Sui Southern Gas Company Limited

Evolve - Adapt - Grow

Un-Audited Condensed Interim Financial Information for the quarter ended September 30, 2020

SSGC

Sui Southern Gas
Company Limited

Unconsolidated Condensed Interim Financial Information (Un-Audited)
for the quarter ended September 30, 2020

CORPORATE PROFILE

BOARD OF DIRECTORS

AS ON SEPTEMBER 30, 2020

Dr. Shamshad Akhtar	Chairperon
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

ACTING MANAGING DIRECTOR (AMD)

Mr. M. Amin Rajput

COMPANY SECRETARY

Mr. Shoaib Ahmed

AUDITORS

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

LEGAL ADVISOR

M/s. Orr, Dignam & Co. Advocates

REGISTERED OFFICE

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

CONTACT DETAILS

Ph: 92-21-99021000
Fax: 92-21-9902-1797
Email: info@ssgc.com.pk
Web: www.ssgc.com.pk

SHARE REGISTRAR

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

BOARD OF DIRECTORS' COMMITTEES

Board HR and Remuneration Committee

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Dr. Ahmed Mujtaba Memon	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Capt (R) Fazeel Asghar	Director
Mr. Imran Ahmed	Director

Board Finance and Procurement Committee

Dr. Ahmed Mujtaba Memon	Chairman
Ms. Nida Rizwan Farid	Director
Mr. Ayaz Dawood	Director
Dr. Sohail Razi Khan	Director
Mr. Zuhair Siddiqui	Director
Mr. Imran Ahmed	Director

Board Audit Committee

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

Board Risk Management, Litigation and HSEQA Committee

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

Special Committee of Directors on UFG

Dr. Shamshad Akhtar	Chairperson
Mr. Faisal Bengali	Director
Ms. Nida Rizwan Farid	Director
Capt (R) Fazeel Asghar	Director
Mr. Imran Ahmed	Director
Dr. Sohail Razi Khan	Director
Mr. Zuhair Siddiqui	Director

Board Nomination Committee

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

DIRECTORS' REVIEW

For three months period ended September 30, 2020

Financial Overview

During the period, the Company recorded a net after tax loss of Rs. 721 Million after incorporating major disallowances by OGRA. This Loss is 84% less than comparative period of Quarter ended 30 September 2019.

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

	Sep 2020	Sep 2019	Variance	
			Amount	%
	(Rupees in Million)			
Loss before Taxation	(111)	(4,005)	3,894	(97)
Taxation	(610)	(587)	(23)	4
Loss after Taxation	(721)	(4,592)	3,871	(84)
Loss Per Share (Rs.)	(0.82)	(5.21)	4.39	(84)

SSGC Profitability is derived from the Guaranteed Return Formula prescribed by OGRA. Under this formula, SSGC is allowed 17.43% return on its average net operating fixed assets before financial charges and taxes. However, OGRA makes disallowances/ adjustments while determining the revenue requirements based on efficiency related benchmarks viz a viz Un-accounted for Gas (UFG), Human Resource Benchmark Cost, Provision for Doubtful Debts and some other expenses/ charges. These disallowances/ adjustments affect the bottom-line of the Company.

As compared to the corresponding period of last year in which loss of Rs. 4,592 million was reported, there is significant improvement in bottom line of current Quarter and reported Loss After Tax is Rs. 721 Million which is an improvement of 84% in Bottom-line. Improvement in bottom line is attributed to completion of absorption of staggered losses in June 2020 to the extent of Rs. 1,836 Million and Rs. 2,035 million reflects operational efficiency mainly due to reasons as under:

In line with OGRA Determination on Final Revenue Requirement (DFRR) for FY 2019-20 issued on March 28, 2022, total disallowances absorbed/ credits allowed in these three months financial results amounted to Rs. 3,016 million against Return on Assets of Rs. 3,879 million. Finance cost for the period is Rs. 974 million.

Acceptance of UFG Allowance on RLNG Business

SSGC has been pursuing vigorously OGRA through the Ministry of Energy (Petroleum Division) as well as through Islamabad High Court to allow Actual UFG on RLNG business in Distribution Network. As a result of IHC restraining Order, OGRA has allowed Actual UFG of 17.25% based on FRR of 2019-20.

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

Provision against impaired debts

OGRA allows provision against impaired debts as operating expense related to disconnected customers only. However, on adoption of IFRS-9, provision is being made on Expected Credit loss basis i. e. forward looking approach which also requires provisioning against Live Customers. Provision against Impaired Debts amounting Rs 648 million against live customers has been treated as not allowable expense by OGRA.

Financial Cost

SSGC has to account for financial charges of Rs. 974 million against borrowing which is mainly due to the Long-Term Loan obtained to finance its Pipeline Infrastructure for transmission of RLNG from Karachi Port to Sawan delivering the RLNG volumes to SNGPL network for meeting the energy requirements of North.

An amount of Rs. 301 million has been allowed as Finance Cost on Short Term Borrowings with direct positive impact on bottom line.

Future Outlook

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

Acknowledgements

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

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Acting Managing Director

Dated: November 07, 2020
Place: Karachi

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2020

	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	6	**134,125,030**	134,346,216
Intangible assets		**6,792**	2,079
Right of use assets	7	**194,522**	221,352
Long term investments	8	**1,221,663**	1,180,018
Net investment in finance lease		**116,681**	131,135
Long term loans and advances		**167,023**	180,062
Long term deposits		**19,733**	19,104
Total non-current assets		**135,851,444**	136,079,966
Current assets			
Stores, spares and loose tools		**3,020,910**	2,716,971
Stock-in-trade		**2,227,165**	2,105,878
Current maturity of net investment in finance lease		**57,814**	57,814
Customers' installation work-in-progress		**254,314**	241,566
Trade debts	9	**90,476,917**	91,808,904
Loans and advances		**1,910,233**	1,989,598
Advances, deposits and short term prepayments		**873,214**	699,192
Interest accrued	10	**15,528,999**	15,112,554
Other receivables	11	**352,814,989**	337,782,168
Taxation - net		**18,644,026**	19,192,406
Cash and bank balances		**717,969**	699,689
Total current assets		**486,526,550**	472,406,740
Total assets		**622,377,994**	608,486,706

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

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2020

	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000**	10,000,000
Issued, subscribed and paid-up capital		**8,809,163**	8,809,163
Reserves		**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI securities		**185,135**	143,490
Surplus on revaluation of property plant and equipment		**24,347,314**	24,347,314
Accumulated losses		**(62,618,936)**	(61,897,994)
Total equity		**(24,369,923)**	(23,690,626)
LIABILITIES			
Non-current liabilities			
Long term financing	12	**28,582,355**	29,087,535
Long term deposits		**20,527,896**	20,339,702
Employee benefits		**5,186,844**	5,096,484
Obligation against pipeline		**804,641**	820,255
Deferred credit	13	**4,504,838**	4,604,521
Contract liabilities	14	**6,386,784**	6,197,498
Lease liability		**55,562**	105,235
Long term advances		**2,965,334**	2,968,518
Total non-current liabilities		**69,014,254**	69,219,748
Current liabilities			
Current portion of long term financing	12	**8,085,462**	8,086,064
Short term borrowings	15	**24,203,099**	14,979,552
Trade and other payables	16	**526,473,294**	521,363,559
Current portion of obligation against pipeline		**60,413**	59,075
Current portion of Deferred credit	13	**428,083**	432,236
Current portion of contract liabilities	14	**193,032**	192,203
Current portion lease liability		**102,293**	117,409
Unclaimed dividend		**285,430**	285,430
Interest accrued	17	**17,902,557**	17,442,056
Total current liabilities		**577,733,663**	562,957,584
Total liabilities		**646,747,917**	632,177,332
Contingencies and commitments	18		
Total equity and liabilities		**622,377,994**	608,486,706

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

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the quarter ended September 30, 2020

	Note	Quarter ended September 30, 2020	Quarter ended September 30, 2019
		(Un-Audited)	(Un-Audited)
		(Rupees in '000)	(Rupees in '000)
Sales	19	**74,277,457**	82,184,702
Sales tax	19	**(11,115,365)**	(12,233,736)
		63,162,092	69,950,966
Gas development surcharge	20	**11,150,639**	742,311
RLNG differential margins	21	**2,479,559**	(272,479)
		13,630,198	469,832
Net sales		**76,792,290**	70,420,798
Cost of sales	22	**(77,470,436)**	(79,005,383)
Gross loss		**(678,146)**	(8,584,585)
Administrative and selling expenses		**(1,125,343)**	(1,170,656)
Other operating expenses	23	**(60,414)**	(32,078)
Impairment loss against financial assets		**(1,136,504)**	(325,439)
		(2,322,261)	(1,528,173)
		(3,000,407)	(10,112,758)
Other income	24	**3,864,140**	7,269,684
Operating profit / (loss)		**863,733**	(2,843,074)
Finance cost		**(974,334)**	(1,161,555)
Loss before taxation		**(110,601)**	(4,004,629)
Taxation	25	**(610,341)**	(586,934)
Loss for the period		**(720,942)**	(4,591,563)
Basic and diluted loss per share (Rupees)		**(0.82)**	(5.21)

