جس کی سابقہ تعین کردہ ڈس الاؤنسز کے مقابلے میں کوئی مثال نہیں ملتی۔

ایس ایس جی سی، ECC کی منظور شدہ سری پر عمل درآمد کے لیے وزارت توانائی (پٹرولیم ڈویژن) کے ذریعے اوگرانے کی بھرپور پیروی کر رہا ہے، کیوں کہ ایس ایس جی سی کے علاوہ، RLNG سپلائی چین کے تمام اسٹیک ہولڈر RLNG قیمتوں کے ذریعے اپنی واجبی قیمت رچارج وصول کر رہے ہیں، جسے ECC کی منظوری کے باوجود اوگرانے کی جانب سے منع کیا جا رہا ہے۔ اوگرانے بھرپور انداز میں پیروی کی وجہ سے ایس ایس جی سی کے اس موقف کو تسلیم کیا ہے نیز UFG کی حد RLNG اور سوئی کے نام سے موسوم پر ایک کمپنی یعنی ایس ایس جی سی اور ایس این جی پی ایل پر اس کے اثرات کے تعین کے لیے ایک کنسلٹنٹ کو شامل کیا ہے۔

### ماضی کے نقصانات کے اثرات

ایس ایس جی سی کی مالیات پر ایک اور منفی اثر مورخہ 25 نومبر، 2016 کو سندھ ہائی کورٹ کی جانب سے 7.3 بلین روپے کے خفیہ نقصان اٹھانے کی وجہ سے ہوا۔ جس میں ایس ایس جی سی کو UFG مینج مارک اور چند غیر فعال آمدن کی وجہ سے عدالتی فیصلے کے حوالے سے روک دیا گیا تھا۔ اس فیصلے کے نتیجے میں ایس ایس جی سی کو مالی سال 2011 سے مالی سال 2015 سے متعلق 36.7



## مالی تجزیہ

زیر بحث مدت کے دوران، کمپنی نے اہم ڈس الاؤنسز اور مالیاتی لاگت کو شامل کرنے کے بعد کمپنی نے بعد از محصول خالص خسارہ ریکارڈ کیا۔

مالیاتی اہم نکات کا خلاصہ ذیل میں درج کیا گیا ہے:

2019-20 (روپے بلین میں)	
(19,049)	قبل از محصول خسارہ
(2,344)	محصولات
(21,393)	بعد از محصول خسارہ
(24.28)	فی حصص خسارہ (روپے)

ایس ایس جی سی کا منافع، اوگرا کی جانب سے مجوزہ ضمانت شدہ منافع کے فارمولے سے اخذ کیا گیا ہے۔ اس فارمولے کے تحت ایس ایس جی سی کو مالیاتی چارجز اور محصولات سے قبل اپنے اوسط خالص آپریٹنگ فکسڈ اثاثہ جات پر 17.43% منافع کی اجازت کی گئی ہے۔ تاہم اوگرا کا کردگی سے متعلق معیارات یعنی گیس کے لیے غیر شمار شدہ (UFG)، ہیومن ریسورس بیج مارک لاگت، مشکوک قرض کے حوالے سے پروویژن اور کچھ دیگر اخراجات/چارجز کی بنیاد پر محصولات کی ضروریات کا تعین کرتے ہوئے ڈس الاؤنسز رائیڈ جسٹمنٹس کرتا ہے۔ یہ ڈس الاؤنسز رائیڈ جسٹمنٹس کمپنی کی زیریں سطح کو متاثر کرتی ہیں۔ خالص خسارہ رپورٹ کرنے کی بنیادی وجوہات درج ذیل ہیں:

مالی سال 2019-20 میں، ایس ایس جی سی کو 15.4 بلین روپے کے منافع کی اجازت دی گئی تھی۔ تاہم اوگرا نے UFG کے حوالے سے 22.4 بلین روپے کے ڈس الاؤنسز، IFRS 9 کی تعمیل میں متوقع کریڈٹ خسارہ کے حوالے سے تیار کردی پروویژن کی بنیاد پر 2.7 بلین روپے اور RLNG ٹرانسپورٹیشن کے حوالے سے اندرونی طور پر استعمال کردہ گیس (جی سی آئی) کے حوالے