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

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended September 30, 2020

	Quarter ended	
	September 30, 2020	'September 30, 2019
	(Un-Audited)	
	---------(Rupees in '000)---------	
Loss for the period	**(720,942)**	(4,591,563)
Other comprehensive income		
Items that will not be reclassified subsequently to unconsolidated statement of profit or loss		
Unrealised income / (loss) on re-measurement of FVTOCI securities	**41,645**	(29,331)
Total comprehensive loss for the period	**(679,297)**	(4,620,894)

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

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW

For the quarter ended September 30, 2020

	Note	Quarter ended September 30, 2020	Quarter ended September 30, 2019
		(Un-Audited)	
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(110,601)**	(4,004,629)
Adjustments for non-cash and other items	26	**4,388,372**	3,583,304
Working capital changes	27	**(10,350,512)**	9,281,773
Financial charges paid		**(560,494)**	(884,205)
Employee benefits paid		**(30,113)**	(25,551)
Payment for retirement benefits		**(483,795)**	(487,542)
Long term deposits received - net		**187,565**	498,126
Loans and advances to employees - net		**92,404**	(85,390)
Interest income and return on term deposits received		**17,470**	25,263
Income taxes paid		**(61,961)**	(47,551)
Net cash (used in) / generated from operating activities		**(6,911,665)**	7,853,598
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(1,702,020)**	(2,763,687)
Payments for intangible assets		**(6,353)**	(288)
Payment for obligation against pipeline		**(33,933)**	(33,933)
Proceeds from sale of property, plant and equipment		**255**	52,603
Lease rental from net investment in finance lease		**23,517**	23,517
Dividend received		**-**	1,849
Net cash used in investing activities		**(1,718,534)**	(2,719,939)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(500,773)**	(1,374,334)
Repayment of customer finance		**(5,009)**	(6,253)
Repayment of lease liability		**(69,286)**	(75,568)
Net cash used in financing activities		**(575,068)**	(1,456,155)
Net (decrease) / increase in cash and cash equivalents		**(9,205,267)**	3,677,504
Cash and cash equivalents at beginning of the period		**(14,279,863)**	(15,955,943)
Cash and cash equivalents at end of the period		**(23,485,130)**	(12,278,439)
Cash and cash equivalent comprises:			
Cash and bank balances		**717,969**	522,716
Short term borrowings		**(24,203,099)**	(12,801,155)
		(23,485,130)	(12,278,439)

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

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the quarter ended September 30, 2020

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of FVTOCI securities	Surplus on revaluation of property plant and equipment	Accumulated losses	Total
	(Rupees in '000)						
Balance as at June 30, 2019 (Audited)	**8,809,163**	**234,868**	**4,672,533**	**199,621**	**21,043,031**	**(42,981,531)**	**(8,022,315)**
Total comprehensive loss for the quarter ended September 30, 2019							
Loss for the period	-	-	-	-	-	(4,591,563)	(4,591,563)
Other comprehensive loss for the period	-	-	-	(29,331)	-	-	(29,331)
Total comprehensive loss for the period	-	-	-	(29,331)	-	(4,591,563)	(4,620,894)
Balance as at September 30, 2019	8,809,163	234,868	4,672,533	170,290	21,043,031	(47,573,094)	(12,643,209)
Balance as at June 30, 2020 (Audited)	8,809,163	234,868	4,672,533	143,490	24,347,314	(61,897,994)	(23,690,626)
Total comprehensive loss for the quarter ended September 30, 2020							
Loss for the period	-	-	-		-	(720,942)	(720,942)
Other comprehensive income for the period	-	-	-	41,645	-	-	41,645
Total comprehensive loss for the period	-	-	-	41,645	-	(720,942)	(679,297)
Balance as at September 30, 2020	**8,809,163**	**234,868**	**4,672,533**	**185,135**	**24,347,314**	**(62,618,936)**	**(24,369,923)**

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

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

1. STATUS AND NATURE OF BUSINESS

1.1 Sui Southern Gas Company Limited ("the Company") is a public limited Company incorporated in Pakistan and is listed on Pakistan Stock Exchange. The main activity of the Company is transmission and distribution of natural gas in Sindh and Balochistan. The Company is also engaged in certain activities related to the gas business including the manufacturing and sale of gas meters and construction contracts for laying of pipelines.

The registered office of the Company is situated at SSGC House, Sir Shah Suleman Road, Block 14, Gulshan e Iqbal, Karachi. The Company's pipe coating plant is situated at Plot No. F-76, SITE Avenue Karachi (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 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.

1.3 Financial performance

During the quarter, the Company has incurred a loss after tax of Rs. 721 million resulting in increase in its accumulated losses to Rs. 62,619 million and diminishing equity to Rs. 24,370 million. As at period end, current liabilities exceed its current asset by Rs. 91,207 million.

The Company's financial performance for the quarter 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 for FY 2018-19 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 and Sui Nothern Gas Pipelines limited (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 requirement

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 abovementioned Sindh High Court judgement. But the management has considered OGRA's decision in preparation of this unconsolidated condensed interim financial statements for the quarter ended September 30, 2020.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

The unconsolidated condensed interim financial statements has been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" and the provisions and directives issued under the Companies Act, 2017. In case where the requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail. For the determination of Gas Development Surcharge, the directives of OGRA and the OGRA Ordinance, 2002 have been followed. Moreover, Gas Development Surcharge recorded in this unconsolidated condensed interim financial statements is based on Final Revenue Requirement determined by OGRA for the financial year ended June 30, 2020.

This unconsolidated condensed interim financial statements does not include all information required for annual audited unconsolidated financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied for the preparation of this unconsolidated condensed interim financial statements are the same as those applied in preparation of the annual unconsolidated audited financial statements of the Company for the year ended June 30, 2020.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of unconsolidated condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited unconsolidated financial statements for the year ended June 30, 2020. Further, the charge in respect of staff retirement benefits has been recognised on the basis of actuarial's projection for the ensuing year; hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this unconsolidated condensed interim financial statements except certain additional disclosures as given in note 30 to this unconsolidated condensed interim financial statements.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited unconsolidted financial statements as at and for the year ended June 30, 2020.

	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
6. PROPERTY, PLANT AND EQUIPMENT	--------(Rupees in '000)--------	
Operating assets	**121,620,344**	122,483,833
Capital work-in-progress	**12,504,686**	11,862,383
	134,125,030	134,346,216

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

	September 30, 2020		September 30, 2019	
	(Un-audited)			
	---(Rupees in '000)---			
	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)
Operating assets				
Buildings on leasehold land	**12,281**	**-**	76,904	-
Gas distribution system	**1,027,519**	**-**	898,903	-
Gas transmission pipelines	**113,900**	**-**	546,601	-
Telecommunication	**435**	**-**	-	-
Plant and machinery	**21,077**	**-**	42,776	(348)
Tools and equipment	**1,458**	**-**	3,828	-
Motor vehicles	**6,588**	**(1,502)**	42,689	(11,216)
Furniture and fixtures	**464**	**-**	12,088	-
Office equipment	**8,579**	**-**	1,138	-
Computers and ancillary equipments	**8,350**	**-**	49,926	(17)
Construction equipment	**-**	**-**	-	(51)
Compressor	**35,176**	**-**	113,295	-
	1,235,827	**(1,502)**	1,788,148	(11,632)

	September 30, 2020		September 30, 2019	
	(Un-audited)			
	----------(Rupees in '000)----------			
	Capital expenditure incurred	**Transfer to operating assets**	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:	----------(Rupees in '000)----------			
Projects:				
- Gas distribution system	**1,513,342**	**(1,027,519)**	1,428,241	(898,903)
- Gas transmission system	**69,191**	**(113,900)**	94,224	(546,601)
- Cost of buildings under construction	**27,789**	**(12,281)**	14,067	(76,904)
	1,610,322	**(1,153,700)**	1,536,532	(1,522,408)

During the period, there has been net increase in respect of stores and spares held for capital projects and others amounting to Rs. 139 million (September 30, 2019: Increase of Rs. 1,152 million).

	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
7 RIGHT OF USE ASSETS	-----(Rupees in '000)-----	
Cost	**350,231**	347,263
Accumulated depreciation	**(155,709)**	(125,911)
Net book value	**194,522**	221,352
Cost		
Opening balance	**347,263**	-
Impact on application of IFRS 16	-	347,263
Additions / Adjustments during the period	**2,968**	-
Ending balance	**350,231**	347,263
Accumulated depreciation		
Opening balance	**125,911**	-
Depreciation charge for the period	**31,324**	125,911
Additions / Adjustments during the period	**(1,526)**	-
Ending balance	**155,709**	125,911

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

8 LONG TERM INVESTMENTS

Investment in related parties	**1,149,197**	1,131,815
Other investments	**72,466**	48,203
	1,221,663	1,180,018

	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	

9. TRADE DEBTS

secured		**33,900,495**	32,655,739
unsecured		**76,949,461**	78,389,700
	9.1&9.2	**110,849,956**	111,045,439
Provision against financial assets		**(20,373,039)**	(19,236,535)
		90,476,917	91,808,904

9.1 As K-Electric Limited (KE) has been defaulting and not making payment of Late Payment Surcharge (LPS) and the Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, the Company effective from July 01, 2012 decided to account for LPS from KE on receipt basis as per IFRS 15 "Revenue from Contract with Customers" based on opinion from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 33,437 million (June 30, 2020: Rs. 33,415 million) as at September 30, 2020 receivables from KE against sale of indigenous gas. Out of this, Rs. 27,831 million (June 30, 2020: Rs. 29,652 million) are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 121,144 million (June 30, 2020: Rs. 116,743 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

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

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

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

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

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

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

9.2 As Pakistan Steel Mills Corporation (Private) Limited (PSML) has been defaulting and not making payment of Late Payment Surcharge (LPS), the Company effective from July 01, 2012 decided to account for LPS from PSML on receipt basis as per IFRS 15 “Revenue from Contract with Customers" based on opinion from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,543 million (June 30, 2020: Rs. 24,332 million) including overdue balance of Rs. 24,471 million (June 30, 2020: Rs. 24,282 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 69,415 million (June 30, 2020: Rs. 67,665 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.

		Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
10.	**INTEREST ACCRUED**		--------(Rupees in '000)--------	
	Interest accrued on late payment of bills / invoices from:			
	- WAPDA		**4,482,566**	4,390,715
	- SNGPL		**8,971,780**	8,685,480
	- JJVL		**578,799**	578,798
			14,033,145	13,654,993
	Interest accrued on sales tax refund		**487,739**	487,739
	Interest accrued on loan to related party	10.1	**1,120,515**	1,082,222
			15,641,399	15,224,954
	Provision against impaired accrued income		**(112,400)**	(112,400)
			15,528,999	15,112,554

10.1 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. 1,084 million (June 30, 2020: Rs. 1,046 million) and interest accrued on late payment of bills against sale of LPG amounting to Rs. 36 million (June 30,2020: Rs. 36 million).

		Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
11.	**OTHER RECEIVABLES**		--------(Rupees in '000)--------	
	Gas development surcharge receivable from GoP	11.1	**189,706,752**	178,411,641
	Receivable from SNGPL for differential tariff		**-**	4,284,080
	Receivable from HCPCL	11.2	**4,157,839**	4,157,839
	Receivable for sale of gas condensate		**62,067**	46,438
	Sui Northern Gas Pipelines Limited	11.3	**107,121,588**	99,834,232
	Jamshoro Joint Venture Limited	11.4&11.5	**11,031,947**	11,427,831
	SSGC LPG (Private) Limited		**20,027**	19,829
	Sales tax receivable	11.6	**42,738,101**	41,588,995
	Sindh sales tax receivable		**112,976**	112,976
	Receivable against asset contribution	11.7	**400,050**	418,118
	Miscellaneous receivable		**50,516**	67,063
			355,401,863	340,369,042
	Provision against other receivables		**(2,586,874)**	(2,586,874)
			352,814,989	337,782,168
11.1	**Gas development surcharge receivable from GoP**			
	Opening balance		**178,411,641**	140,160,555
	Recognized during the period		**11,150,639**	37,600,501
	Subsidy for LPG air mix operations		**144,472**	650,585
	Ending balance		**189,706,752**	178,411,641

	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	

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

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

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

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

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

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

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

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

11.3	Receivable balance from SNGPL comprises of the following:	Note	**September 30, 2020 (Un-audited)**	June 30, 2020 (Audited)
			--------(Rupees in '000)--------	
	Uniform cost of gas		**15,818,846**	15,818,845
	Lease rentals		**689,650**	593,033
	Contingent rent		**3,535**	3,535
	LSA Margins		**3,150,050**	2,877,266
	Capacity and utilisation charges of RLNG	11.3.1	**56,701,032**	51,063,909
	RLNG transportation income		**30,758,475**	29,477,644
			107,121,588	99,834,232

11.3.1 The Company has invoiced an amount of Rs. 110,332 million, including Sindh Sales Tax of Rs. 12,836 million, till September 30, 2020 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 (PAFCL) 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 to PAFCL, PAFCL is making payment directly to the Company according to the payment plan finalized in which PAFCL was required to make eight equal monthly installments of Rs. 201 million per month. Till July 2019, the Company has received all eight installments.

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.

11.4 This include amount receivable in respect of royalty income, sale of liquefied petroleum gas, sale of natural gas liquids, Federal Excise Duty and Sindh Sales Tax on Franchise Services.

As at period end, amount payable to JJVL is Rs. 8,528 million (June 30, 2020: Rs. 8,528 million) in respect of processing charges is disclosed in note 16 in this unconsolidated condensed interim financial statement.

11.5 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.

11.6 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. Realizing 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, above said 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. The management is making vigorous efforts for realization of these refunds.

11.7 This represents receivable from Mari Petroleum 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 cashflow technique.

	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
		-----------(Rupees in '000)-----------	
12. LONG-TERM FINANCING			
Secured			
Loans from banking companies	12.1	**35,706,067**	36,210,321
Unsecured			
Front end fee of foreign currency loan		**23,950**	23,950
Customer finance		**165,595**	170,605
Government of Sindh loans		**772,205**	768,723
		961,750	963,278
Subtotal		**36,667,817**	37,173,599
Less: curent portion shown under current liabilities			
Loans from banking companies		**(7,875,000)**	(7,875,000)
Customer finance		**(23,795)**	(24,397)
Government of Sindh loans		**(186,667)**	(186,667)
		(8,085,462)	(8,086,064)
		28,582,355	29,087,535

12.1 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at September 30, 2020 the Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the period repayment of Rs. 355 million has been made. The financial arrangements have been secured by GoP guarantee and ranking charge created by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

		Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
13.	**DEFERRED CREDIT**		-----------(Rupees in '000)-----------	
	Government of Pakistan contributions / grants			
	Opening Balance		**2,911,647**	3,064,028
	Additions / adjustments during the period		**3,177**	139,427
	Transferred to unconsolidated statement of profit or loss	13.1	**(73,291)**	(291,808)
	Ending balance		**2,841,533**	2,911,647
	Government of Sindh (Conversion of loan into grant)			
	Opening Balance		**1,995,985**	2,025,211
	Additions during the period		**8**	86,808
	Transferred to unconsolidated statement of profit or loss		**(29,775)**	(116,034)
	Ending balance		**1,966,218**	1,995,985
	Government of Sindh grants			
	Opening Balance		**129,125**	149,967
	Transferred to unconsolidated statement of profit or loss	13.2	**(3,955)**	(20,842)
	Ending balance		**125,170**	129,125
			4,932,921	5,036,757
	Less: Current portion of deferred credit		**(428,083)**	(432,236)
			4,504,838	4,604,521

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

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

		Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
			-----------(Rupees in '000)-----------	
14.	**CONTRACT LIABILITIES**			
	Contribution from customers	14.1&14.2	**1,810,560**	1,823,259
	Advance received from customers for laying of mains, etc.		**4,576,224**	4,374,239
			6,386,784	6,197,498
14.1	**Contribution from customers**			
	Opening Balance		**2,015,462**	1,573,394
	Additions / adjustments during the period		**36,388**	623,385
	Transferred to unconsolidated statement of profit or loss		**(48,258)**	(181,317)
			2,003,592	2,015,462
	Less: Current portion of contributions from customers		**(193,032)**	(192,203)
	Ending balance		**1,810,560**	1,823,259

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

15. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 25,000 million (June 30, 2020: Rs. 25,000 million) and carry mark-up ranging from 0.00% to 0.20% (June 30, 2020: 0.00% to 0.20%) above the average one month KIBOR. These facilities are secured by first pari passu second amendment to the joint hypothecation agreement and ranking charge over present and future stock in trade and book debts of the Company.