## توانائی کا جائزہ

توانائی معیشت کے لیے ایک اہم جزو تصور کی جاتی ہے۔ پاکستان توانائی کی قلت کا شکار ملک ہے اور اس کی توانائی کی طلب میں آنے والے سالوں میں مزید اضافہ متوقع ہے۔ اس وقت پاکستان میں قدرتی گیس کے موجودہ ذخائر 19.5 ٹریلین کیوبک فٹ ہیں۔ پاکستان بڑی حد تک قدرتی گیس پر انحصار کرتا ہے، جو بنیادی توانائی کے 43% سے زائد پر مشتمل ہے۔ قدرتی گیس کی مذکورہ شرح کو ملک اپنے ذاتی ذخائر سے فراہم کر رہا ہے، جسے بجلی کی پیداوار، گھریلو تجارتی، صنعتی اور سی این جی کی حامل ٹرانسپورٹ میں استعمال کیا جاتا ہے۔ توانائی کی مجموعی فراہمی میں قدرتی گیس کا حصہ 34.6% ہے اور ایل این جی کی درآمدات مجموعی فراہمی کا 8.7% ہے۔

پاکستان تقریباً 10 ملین صارفین کے وسیع کنزیومر بیس کو وسیع پیمانے پر گیس کی پیشکش کرنے والی ایک بہترین مارکیٹ ہے جو گھریلو، تجارتی اور صنعتی شعبہ جات پر مشتمل ہے جسے بجلی، سیمنٹ، عام صنعت، کھاد اور نقل و حمل کے شعبہ جات میں مزید تقسیم کیا جاتا ہے۔ دوپبلک سیکٹر گیس فراہم کرنے والے ادارے، سوئی سدرن اور سوئی نادرن زیادہ تر صارفین کو گیس فراہم کرتے ہیں۔

آج کے دن تک گیس کا مجموعی استعمال 1,454 BCF ہے۔ پاور سیکٹر 544 BCF گیس کی کھپت کے ساتھ سب سے بڑا شعبہ رہا ہے، اس کے بعد 284 BCF کے ساتھ گھریلو صارفین اور 273 BCF کے ساتھ عام صنعتی شعبہ کا شمار کیا جاتا ہے۔ عام صنعتی شعبہ میں کیپٹو جنریشن میں بھی شامل ہے۔ اس لیے گیس کی زیادہ تر طلب بجلی کی پیداوار کے لیے ہے۔





- لیگل سروس ڈپارٹمنٹ کو از سر نو ترتیب دینا
- لینڈ ریکارڈ کی ڈیجیٹلائزیشن
- آئی ٹی سے متعلق حکمت عملی اور آئی ٹ اسٹریٹجی کمیٹی کی تشکیل
- ایچ ایس ای کیوسی پاسپورٹ تیار کیا گیا اور عملے کو تربیت دی گئی

#### افراد قوت (ہیومن ریسورس) اصلاحات

بورڈ نے اپنی تشکیل کے بعد سے ایچ آر ادارہ میں کی جانے والی اصلاحات پر مسلسل عمل کیا ہے کیونکہ یہ SSGCL کی تبدیلی میں کلیدی حیثیت کا حامل ہے۔ اسٹیک ہولڈرز کی توقعات کے مطابق بہتر نتائج کے حصول کے لیے اعلیٰ معیار کی کارکردگی کا جائزہ اور نتائج پر مبنی احتسابی عمل کو ادارے کا جزو بنایا جا رہا ہے۔

اس مقصد کے حصول کے لیے انتظامیہ KPI's کی معاونت سے تشخیص پر مبنی کارکردگی کے نئے معیار کے نفاذ کا کام کر رہا ہے۔ ڈی ایم ڈی اور ایس جی ایم کی سطح کے عہدے متعارف کرائے گئے ہیں اور ایم ڈی، ڈی ایم ڈیز اور ایس جی ایمز کی کارکردگی کے نظام کے لیے حکمت عملی بنائی گئی ہے، جو انتظامیہ کی چٹائی سطح تک سرایت کر جائے گا۔ پالیسیز اور قواعد و ضوابط کو بہترین طریقے سے ہم آہنگ کرنے کے لیے بشمول درج ذیل منظور کیا جاتا:

- مسابقتی، میرٹ کی بنیاد پر اور مارکیٹ کے لحاظ سے شفاف طریقے سے تیزی کے ساتھ بھرتیوں کی اجازت دینا
- موزوں عملے، نئی فن مہارت اور اخلاقیات اور اقدار کی صفات کی حامل نمبرز کے ذریعے انتظامیہ کو بااختیار بنانا
- KPIs کی بنیاد پر کارکردگی کا رپورٹ دینے کے حوالے سے ایچ آر کے نئے فوائد اور مراعات کو اپنانا نیز بھرتی اور ترقی نیز جانشینی کے عمل کو اوپن، شفاف رکھنے کی منصوبہ بندی کرنا

- قبل از وقت ریٹائرمنٹ اور رخصت وغیرہ سے متعلق قوانین پر نظر ثانی کر کے لیبر مارکیٹ کی سختی مرکز بننے کو دور کرنا
- موزوں اور اضافی افراد قوت کے حصول اور تھرڈ پارٹی کے ساتھ معاہدوں کے ذریعے آسان اور سہل عمل کو متعارف کرانا

مختص کرنے میں مدد کرے گی۔

- موجودہ پائپ لائن نیٹ ورک کی سالمیت کو برقرار رکھنے کے لیے انتظامیہ کو 3 سال کے اندر ASME کے طے کردہ معیارات کے حوالے سے منصوبہ پیش کرنے کا منصوبہ پیش کرنے کا کام سونپا گیا ہے جس میں عملے اسٹاف کی تربیت، ٹریننگ اور ترقیاتی پہلوؤں کو اجاگر اور ان پر عمل درآمد کا منصوبہ بھی شامل ہے۔

- UFG میں کمی والے عوامل کو ریمل ٹائم کی بنیاد پر شناخت کرنے کی غرض سے سب سے زیادہ اثر پذیر علاقوں کو GIS سسٹم پر ٹیگ کیا جاتا ہے۔ UFG میں کمی کے حوالے سے بحالی پر مرکز امور، زیر زمین رساؤ کا پتہ لگانے اور چوری کا پتہ لگانے کو GIS سسٹم میں ٹیگ کیا جائے گا تاکہ ان سرگرمیوں کی موثر نگرانی کو یقینی بنایا جاسکے۔

- انتظامیہ چوری کے عمل کی حوصلہ شکنی کے لیے نئے کنکیشنز کے حوالے سے درکار وقت کو کم کرنے پر کام کر رہی ہے۔ گیس کی چوری کے خلاف آپریشن (CGTO) کرنے والے ڈپارٹمنٹ کو بھی چوری کے عمل کو روکنے کے لیے میڈیا کو ریج کے ذریعے اپنی تھیفٹ سرگرمیوں کو بڑھانے اور اس کی تشہیر کی ہدایت کی ہے۔

- خریداری کے عمل کو بہتر بنایا گیا ہے اور بورڈ، خریداری کے عمل میں درکار وقت کے وقفے کو مزید کم کرنے کی کوشش کر رہا ہے۔ بورڈ الیکٹرانک طریقے سے آٹومیشن سسٹمز کے استعمال کے ذریعے کاغذ سے مبرا اور کاغذ کے بغیر ماحول کو متعارف کرانے پر انتظامیہ کی حوصلہ افزائی کر رہا ہے۔

- سیلز ڈپارٹمنٹ، کسٹمرز کے لیے آن لائن سسٹم (انسانی مداخلت کے بغیر) کو متعارف کرنے پر کام کر رہا ہے۔

- رسک مینجمنٹ فنکشن کو مضبوط بنایا گیا ہے اور انٹر پرائز رسک مینجمنٹ (ERM) نیز نگرانی امور کا ڈھانچہ بھی تیار کیا گیا ہے۔

- رسک مینجمنٹ کا طریقہ کار: رسک کی شناخت، تخصیص نیز اس کی اہلیت کا معیار اور اس کو کم کرے کا طریقہ

- رسک مینجمنٹ اسٹیرنگ کمیٹی اور رسک ڈیش بورڈ تیار کیا گیا ہے

- انفارمیشن سیکورٹی مینجمنٹ سسٹم (آئی ایس ایم ایس) فنکشن تیار کیا گیا ہے اور ای آر ایم سافٹ ویئر خرید لیا گیا ہے

- مجموعی طور پر نگرانی کا طریقہ کار بہتر ہو رہا ہے جس سے درج ذیل نتائج حاصل ہو رہے ہیں:

- گیس فراہم کنندگان (سپلائرز) آف ایکٹو ٹیکنیکل ڈسکونٹنس اور ڈسکونٹنس کی وصولی کی رقم 1 بلین روپے ہے

- 1 بلین روپے کی واجب الادا رقم کے حامل 5,953 کسٹمرز کے کنکیشنز منقطع کر کے گھریلو صارفین کے زائد المیعا واجبات سے مختصر مدت میں

حاصل ہونے والی 1.85 بلین روپے کی رقم کی وصولی

- گزشتہ دو مالیاتی سالوں کے دوران 2.3 بلین روپے کے پرانے ہٹایا امور پر سرمایہ لگایا گیا

- انوینٹری مینجمنٹ بالخصوص زائد خریداری، دوبارہ آرڈر دینا، لاگت اٹھانا، بروقت منسوخی پر کنٹرول جیسے عوامل کو ہموار کرتا ہے

- ہٹایا ریسچے ہوئے پراجیکٹس کی غیر ریکارڈ شدہ پائپ لائن کو اجاگر کیا

خصوص یو ایف جی جب کی ادارہ سازی اور اسے عملی طور پر فعال کرنے کی سفارش کی۔ یو ایف جی کے اطلاق کے حوالے سے حکمت عملی زیر تکمیل ہے۔ سندھ میں یو ایف جی میں تنزلی کا رجحان ہے تاہم اس کے چند خطوں اور بلوچستان میں یہ غیر معمولی طور پر زیادہ ہے، جس سے کمپنی کو بنیادی طور پر منفی اثرات کا سامنا کرنا پڑا۔ یو ایف جی کا مستحکم بنیادوں پر حصول ابھی باقی ہے تاہم فی الحال نقصانات کو بتدریج کم کیا جا رہا ہے۔ گزشتہ تین سالوں میں یو ایف جی میں BCF 21 کی کمی سے تقریباً 12 بلین روپے کی بچت ہوئی ہے۔

- بورڈ درج ذیل امور پر خصوصی توجہ مرکوز رکھتے ہوئے یو ایف جی کی تخفیف کی حکمت عملی کے تیز ترین اطلاق کے حوالے سے انتظامیہ کو مشورہ رہدایت دی ہے:

a- کراچی کے حوالے سے یو ایف جی کی تخفیف کے لیے مزید مرکز اور ہدف یافتہ طریقہ کار کا استعمال کیا جانا۔ حال ہی میں بورڈ نے اعلیٰ انتظامیہ کو یو ایف جی کے حوالے سے ایک بار پھر ذمہ داری تفویض کی ہیں اور کراچی کی نگرانی کے لیے اسے 7 خطوں (جو پہلے تین تھے) میں تقسیم کیا ہے نیز اندرون سندھ کو 5 خطوں (جو پہلے 4 تھے) میں تقسیم کیا جائے گا۔

b- یو ایف جی کی تخفیف کے حوالے سے ایک جارحانہ سرمایہ کاری پروگرام کا آغاز کرنا جس کے تحت پرانے نیٹ ورک جس میں رساؤ کے زیادہ واقعات ہوتے ہیں، کو کافی حد تک اپ گریڈ کیا جانا، جبکہ میٹر ٹرنگ اور چوری کے خلاف مضابطہ کی کارروائی کو آگے بڑھانا۔

c- ترجیحی بنیادوں پر 14 میٹر اسٹیشن (SMSs) میں یو ایف جی کو روکنا، جس میں یو ایف جی کا بڑا حصہ ہے۔

d- بلوچستان رجن میں یو ایف جی کو کم کرنے پر توجہ مرکوز کی گئی ہے جس کا کمپنی کے مجموعی یو ایف جی میں اہم حصہ ہے۔ بلوچستان رجن میں انتظامیہ کو باہمی طور پر ہم آہنگ حل کے اطلاق کے لیے وفاقی حکومت کی معاونت درکار ہے۔

- انتظامیہ نے یو ایف جی میں کمی کی حکمت عملی کے مؤثر اطلاق کے ذریعے یو ایف جی کی تخفیف کے لیے طے کردہ KPIs کے حوالے سے خود کو جواب دہ ٹھہرانے پر رضامندی کا اظہار کیا ہے۔