The aggregate unavailed short term borrowing facilities amounted to Rs.797 million (June 30, 2020: Rs. 10,021 million).

16. TRADE AND OTHER PAYABLES	Note	**September 30, 2020 (Un-audited)**	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
Creditors for:			
- Indegenious gas	16.1	**383,556,500**	386,072,492
- RLNG		**102,588,247**	92,860,338
		486,144,747	478,932,830
RLNG differential margin payable to GoP		**11,951,077**	14,430,636
Engro Energy Terminal Limited		**1,878,924**	1,901,685
Accrued liabilities		**4,091,969**	3,794,449
Provision for compensated absences - non executives		**303,441**	303,441
Payable to pension		**129,230**	129,230
Payable to staff gratuity fund		**4,076,195**	4,076,196
Payable to provident fund		**62,242**	74,872
Deposits / retention money		**581,872**	622,876
Advance for sharing right of way		**18,088**	18,088
Withholding tax		**133,886**	114,457
Sales tax and federal excise duty		**516,789**	456,824
Sindh sales tax payable		**276,698**	130,433
Processing charges payable to JJVL		**8,528,447**	8,528,447
Gas infrastructure development cess payable		**7,148,024**	7,234,826
Unclaimed Term Finance Certificate redemption profit		**1,800**	1,800
Workers's profit participation fund		**174,515**	174,515
Others		**455,350**	437,954
		526,473,294	521,363,559

16.1 As at September 30, 2020, amount of Rs. 313,365 million (June 30, 2020: Rs. 308,399 million) is payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (June 30, 2020: Rs. 15,832 million) on their balances which have been presented in note 17.1to this unconsolidated condensed interim financial statements.

		Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
17.	**INTEREST ACCRUED**		**--------(Rupees in '000)--------**	
	Long term financing - loans from banking companies		**812,800**	562,364
	Long term deposits from customers		**602,543**	481,020
	Short term borrowings		**211,585**	123,043
	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	17.1	**15,832,411**	15,832,411
			17,902,557	17,442,056

17.1 As disclosed in note 9.1 and 9.2, effective from July 1, 2012, the Company has been accounting for LPS from KE and PSML on receipt basis as per IFRS 15 “Revenue from Contract with Customers" based on opinion from firms of Chartered Accountants.. However, the Company continued recognition of the LPS expense 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 the accounting standards, as such standards do not allow the Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Company has never paid such LPS to Government Controlled E&P Companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt.The Company's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

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

Had the management not reversed the LPS expense payable from July 1, 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; June 30, 2020 and for the period ended September 30, 2020 amounting to Rs. 7,569 million; Rs. 7,477 million; Rs. 10,525 million; Rs 26,335 million and Rs. 7,049 million respectively on outstanding payables to Government Controlled E&P Companies, the effect on this unconsolidated condensed interim financial statements would be as follows:

(Rupees in million)

- Increase in loss before tax	**7,049**
- Increase in loss after tax / accumulated loss	**5,005**
- Increase in loss per share - rupees	**5.68**
- Increase in accumulated losses	**85,177**
- Increase trade payables	**85,177**
- Increase deferred tax liability	**25,714**

		September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
18.	**CONTINGENCIES AND COMMITMENTS**	-------- (Rupees in '000)--------	
18.1	Commitments for capital and other expenditures	**4,923,147**	5,550,445
18.2	Guarantees issued on behalf of the Company	**6,903,663**	6,908,524

18.3 Jamshoro Power Company Limited (JPCL) has lodged claims against the Company amounting to Rs. 144,120 million (2020: 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 (2020: 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.

18.4 As disclosed in note 17.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020 and for the quarter ended September 30, 2020 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million,Rs. 26,335 million and Rs. 7,049 million in this unconsolidated condensed interim financial statements. The Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

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

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the termination by the Company and stated that the termination was validly done and the Company was 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 is of the view that once the matter is finalized by the SCP any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

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

The Company after concurrence of its Board informed SCP that it does not accept the proposal submitted by JJVL and asked SCP to appoint a firm of Chartered Accountants to come up with an agreement mutually beneficial for both the parties. After considering all the points, SCP appointed a third party firm of Chartered Accountants which shall deemed to be the receivers of the Court and would supervise the Project. In addition, firm is to determine an appropriate sharing arrangement for both parties which shall be final, subject to the approval of the 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 SCPin its order dated December 29, 2018. SCP also directed the Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement. The agreement is valid for 1.5 years from the date of agreement and unless renewed by the parties through mutual written consent it shall stand terminated automatically. Accordingly, in June 2020 the said agreement stands expired and since then no gas has been supplied to JJVL plant.

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

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

			Quarter ended	
			September 30, 2020	September 30, 2019
			(Un-audited)	
19.	**SALES**	Note	**----------(Rupees in '000)----------**	
	Gross Sales - Indigenous gas		**62,246,299**	69,335,024
	Gross Sales - RLNG		**12,031,158**	12,849,678
			74,277,457	82,184,702
	Sales tax - Indigenous gas		**(9,399,569)**	(10,343,534)
	Sales tax - RLNG		**(1,715,796)**	(1,890,202)
			(11,115,365)	(12,233,736)
20.	**GAS DEVELOPMENT SURCHARGE (GDS)**			
	GDS recovered during the period		**(942,461)**	(945,546)
	Price increase adjustment for the period		**12,237,575**	3,656,271
	Impact of staggering		**-**	(1,835,892)
	Subsidy for LPG air mix operations		**(144,475)**	(132,522)
			11,150,639	**742,311**
21.	**RLNG DIFFERENTIAL MARGINS**			
	RLNG Differential Margin - OGRA		**2,479,559**	(2,275,705)
	RLNG Differential Margin - SNGPL		**-**	2,003,226
			2,479,559	(272,479)
22.	**COST OF SALES**			
	Cost of gas	22.1	**72,296,260**	73,574,435
	Transmission and distribution costs		**5,174,176**	5,430,948
			77,470,436	79,005,383
22.1	**Cost of gas**			
	Opening gas in pipelines		**1,248,028**	1,214,410
	RLNG Purchases		**12,510,704**	11,243,081
	Indigenous gas purchases		**60,020,333**	63,718,097
			73,779,065	76,175,588
	Gas consumed internally		**(285,716)**	(1,296,687)
	Closing gas in pipelines		**(1,197,089)**	(1,304,466)
			(1,482,805)	(2,601,153)
			72,296,260	73,574,435

		Quarter ended	
		September 30, 2020	September 30, 2019
		(Un-audited)	
		----------(Rupees in '000)----------	
23.	**OTHER OPERATING EXPENSES**		
	Auditors' remuneration	**1,743**	1,768
	Sports expenses	**31,089**	18,792
	Corporate social responsibility	**6,361**	10,000
	Loss on disposal of property, plant and equipment	**1,247**	-
	Provision against impaired stores and spares	**19,974**	1,518
		60,414	32,078
24.	**OTHER INCOME**		
	Income from financial assets		
	Income for receivable against asset contribution	**10,296**	11,187
	Interst income on loan to related party	**38,294**	38,585
	Income from net investment in finance lease from SNGPL	**9,063**	9,063
	Return on term deposits and profit and loss bank accouint	**7,173**	14,076
		64,826	72,911
	Interest income on late payment of gas bills from		
	- Water & Power Development Authority (WAPDA)	**91,851**	171,451
	Dividend income	**-**	1,849
	Income from other than financial assets		
	Late payment surcharge	**620,118**	375,835
	Sui Northern Gas Pipelines Limited (SNGPL)	**286,301**	286,301
	Sale of gas condensate - net	**(28,369)**	(4,488)
	Income from LPG NGL - net	**-**	(104,939)
	Meter manufacturing division profit - net	**5,706**	3,116
	Meter rentals	**202,311**	197,480
	RLNG transportation income	**1,809,310**	2,383,200
	Recognition of income against deferred credit and contract liability	**141,835**	133,267
	Income from LPG air mix distribution - net	**33,470**	22,007
	Income from sale of tender documents	**697**	1,182
	Scrap sales	**1,450**	1,208
	Recoveries from customer	**10,610**	15,490
	Liquidity damaged recovered	**9,570**	6,921
	Gain on disposal of property, plant and equipment	**-**	40,971
	Amortization of Government grant	**3,955**	5,228
	Exchange gain	**360,868**	3,420,234
	Rental income from SSGC LPG (Pvt) Limited	**193**	130
	LSA margins against RLNG	**241,401**	231,175
	Miscellaneous	**8,037**	9,155
		3,864,140	**7,269,684**

	Quarter ended	
	September 30, 2020	September 30, 2019
	(Un-audited)	
25. TAXATION	**--------(Rupees in '000)--------**	
- Current	**(610,341)**	(586,934)
- Deferred	**-**	-
	(610,341)	(586,934)
26. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS		
Provisions	**1,762,891**	833,672
Depreciation on owned assets	**1,980,773**	1,923,900
Depreciation on right of use assets	**31,324**	31,579
Amortization of intangibles	**1,640**	6,761
Finance cost	**948,483**	1,125,873
Amortization of transaction cost	**745**	5,666
Amortization of government grant	**(3,955)**	(5,228)
Recognition of income against deferred credit and contract liability	**(134,315)**	(131,519)
Dividend income	**-**	(1,849)
Interest income and return on term deposits	**(433,915)**	(521,600)
Income from net investment in finance lease	**(9,063)**	(9,063)
(Gain) / Loss on disposal of property plant and equipment	**1,247**	(40,971)
Decrease in long term advances	**(3,184)**	(11,079)
Decrease in deferred credit and contract liability	**220,594**	347,145
Decrease in obligation against pipeline	**19,657**	20,880
Impact of IFRS 16: Finance cost	**5,450**	9,137
	4,388,372	3,583,304
27. WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores and spares	**(312,710)**	135,450
Stock-in-trade	**(123,433)**	(79,895)
Customers' installation work-in-progress	**(12,748)**	(7,149)
Trade debts	**195,483**	(6,675,739)
Advances, deposits and short term prepayments	**(174,022)**	(73,090)
Other receivables	**(15,032,818)**	(8,640,010)
	(15,460,248)	(15,340,433)
Increase in current liabilities		
Trade and other payables	**5,109,736**	24,622,206
	(10,350,512)	9,281,773

28. TRANSACTIONS WITH RELATED PARTIES

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

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

	Relationship	Quarter ended September 30, 2020	Quarter ended September 30, 2019
		(Un-audited)	(Un-audited)
		(Rupees in '000)	(Rupees in '000)
Government related entities			
- Purchase of fuel and lubricant		**16,331**	9,706
- Billable charges		**24,370,444**	7,986,784
- Income from net investment in finance lease		**9,063**	9,063
- Gas purchases		**31,426,301**	32,405,744
- Sale of gas meters		**7,819**	6,690
- Insurance premium		**29,433**	26,187
- Electricity expenses		**59,644**	86,588
- Interest income		**378,152**	457,752
- Markup expense on short term finance		**7,843**	36,588
- Markup expense on long term finance		**94,698**	181,692
- Professional charges		**40**	-
- RLNG transportation income		**1,809,310**	2,383,200
- LPG purchases		**78,557**	79,655
- Income against LNG service agreement		**241,401**	231,175
Karachi Grammar School	**Associate**		
- Billable charges		**5**	-
Key management personnel			
- Remuneration		**48,466**	45,212
Pakistan Institute of Corporate Governance	**Associate**		
- Subscription / Trainings		**559**	-
SSGC LPG (Private) Limited	**Wholly owned subsidiary**		
- Interest on loan		**38,294**	38,585
- Rental income		**193**	130
Staff retirement benefit plans	**Associate**		
- Contribution to provident fund		**94,020**	92,224
- Contribution to pension fund		**302,979**	198,856
- Contribution to gratuity fund		**180,814**	78,863

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

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

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

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

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

	Relationship	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
Government related entities - various			
- Billable charges		**62,234,594**	63,591,878
- Mark up accrued on borrowings		**(5,657,681)**	(4,221,975)
- Net investment in finance lease		**400,050**	418,118
- Gas purchases		**(321,922,217)**	(316,626,683)
- Gas meters & spare parts		**76,680**	73,432
- Uniform cost of gas		**15,818,846**	15,818,845
- Cash at bank		**27,728**	24,951
- Stock loan		**4,912**	4,912
- Payable to insurance		**(1,952)**	(837)
- Gas supply deposit		**(51,263)**	(51,263)
- Interest expense accrued - late payment surcharge on gas supplies bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**13,454,347**	13,076,195
- Professional charges		**57**	57
- Contingent rent		**3,535**	3,535
- Capacity and utilisation charges of RLNG		**56,701,032**	51,063,909
- RLNG transportation income		**30,758,475**	29,477,644
- LSA margins		**3,150,050**	2,877,266
- LPG purchases		**(35,583)**	-
- Advance for sharing right of way		**(18,088)**	(18,088)
Karachi Grammar School	**Associate**		
- Billable charges		**5**	5
- Gas supply deposit		**22**	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		**1,120,515**	1,082,222
- LPG sales		**5,698**	5,698
- Rental income receivable		**1,641**	1,442
- Receivable of management fee		**12,688**	12,688

29. OPERATING SEGMENTS

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

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

Segment revenue and results

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

	Quarter ended			
	Segment revenue		Segment Profit / (loss)	
	September 30, 2020	September 30, 2019	**September 30, 2020**	September 30, 2019
	(Un-audited)			
	---------------------- (Rupees in '000) ----------------------			
Gas transmission and distribution	**63,162,092**	69,950,966	**(366,268)**	(4,286,959)
Meter manufacturing	**354,240**	443,321	**5,706**	3,116
Total segment results	**63,516,332**	70,394,287	**(360,562)**	(4,283,843)
Unallocated - other expenses				
- Other operating expenses			**(60,414)**	(32,078)
Unallocated - other income				
- Non-operating income			**310,375**	311,292
Loss before tax			**(110,601)**	(4,004,629)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 347 million (September 30, 2019: Rs. 516 million).

Segment assets and liabilities

	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	
Segment assets		
Gas transmission and distribution	**599,241,373**	584,900,720
Meter manufacturing	**1,209,631**	1,036,492
Total segment assets	**600,451,004**	585,937,212
Unallocated		
- Loans and advances	**2,077,256**	2,169,660
- Taxation - net	**18,644,026**	19,192,406
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**717,969**	699,689
	21,926,990	22,549,494
Total assets as per unconsolidated condensed interim statement of financial position	**622,377,994**	608,486,706
Segments liabilities		
Gas transmission and distribution	**646,569,542**	631,885,178
Meter manufacturing	**178,375**	292,154
Total segment liabilities	**646,747,917**	632,177,332
Total liabilities as per unconsolidated condensed interim statement of financial position	**646,747,917**	632,177,332

30. FAIR VALUE OF MEASUREMENT

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

30.1 Fair value of financial instruments

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

The table below analyses financial instruments carried at fair value. The different levels has been defined as follows:
Level 1 - Quoted prices in active markets for identical assets or liabilities.

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

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).
The following table presents the financial assets which are carried at fair value:

	As at September, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	---Rupees in '000---			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**221,662**	**-**	**-**	**221,662**

	As at June 30, 2020			
	Level 1	Level 2	Level 3	Total
	---Rupees in '000---			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	180,017	-	-	180,017

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

30.2 Fair value of other assets

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

	As at September 30, 2020	
	Level 2	**Fair Value**
	--------------**Rupees in '000**-----------	
Freehold land	**12,339,027**	**12,339,027**
Leasehold land	**12,698,110**	**12,698,110**
	25,037,137	**25,037,137**

	As at June 30, 2020	
	Level 2	Fair Value
	--------------Rupees in '000------------	
Freehold Land	12,339,027	12,339,027
Leasehold Land	12,698,110	12,698,110
	25,037,137	25,037,137

31. 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 unconsolidated condensed 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 condensed interim financial statements.

32. GENERAL

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

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

33. DATE OF AUTHORISATION

This unconsolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on July 30, 2022.