- ادارے میں احتساب کے معیار کو بڑھانے اور عملی امور میں کارکردگی کو بہتر بنانے کے لیے کمپنی کے ادارہ جاتی چارٹ کی تشکیل نو کی گئی ہے۔

- دیگر چیزوں کے ساتھ، ادارے میں ایک علیحدہ کوالٹی ایٹورنس ڈپارٹمنٹ قائم کیا گیا ہے اور کوالٹی ایٹورنس ڈپارٹمنٹ کا سربراہ براہ راست مینجنگ ڈائریکٹر کو رپورٹ کرے گا۔

- انتظامیہ کو ذمہ داری تفویض کی گئی ہے کہ وہ اسٹیک ہولڈرز کے فائدے میں اضافے اور کارکردگی کو مؤثر بنانے کے لیے ایس ایس جی سی کو کارکردگی کے لحاظ سے ایک بہتر اور مؤثر ادارہ بنائے۔ انتظامیہ نے مالی سال 2021-22 کے لیے بجٹ کے سخت اہداف حاصل کر لیے ہیں۔

- پالیسی کے تناظر میں بجٹ کے اخراجات کو لاگت میں کمی کے اقدامات کے ذریعے کم کیا گیا، گزشتہ تین سالوں میں مناسب طریقہ کار اور کام کی بنیاد پر سرمایہ جاتی اخراجات کی سخت جانچ پڑتال کی گئی اور بجٹ کو اوگرا کی حدود میں رکھا گیا تا کہ زیادہ اخراجات کے باعث اجازت نہ دی جاسکے۔

- موزوں بجٹ سے حاصل ہونے والی بچت ASME معیارات اور یو ایف جی میں کمی کے امور کے مطابق ترسیل اور تقسیم کے نظام کی بحالی کے لیے بجٹ



رہنہ دہیلیاں کی ہیں اور مجاز حکام کو عوامی سنوائی کے بغیر گیس کے نرخوں کا فیصلہ کرنے کی بھی اجازت دی ہے، جبکہ مجوزہ نرخ کو صرف گیس کے بہتر نرخ اور درآمدی گیس کی لاگت پر نظر ثانی کی وجہ سے دوبارہ طے کرنے کی ضرورت ہے۔ ان ترامیم کے اثرات گیس یوٹیلیٹی کمپنیوں پر پڑے ہیں۔ تاہم ان کے نفاذ کا اب تک انتظار ہے۔ بورڈ انتظامیہ کو کفایت شعاری اور حال ہی میں کاروباری تنوع کے لیے اضافی سرمایہ کاری اور شراکت داری کے مواقع تلاش کرنے کی ہدایت کی ہے۔

- بورڈ اور انتظامیہ اس تعلق سے مختلف منصوبوں سے فائدہ حاصل کرنے پر کام کر رہے ہیں۔
- ٹریڈل آپریشن
- گیس کے ذخیرہ کرنے کی سہولیات
- موجودہ گیس فیلڈ سے پیداوار میں اضافے
- متبادل ذرائع جیسے کوئلے اور گیس وغیرہ سے گیس کی پیداوار
- ٹریڈل نیز متعلقہ ڈاؤن اسٹریم آپریشن کے ذریعے ایس ایس جی۔ ایل پی جی کے کاروبار کو وسعت دینے سے متعلق مختلف منصوبوں سے فائدہ حاصل کرنے پر کام کرنا

ایس ایس جی سی کا میٹروپولیٹن پلانٹ (ایم ایم پی) پورے جنوبی ایشیاء میں اپنی نوعیت کا واحد اور مقامی گیس میٹر (G-1.6 اور G-4) میٹروپولیٹن پلانٹ ہے۔ یہ پلانٹ تقریباً 10,000 پاکستانیوں کے لیے براہ راست اور یا بالواسطہ ذریعہ آمدن ہے۔ انتظامیہ نے ایک جدید ٹیکنالوجی ٹرانسفر اور لائسنس ایگریمنٹ پر گفت و شنید کرتے ہوئے اسے حتمی شکل دی ہے، جو گیس میٹر کو مقامی طور پر تیار کرنے کے عمل کی تکمیل اور مقامی طور پر دستیاب مواد کو موجودہ 53% سے 97% تک بڑھا کر ایس ایس جی سی کو "کمپنی میٹرز" جیسے تیار کردہ گیس میٹرز فراہم کرنے کے قابل بناتا ہے۔ درآمد شدہ پیکٹائزیشن کے متبادل کے ذریعے تقریباً 44 فیصد کی نمایاں کمی متوقع ہے، جس سے سالانہ تقریباً 2 ملین یورو کے زرمبادلہ کی بچت ہوتی ہے، جسے بیرونی فروخت کے ساتھ ملا کر 7.3 یورو تک بڑھایا جاسکتا ہے، اس طرح قومی خزانے کو فائدہ پہنچے گا۔