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

SSGC | Sui Southern Gas Company Limited

Consolidated Condensed Interim Financial Information (Un-Audited)
for the quarter ended September 30, 2020

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2020

	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	6	**137,139,147**	137,364,439
Intangible assets		**13,459**	9,747
Deferred tax		**177,302**	187,577
Right of use assets	7	**213,728**	241,120
Long term investments	8	**221,662**	180,017
Net investment in finance lease		**116,681**	131,135
Long term loans and advances		**167,023**	180,062
Long term deposits		**25,601**	28,617
Total non-current assets		**138,074,603**	138,322,714
Current assets			
Stores, spares and loose tools		**3,024,318**	2,719,897
Stock-in-trade		**2,350,349**	2,221,947
Current maturity of net investment in finance lease		**57,814**	57,814
Customers' installation work-in-progress		**254,314**	241,566
Trade debts	9	**90,493,533**	91,835,466
Loans and advances		**375,130**	454,495
Advances, deposits and short term prepayments		**993,196**	831,984
Interest accrued	10	**14,408,484**	14,030,332
Other receivables	11	**352,865,149**	337,818,379
Taxation - net		**18,882,206**	19,406,544
Other financial asset		**129,223**	129,000
Cash and bank balances		**1,755,880**	1,550,683
Total current assets		**485,589,596**	471,298,107
Total assets		**623,664,199**	609,620,821

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

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2020

	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000**	10,000,000
Issued, subscribed and paid-up capital		**8,809,163**	8,809,163
Reserves		**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI securities		**185,135**	143,490
Surplus on revaluation of property plant and equipment		**25,254,815**	25,254,815
Accumulated losses		**(62,907,893)**	(62,242,789)
Total equity		**(23,751,379)**	(23,127,920)
LIABILITIES			
Non-current liabilities			
Long term financing	12	**28,582,355**	29,087,535
Long term deposits		**20,879,979**	20,690,732
Employee benefits		**5,228,249**	5,136,092
Obligation against pipeline		**804,641**	820,255
Deferred credit	13	**4,504,838**	4,604,521
Contract liabilities	14	**6,386,784**	6,197,498
Lease liability		**74,587**	127,250
Long term advances		**2,965,334**	2,968,518
Total non-current liabilities		**69,426,767**	69,632,401
Current liabilities			
Current portion of long term financing	12	**8,085,462**	8,086,064
Short term borrowings	15	**24,203,099**	14,979,552
Trade and other payables	16	**526,708,764**	521,503,284
Short term deposits		**18,615**	18,440
Current portion of obligation against pipeline		**60,413**	59,075
Current portion of Deferred credit	13	**428,083**	432,236
Current portion of contract liabilities	14	**193,032**	192,203
Current portion lease liability		**103,356**	118,000
Unclaimed dividend		**285,430**	285,430
Interest accrued	17	**17,902,557**	17,442,056
Total current liabilities		**577,988,811**	563,116,340
Total liabilities		**647,415,578**	632,748,741
Contingencies and commitments	18		
Total equity and liabilities		**623,664,199**	609,620,821

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

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the quarter ended September 30, 2020

	Note	Quarter ended September 30, 2020	Quarter ended September 30, 2019
		(Un-Audited)	
		-----------(Rupees in '000)-----------	
Sales	19	**74,277,457**	82,184,702
Sales tax	19	**(11,115,365)**	(12,233,736)
		63,162,092	69,950,966
Gas development surcharge	20	**11,150,639**	742,311
RLNG differential margins	21	**2,479,559**	(272,479)
		13,630,198	469,832
Net sales		**76,792,290**	70,420,798
Cost of sales	22	**(77,470,436)**	(79,005,383)
Gross Loss		**(678,146)**	(8,584,585)
Administrative and selling expenses		**(1,160,931)**	(1,205,692)
Other operating expenses	23	**(60,828)**	(32,241)
Impairment loss against financial assets		**(1,136,504)**	(325,439)
		(2,358,263)	(1,563,372)
		(3,036,409)	(10,147,957)
Other income	24	**3,981,873**	7,300,958
Operating profit / (loss)		**945,464**	(2,846,999)
Finance cost		**(975,367)**	(1,161,583)
Loss before taxation		**(29,903)**	(4,008,582)
Taxation	25	**(635,201)**	(586,357)
Loss for the period		**(665,104)**	(4,594,939)
Basic and diluted loss per share (Rupees)		**(0.76)**	(5.22)

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

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended September 30, 2020

	Quarter ended	
	September 30, 2020	September 30, 2019
	(Un-Audited)	
	---------(Rupees in '000)---------	
Loss for the period	**(665,104)**	(4,594,939)
Other comprehensive income	**-**	
Items that will not be reclassified subsequently to unconsolidated statement of profit or loss		
Unrealised income / (loss) on re-measurement of FVTOCI securities	**41,645**	(29,331)
Total comprehensive loss for the period	**(623,459)**	(4,624,270)

The annexed notes 1 to 33 form an integral part of this consolidated condensed interim financial

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW

For the quarter ended September 30, 2020

	Note	Quarter ended September 30, 2020 (Un-Audited)	September 30, 2019
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(29,903)**	(4,008,582)
Adjustments for non-cash and other items	26	**4,484,460**	3,657,941
Working capital changes	27	**(10,249,952)**	9,318,702
Financial charges paid		**(1,697,566)**	(1,790,911)
Employee benefits paid		**(30,113)**	(25,551)
Payment for retirement benefits		**(485,724)**	(488,289)
Long term deposits received - net		**188,618**	514,180
Deposits paid - net		**174**	185
Loans and advances to employees - net		**92,404**	(85,390)
Interest income and return on term deposits received		**1,137,985**	932,259
Income taxes paid		**(100,570)**	(56,880)
Net cash (used in) / generated from operating activities		**(6,690,187)**	7,967,664
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(1,733,841)**	(2,769,670)
Payments for intangible assets		**(6,353)**	(288)
Short term investment		**(223)**	-
Payment for obligation against pipeline		**(33,933)**	(33,933)
Proceeds from sale of property, plant and equipment		**255**	52,603
Lease rental from net investment in finance lease		**23,517**	23,517
Dividend received		**-**	1,849
Net cash used in investing activities		**(1,750,578)**	(2,725,922)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(500,773)**	(1,374,334)
Repayment of customer finance		**(5,009)**	(6,253)
Repayment of lease liability		**(71,803)**	(75,568)
Net cash used in financing activities		**(577,585)**	(1,456,155)
Net (decrease) / increase in cash and cash equivalents		**(9,018,350)**	3,785,587
Cash and cash equivalents at beginning of the period		**(13,428,869)**	(15,457,754)
Cash and cash equivalents at end of the period		**(22,447,219)**	(11,672,167)
Cash and cash equivalent comprises:			
Cash and bank balances		**1,755,880**	1,128,988
Short term borrowings		**(24,203,099)**	(12,801,155)
		(22,447,219)	(11,672,167)

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

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the quarter ended September 30, 2020

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of FVTOCI securities	Surplus on revaluation of property plant and equipment	Accumulated losses	Total
	-----------------	-----------------	-----------------	-(Rupees in '000)-	-----------------	-----------------	-----------------
Balance as at June 30, 2019 (Audited)	**8,809,163**	**234,868**	**4,672,533**	**199,621**	**21,950,532**	**(43,450,758)**	**(7,584,041)**
Total comprehensive loss for the quarter ended September 30, 2019							
Loss for the period	-	-	-	-	-	(4,594,939)	(4,594,939)
Other comprehensive loss for the period	-	-	-	(29,331)	-	-	(29,331)
Total comprehensive loss for the period	-	-	-	(29,331)	-	(4,594,939)	(4,624,270)
Balance as at September 30, 2019	8,809,163	234,868	4,672,533	170,290	21,950,532	(48,045,697)	(12,208,311)
Balance as at June 30, 2020 (Audited)	8,809,163	234,868	4,672,533	143,490	25,254,815	(62,242,789)	(23,127,920)
Total comprehensive loss for the quarter ended September 30, 2020							
Loss for the period	-	-	-	-	-	(665,104)	(665,104)
Other comprehensive income for the period	-	-	-	41,645	-	-	41,645
Total comprehensive loss for the period	-	-	-	41,645	-	(665,104)	(623,459)
Balance as at September 30, 2020	**8,809,163**	**234,868**	**4,672,533**	**185,135**	**25,254,815**	**(62,907,893)**	**(23,751,379)**

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

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company
- Sui Southern Gas Company Limited

	Percentage of Holding	
	2020	2019
Subsidiary Companies		
- 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 Balochistan. Brief profiles of the Holding Company and subsidiaries are as follows:

Sui Southern Gas Company Limited

Sui Southern Gas Company Limited ("the Company") is a public limited Company incorporated in Pakistan and is listed on Pakistan Stock Exchange. The main activity of the Company is transmission and distribution of natural gas in Sindh and Balochistan. The Company is also engaged in certain activities related to the gas business including the manufacturing and sale of gas meters and construction contracts for laying of pipelines.

The registered office of the Company is situated at SSGC House, Sir Shah Suleman Road, Block 14, Gulshan e Iqbal, Karachi. The Company's pipe coating plant is situated at Plot No. F-76, SITE Avenue Karachi (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.

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 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 is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office 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 Punjab through the High Court of Sindh auction during October 2011.