### ایس ایس جی سی کی عملی اور مالی کارکردگی کا استحکام

نومبر 2019 سے عہدہ سنبھالنے کے بعد سے بورڈ کو متعدد مسائل کا سامنا ہے تاہم نیٹ ورک کو بہتر بنانے اور کاروبار کو وسعت دینے کے لیے نئے مواقع دریافت کرتے ہوئے، بورڈ نے کمپنی کے مفادات کا تحفظ کیا ہے اور کمپنی کے داخلی راندرونی نگران امور کو مستحکم کرنے کا کام جاری ہے۔ بورڈ نے پوری کمپنی میں کارپوریٹ سطح پر کارکردگی کو موثر بنانے کے لیے ادارہ جاتی اصلاحات کے ذریعے بہترین انتظام و انصرام، استحکام اور عملی امور کی سہل انداز میں انجام دہی کی ترویج کے حوالے سے انتظامیہ کی حوصلہ افزائی کی ہے۔ بورڈ نے ایس ایس جی سی ایل کو مالی اور عملی اعتبار سے ایک مستحکم ادارہ بنانے کے لیے ایس ایس جی سی کے آپریشنز کے تقریباً تمام پیچیدہ شعبہ جات میں کارپوریٹ حکمت عملی اور منصوبوں کا دوبارہ جائزہ لینے کی حوصلہ افزائی کی۔

اہم اصلاحات میں درج ذیل شامل ہیں:

- بورڈ نے یو ایف جی کی کمی کو تیزی سے آگے بڑھانے کے لیے مطلوبہ فن مہارت، صلاحیت اور تجربہ کے حامل ڈپٹی مینیجر ڈائریکٹر کی سربراہی میں ایک

# ڈائریکٹرز رپورٹ

(اُردو ترجمے کے ساتھ)

معزز شیئر ہولڈر،

بورڈ نے 66 ویں سالانہ رپورٹ اور 30 جون، 2020 کو ختم ہونے والے مالی سال کے حوالے سے آڈٹ شدہ مالی گوشواروں کی اُن پراڈیٹرز کی رپورٹ کے منظوری دے دی تھی۔ رپورٹ کو بروقت جمع کرانے کو یقینی بنانے کے لیے مالی گوشوارے اوگرا کی فائل ریونیوریکوآئزمنٹ (ایف آر آر) پیشین پر مبنی ہیں، تاہم ایس ایس جی سی ایل کی اپیل اور نظر ثانی کی درخواست پر دائر کردہ پیشین کے زیر التواء مندرجات کے مؤثر انداز میں تصفیہ کے حوالے سے مساوی طور پر بیرونی کی جائے گی۔ بورڈ نے انتظامیہ کو ہدایت کی ہے کہ وہ مالی سال 2020-21 کے سالانہ اجلاس عام کے انعقاد کے حوالے سے حتی وقت میں توسیع کی تکمیل کے لیے ایف ایف آر پیشین برائے مالی سال 2020-21 پراوگرا کے طے کردہ تعین کی سختی کے ساتھ پیروی کریں اور مالی سال 2020-21 کے تمام زیر التواء عبوری مالی گوشوارے جاری کریں۔