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

1.2 Basis of consolidation

- This consolidated condensed interim financial statements include the financial statements of the Holding Company and its Subsidiary Companies, together "the Group".
- The condensed interim financial statements of the subsidiaries are prepared for the same reporting period 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.
- 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 / 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.

1.4 Financial performance

During the quarter, the Holding Company has incurred a loss after tax of Rs. 721 million resulting in increase in its accumulated losses to Rs. 62,619 million and diminishing equity to Rs. 24,370 million. As at period end, current liabilities exceed its current asset by Rs. 91,207 million.

The Holding Company's financial performance for the quarter 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 Holding 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 2018-19 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 Sui Northern Gas Pipeline Company Limited (SNGPL).

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

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

- Under new tariff regime, the Holding Company is entitled to the guaranteed return on operating asset from 17% to 17.43% from FY 2019 for next two 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.

1.5 Determination of revenue requirement

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 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 Holding Company for the financial years 2011 to 2015 based on the interim relief granted by 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 this consolidated condensed interim financial statements for the quarter ended September 30, 2020.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

The consolidated condensed interim financial Statements has been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" and the provisions and directives issued under the Companies Act, 2017. In case where the requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail. For the determination of Gas Development Surcharge, the directives of OGRA and the OGRA Ordinance, 2002 have been followed. Moreover, Gas Development Surcharge recorded in this consolidated condensed interim financial statements is based on Final Reveue Requirement determined by OGRA for the financial year ended June 30, 2020.

This consolidated condensed interim financial statements does not include all information required for annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Holding Company for the year ended June 30, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied for the preparation of this consolidated condensed interim financial statements are the same as those applied in preparation of the annual consolidated audited financial statements of the Holding Company for the year ended June 30, 2020.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended June 30, 2020. Further, the charge in respect of staff retirement benefits has been recognised on the basis of actuarial's projection for the ensuing year; hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this consolidated condensed interim financial statements except certain additional disclosures as given in note 30 to this consolidated condensed interim financial statements.

5. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidtated financial statements as at and for the year ended June 30, 2020.

	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
6. PROPERTY, PLANT AND EQUIPMENT	**--------(Rupees in '000)--------**	
Operating assets	**124,575,485**	125,445,038
Capital work-in-progress	**12,563,662**	11,919,401
	137,139,147	137,364,439

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

	September 30, 2020		September 30, 2019	
	(Un-audited)			
	(Rupees in '000)			
	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)
Operating assets				
Buildings on leasehold land	**12,281**	**-**	76,904	-
Gas distribution system	**1,027,519**	**-**	898,903	-
Gas transmission pipelines	**113,900**	**-**	546,601	-
Telecommunication	**435**	**-**	-	-
Plant and machinery	**21,077**	**-**	42,776	(348)
Tools and equipment	**1,458**	**-**	3,828	-
Motor vehicles	**6,588**	**(1,502)**	42,689	(11,216)
Furniture and fixtures	**464**	**-**	12,088	-
Office equipment	**8,579**	**-**	1,138	-
Computers and ancillary equipments	**8,350**	**-**	49,926	(17)
Construction equipment	**-**	**-**	-	(51)
Compressor	**35,176**	**-**	113,295	-
	1,235,827	**(1,502)**	1,788,148	(11,632)

	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:				
Projects:				
- Gas distribution system	**1,513,342**	**(1,027,519)**	1,428,241	(898,903)
- Gas transmission system	**69,191**	**(113,900)**	94,224	(546,601)
- Cost of buildings under construction	**27,789**	**(12,281)**	14,067	(76,904)
	1,610,322	**(1,153,700)**	1,536,532	(1,522,408)

During the period, there has been net increase in respect of stores and spares held for capital projects and others amounting to Rs. 139 million (September 30, 2019: Increase of Rs. 1,152 million).

		September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
7	**RIGHT OF USE ASSETS**	-----------(Rupees in '000)-----------	
	Cost	**372,249**	369,281
	Accumulated depreciation	**(158,521)**	(128,161)
	Net book value	**213,728**	241,120
	Cost		
	Opening balance	**369,281**	-
	Impact on application of IFRS 16	-	369,281
	Adjustments during the period	**2,968**	-
	Ending balance	**372,249**	369,281
	Accumulated depreciation		
	Opening balance	**128,161**	-
	Depreciation charge for the period	**31,886**	128,161
	Adjustments during the period	**(1,526)**	-
	Ending balance	**158,521**	128,161

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

8 LONG TERM INVESTMENTS

	Note		
Investment in related parties		**149,196**	131,814
Other investments		**72,466**	48,203
		221,662	180,017

9. TRADE DEBTS

	Note		
secured		**33,909,309**	32,675,005
unsecured		**76,993,862**	78,433,595
	9.1&9.2	**110,903,171**	111,108,600
Provision against financial assets		**(20,409,638)**	(19,273,134)
		90,493,533	91,835,466

9.1 As K-Electric Limited (KE) has been defaulting and not making payment of Late Payment Surcharge (LPS) and the Holding Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, the Holding Company effective from July 01, 2012 decided to account for LPS from KE on receipt basis as per IFRS 15 “Revenue from Contract with Customers" based on opinion from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 33,437 million (June 30, 2020: Rs. 33,415 million) as at September 30, 2020 receivables from KE against sale of indigenous gas. Out of this, Rs. 27,831 million (June 30, 2020: Rs. 29,652 million) are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 121,144 million (June 30, 2020: Rs. 116,743 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

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

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

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

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

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

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

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

9.2 As Pakistan Steel Mills Corporation (Private) Limited (PSML) has been defaulting and not making payment of Late Payment Surcharge (LPS), the Holding Company effective from July 01, 2012 decided to account for LPS from PSML on receipt basis as per IFRS 15 “Revenue from Contract with Customers" based on opinion from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,543 million (June 30, 2020: Rs. 24,332 million) including overdue balance of Rs. 24,471 million (June 30, 2020: Rs. 24,282 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 69,415 million (June 30, 2020: Rs. 67,665 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.

10. INTEREST ACCRUED	**September 30, 2020 (Un-audited)**	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	
Interest accrued on late payment of bills / invoices from:		
- WAPDA	**4,482,566**	4,390,715
- SNGPL	**8,971,780**	8,685,480
- JJVL	**578,799**	578,798
	14,033,145	13,654,993
Interest accrued on sales tax refund	**487,739**	487,739
	14,520,884	14,142,732
Provision against impaired accrued income	**(112,400)**	(112,400)
	14,408,484	14,030,332

11. OTHER RECEIVABLES	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
Gas development surcharge receivable from GoP	11.1	**189,706,752**	178,411,641
Receivable from SNGPL for differential tariff		**-**	4,284,080
Receivable from HCPCL	11.2	**4,157,839**	4,157,839
Receivable for sale of gas condensate		**62,067**	46,438
Sui Northern Gas Pipelines Limited	11.3	**107,121,588**	99,834,232
Jamshoro Joint Venture Limited	11.4 & 11.5	**11,031,947**	11,427,831
Sales tax receivable	11.6	**42,798,940**	41,639,396
Sindh sales tax receivable		**112,976**	112,976
Receivable against asset contribution	11.7	**400,050**	418,118
Accrued markup		**9,169**	5,450
Miscellaneous receivable		**50,695**	67,252
		355,452,023	340,405,253
Provision against other receivables		**(2,586,874)**	(2,586,874)
		352,865,149	337,818,379

11.1 Gas development surcharge receivable from GoP

Opening balance	**178,411,641**	140,160,555
Recognized during the period	**11,150,639**	37,600,501
Subsidy for LPG air mix operations	**144,472**	650,585
Ending balance	**189,706,752**	178,411,641

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

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

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

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

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

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

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

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

			September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
11.3	**Receivable balance from SNGPL comprises of the following:**	Note	**--------(Rupees in '000)--------**	
	Uniform cost of gas		**15,818,846**	15,818,845
	Lease rentals		**689,650**	593,033
	Contingent rent		**3,535**	3,535
	LSA Margins		**3,150,050**	2,877,266
	Capacity and utilisation charges of RLNG	11.3.1	**56,701,032**	51,063,909
	RLNG transportation income		**30,758,475**	29,477,644
			107,121,588	99,834,232

11.3.1 The Holding Company has invoiced an amount of Rs. 110,332 million, including Sindh Sales Tax of Rs. 12,836 million, till September 30, 2020 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 (PAFCL) 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 to PAFCL, PAFCL is making payment directly to the Company according to the payment plan finalized in which PAFCL was required to make eight equal monthly installments of Rs. 201 million per month. Till July 2019, the Company has received all eight installments.

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 initialed 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.