انتظامیہ نے فیڈرل کیبنٹ کی ای سی سی کی جانب سے اس کے فیصلے بتاریخ 11 مئی، 2018 کو کیس نمبر ECC-37/09/2018 میں اوگرا کو جاری کردہ پالیسی گائیڈ لائنز کے اطلاق کی باقاعدگی سے پیروی کرنے کی ہدایت کی ہے۔ یو ایف جی والیوم پر مبنی اوگرا کے تاخیر سے ہونے والے مالیاتی اثرات کو اعلیٰ ترین پالیسی پلیٹ فارم بشمول ای سی سی، سی سی او ای اور وفاقی کیبنٹ وغیرہ میں حکومت کے گوش گزار کیا جا چکا ہے۔ ان پالیسی گائیڈ لائنز کے عدم اطلاق سے کمپنی کی مالی صحت پر شدید اثرات مرتب ہوئے ہیں اور ساتھ ہی یہ حکومت کے سماجی و اقتصادی ایجنڈے اور کمپنی کی فلاح و بہبود کے لیے بھی نقصان دہ ہیں۔ اوگرا کی جانب سے ایف آر آر پیشین میں مجموعی RLNG والیوم ہینڈلنگ کے فوائد کا دعویٰ کیا گیا تاہم 30 جون، 2020 تک اس کی اجازت نہیں دی گئی اور وہ 38.2 بلین روپے پر رہا۔ اسی دوران، نومبر 2016 میں یو ایف جی شیڈ مارک اور مخصوص غیر فعال آمدن کے برخلاف فیصلے کے حوالے سے سندھ ہائی کورٹ کے حکم امتناعی کی برطرفی منسوخ کے نتیجے میں ایس ایس جی سی کو مالی سال 2011 سے مالی سال 2015 تک کے لیے 36.7 بلین روپے کے نقصان کو برداشت کرنا پڑا۔ ایس ایس جی سی نے مہتمم حکام کی منظوری سے مالی سال 2020-21 تک 6 سالوں میں ان نقصانات رخساروں کو برداشت کیا۔ موجودہ مالی گوشواروں میں بقیہ 7.344 بلین روپے کے نقصان کو مکمل طور پر برداشت کیا گیا ہے۔

ایس ایس جی سی کو درپیش اہم مسائل میں سے شمار کیا جانے والا مسئلہ جس نے اس کے عملی کو بری طرح متاثر کیا وہ گیس کی فروخت کے نرخوں میں اضافے میں ہونے والی تاخیر ہے۔ اس قابل غور تاخیر کی وجہ سے فروخت کی نرخوں اور مجوزہ نرخوں کو 178 بلین روپے کی حد تک جی ڈی ایس وصولی کے طور پر پینلٹس شیٹ میں جمع کیا گیا ہے۔

حال ہی میں وفاقی حکومت نے گیس یوٹیلیٹی کی مطلوبہ آمدن میں درآمد شدہ گیس (RLNG) کی لاگت کو شامل کرنے کے لیے اوگرا آرڈیننس میں ترمیمات

# Sui Southern Gas Company

66<sup>th</sup> Annual General Meeting for the year ended 2019-20

## FORM OF PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_, holding CNIC # \_\_\_\_\_ being a member of Sui Southern Gas Company Limited and holder of \_\_\_\_\_ Ordinary shares vide Registered Folio / CDC Account # \_\_\_\_\_ hereby appoint Mr./Mrs./Miss. \_\_\_\_\_ of \_\_\_\_\_ holding CNIC # \_\_\_\_\_ or failing whom Mr./Mrs./Miss. \_\_\_\_\_ of \_\_\_\_\_ holding CNIC # \_\_\_\_\_ as my/our proxy to attend and vote on my behalf at 66<sup>th</sup> Annual General Meeting of the Company to be held on **Friday, June 3, 2022 at 10:30 am at SSGC Head Office, Karachi as well as through electronic means / video link facility** and / or any adjournment thereof.

Signed under my / our hand this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

(Signature should agree with the specimen signature registered with the Company)

Signature on  
Revenue Stamp of  
Appropriate Value

### Witnesses:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC / Passport #: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC / Passport #: \_\_\_\_\_

**Dated:** \_\_\_\_\_

### Notes:

- 1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her. Such a proxy must be a member of the Company.
- 2) The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notary attested copy of power of attorney must be deposited at the Registered Office of the Company situated at SSGC House, Sir Shah Suleman Road, Gulshan-e-Iqbal, Karachi at least 48 hours before the time of the meeting.
- 3) CDC shareholders or their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this Proxy Form before submission to the Company.
- 4) The Proxy must produce his original CNIC or original passport at the time of attending the meeting in person.
- 5) In case of corporate entities, the Board of Directors' resolution/power of attorney and specimen signature must be submitted (unless it has been provided earlier) along with proxy forms to SSGC.

## سالِ مختتمہ 2019-20 کے لیے 66 واں سالانہ اجلاس عام

پراکسی فارم

میں رہم۔۔۔۔۔ کے۔۔۔۔۔ حامل سی این آئی سی نمبر۔۔۔۔۔ بحیثیت ممبر سوئی سدرن گیس کمپنی لمیٹڈ اور  
حامل رجسٹر فلیوری ڈی سی اکاؤنٹ نمبر۔۔۔۔۔ کے ذریعے۔۔۔۔۔ عمومی حصص کا حامل ہونے کی حیثیت سے بذریعہ ہذا جناب مسماۃ رآنسہ  
۔۔۔۔۔ کے۔۔۔۔۔ حامل سی این آئی سی نمبر۔۔۔۔۔ یا ان کی ناکامی پر جناب مسماۃ رآنسہ۔۔۔۔۔ کے  
۔۔۔۔۔ حامل سی این آئی سی نمبر۔۔۔۔۔ کو جمعہ مورخہ، 3 جون، 2022 کو دن 10:30 بجے کراچی میں منعقد ہونے والے اور اس کے کسی  
التواء کی صورت میں الیکٹرانک ذرائع روٹیڈ یولنک کی سہولت کو استعمال کرتے ہوئے کمپنی کے 66 ویں سالانہ اجلاس عام میں میری رہماری جانب سے شرکت کرنے اور  
ووٹ دینے کے لیے پراسسی کے طور پر مقرر کرتا رکھتی ہوں کرتے ہیں۔

متناسب قیمت کے ریونیو  
اسٹیپ پر دستخط کریں

بذریعہ میرے رہمارے دستخط مورخہ \_\_\_\_\_ 2022 کو جاری ہوا  
(دستخط کمپنی کے پاس رجسٹرڈ نمونہ دستخط سے مطابقت کے حامل ہونے چاہئے)

گواہان:

دستخط: _____ نام: _____ پتہ: _____ سی این آئی سی / پاسپورٹ نمبر: _____	دستخط: _____ نام: _____ پتہ: _____ سی این آئی سی / پاسپورٹ نمبر: _____
تاریخ: _____	تاریخ: _____

### تمسکات (نوٹس):

- 1۔ اس اجلاس میں شرکت کرنے اور ووٹ دینے کا اہل کوئی بھی اپنی جگہ پر پر کسی کو اجلاس میں شرکت دینے اور ووٹ دینے کے لیے مقرر کرنے کا اہل ہے۔ پر کسی کیلئے کمپنی کا ممبر ہونا لازمی ہے۔
- 2۔ پر کسی کی تقرری کی دستاویز اور مختار نامہ یا دیگر اجازت نامہ، جس کے تحت اس پر دستخط کئے گئے ہیں یا مختار نامہ کی نوٹری سے تصدیق شدہ نقل، کمپنی کے رجسٹرڈ دفتر واقع ایس ایس جی سی ہاؤس، سر شاہ سلیمان روڈ، گلشن اقبال، کراچی کے دفتر میں اجلاس کے آغاز کے وقت سے کم از کم 48 گھنٹے قبل لازمی طور پر موصول ہو جائے۔
- 3۔ سی ڈی سی حصص یافتگان اور ان کے پراکسیز میں سے ہر ایک سے درخواست کی جاتی ہے کہ وہ اس پر کسی فارم کو کمپنی کے پاس جمع کرانے سے قبل اس پر کسی فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔
- 4۔ پر کسی اجلاس میں شخصی طور پر شرکت کرتے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ لازمی فراہم کرے۔
- 5۔ کارپوریٹ اداروں کی صورت میں، ایس ایس جی سی کے پاس پر کسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد مختار نامہ اور نمونہ دستخط لازمی جمع کرائے جائیں۔





If undelivered, please return to Shares Department:

📍 SSGC House, Sir Shah Suleman Road, Block 14,  
Gulshan-e-Iqbal, Karachi-75300, Pakistan.

☎ +92-21-9902-1031

🌐 [www.ssgc.com.pk](http://www.ssgc.com.pk)

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