11.4 This include amount receivable in respect of royalty income, sale of liquefied petroleum gas, sale of natural gas liquids, Federal Excise Duty and Sindh Sales Tax on Franchise Services.

As at period end, amount payable to JJVL is Rs. 8,528 million (June 30, 2019: Rs. 8,528 million) in respect of processing charges is disclosed in note 16 in this consolidated condensed interim financial statements.

11.5 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. The 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 "Reference Price" for the full period during which the Implementation Agreement had been operational. However, the freight amount is yet to be finalized for which the SCP has appointed an Advocate 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 the 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 2005-2013. The Company has received such amount as directed by SCP on February 24, 2020 and further amount in this respect will be determined / settled by SCP in due course.

11.6 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. Realizing 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, above said 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. The management is making vigorous efforts for realization of these refunds. Subsequent to the period end, the Holding Company has made extensive efforts and accordingly refunds of around Rs. 2,082 million were released.

11.7 This represents receivable from Mari Petroleum 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 cashflow technique.

	Note	**September 30, 2020 (Un-audited)**	June 30, 2020 (Audited)
		-----------(Rupees in '000)-----------	
12. LONG-TERM FINANCING			
Secured			
Loans from banking companies	12.1	**35,706,067**	36,210,321
Unsecured			
Front end fee of foreign currency loan		**23,950**	23,950
Customer finance		**165,595**	170,605
Government of Sindh loans		**772,205**	768,723
		961,750	963,278
Subtotal		**36,667,817**	37,173,599
Less: current portion shown under current liabilities			
Loans from banking companies		**(7,875,000)**	(7,875,000)
Customer finance		**(23,795)**	(24,397)
Government of Sindh loans		**(186,667)**	(186,667)
		(8,085,462)	(8,086,064)
		28,582,355	29,087,535

12.1 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at September 30, 2020 the Holding Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the period repayment of Rs. 355 million has been made. The financial arrangements have been secured by GoP guarantee and ranking charge created by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Holding Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
13. DEFERRED CREDIT		----------(Rupees in '000)----------	
Government of Pakistan contributions / grants			
Opening Balance		**2,911,647**	3,064,028
Additions / adjustments during the period		**3,177**	139,427
Transferred to consolidated statement of profit or loss	13.1	**(73,291)**	(291,808)
Ending balance		**2,841,533**	2,911,647
Government of Sindh (Conversion of loan into grant)			
Opening Balance		**1,995,985**	2,025,211
Additions during the period		**8**	86,808
Transferred to consolidated statement of profit or loss		**(29,775)**	(116,034)
Ending balance		**1,966,218**	1,995,985
Government of Sindh grants			
Opening Balance		**129,125**	149,967
Transferred to consolidated statement of profit or loss	13.2	**(3,955)**	(20,842)
Ending balance		**125,170**	129,125
		4,932,921	5,036,757
Less: Current portion of deferred credit		**(428,083)**	(432,236)
		4,504,838	4,604,521

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

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

	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
		----------(Rupees in '000)----------	
14. CONTRACT LIABILITIES			
Contribution from customer	14.1&14.2	**1,810,560**	1,823,259
Advance received from customers for laying of mains, etc.		**4,576,224**	4,374,239
		6,386,784	6,197,498
14.1 Contribution from customers			
Opening Balance		**2,015,462**	1,573,394
Additions / adjustments during the period		**36,388**	623,385
Transferred to consolidated statement of profit or loss		**(48,258)**	(181,317)
		2,003,592	2,015,462
Less: Current portion of contributions from customers		**(193,032)**	(192,203)
Ending balance		**1,810,560**	1,823,259

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

15. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 25,000 million (June 30, 2020: Rs. 25,000 million) and carry mark-up ranging from 0.00% to 0.20% (June 30, 2020: 0.20%) above the average one month KIBOR. These facilities are secured by first pari passu second amendment to the joint hypothecation agreement and ranking charge over present and future stock in trade and book debts of the Holding Company.

The aggregate unavailed short term borrowing facilities amounted to Rs.797 million (June 30, 2020: Rs. 10,021 million).

16. TRADE AND OTHER PAYABLES

	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
Creditors for:			
- Indegenious gas	16.1	**383,636,803**	386,072,492
- RLNG		**102,588,247**	92,860,338
		486,225,050	478,932,830
RLNG differential margin payable to GoP		**11,951,077**	14,430,636
Engro Elengy Terminal (Private) Limited		**1,878,924**	1,901,685
Accrued liabilities		**4,119,559**	3,807,597
Provision for compensated absences - non executives		**303,441**	303,441
Payable to pension		**129,230**	129,230
Payable to staff gratuity fund		**4,076,195**	4,076,196
Payable to provident fund		**62,242**	74,872
Deposits / retention money		**581,872**	622,876
Advance for sharing right of way		**18,088**	18,088
Withholding tax		**137,161**	119,004
Sales tax and federal excise duty		**521,437**	459,627
Sindh sales tax payable		**285,614**	135,594
Processing charges payable to JJVL		**8,528,447**	8,528,447
Gas infrastructure development cess payable		**7,148,024**	7,234,826
Unclaimed Term Finance Certificate redemption profit		**1,800**	1,800
Advance from customers and distributors		**74,878**	59,036
Transport and advertisement services		**17,790**	23,581
Workers's profit participation fund		**174,515**	174,515
Provision		**9,414**	9,394
Others		**464,006**	460,009
		526,708,764	521,503,284

16.1 As at September 30, 2020, amount of Rs. 313,365 million (June 30, 2020: Rs. 308,399 million) is payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (June 30, 2020: Rs. 15,832 million) on their balances which have been presented in note 17.1 to this consolidated condensed interim financial statements.

17. INTEREST ACCRUED	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
Long term financing - loans from banking companies		**812,800**	562,364
Long term deposits from customers		**602,543**	481,020
Short term borrowings		**211,585**	123,043
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	17.1	**15,832,411**	15,832,411
		17,902,557	17,442,056

17.1 As disclosed in note 9.1 and 9.2, effective from July 1, 2012, the Company has been accounting for LPS from KE and PSML on receipt basis as per IFRS 15 “Revenue from Contract with Customers" based on opinion from firms of Chartered Accountants.. However, the Holding Company continued recognition of the LPS expense payable on outstanding payables of the Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of the accounting standards, as such standards do not allow the Holding Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Holding Company has never paid such LPS to Government Controlled E&P Companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt.The Holding Company's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

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

Had the management not reversed the LPS expense payable from July 1, 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; June 2020 and for the period ended September 30, 2020 amounting to Rs. 7,569 million; Rs. 7,477 million; Rs. 10,525 million; Rs 26,335 million and Rs. 7,049 million respectively on outstanding payables to Government Controlled E&P Companies, the effect on this consolidated condensed interim financial statements would be as follows:

	(Rupees in million)
- Increase in loss before tax	**7,049**
- Increase in loss after tax / accumulated loss	**5,005**
- Increase in loss per share - rupees	**5.68**
- increase in accumulated losses	**85,177**
- Increase trade payables	**85,177**
- Increase deferred tax liability	**25,714**

		September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
18.	**CONTINGENCIES AND COMMITMENTS**	--------(Rupees in '000)--------	
18.1	Commitments for capital and other expenditures	**4,923,147**	5,550,543
18.2	Guarantees issued on behalf of the Group	**6,903,663**	7,013,494

18.3 Jamshoro Power Company Limited (JPCL) has lodged claims against the Holding 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 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 Company agrees to sell and deliver to the customer and the customer agrees to buy and accept a quantity of not less than 62 MMCF of Quality Natural Gas per day at its power station at Jamshoro".

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

18.4 As disclosed in note 17.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020 and for the quarter ended September 30, 2020 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million,Rs. 26,335 million and Rs. 7,049 million in this consolidated condensed interim financial statements. The Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

18.5 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 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. 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 is of the view that once the matter is finalized by the SCP any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

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

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

Subsequently, the firm of Chartered Accountants after consultation with both parties came up with a mechanism of revenue sharing of 57% to the Holding Company and 43% to JJVL on ad-hoc basis and an agreement was signed between the Holding Company and JJVL and submitted to SCP for its approval and the same was validated by SCPin 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 Company's consideration will be subject to conclusion of this matter at SCP.

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

			Quarter ended	
			September 30, 2020	September 30, 2019
			(Un-audited)	
19.	**SALES**	Note	----------(Rupees in '000)----------	
	Gross Sales - Indigenous gas		**62,246,299**	69,335,024
	Gross Sales - RLNG		**12,031,158**	12,849,678
			74,277,457	82,184,702
	Sales tax - Indigenous gas		**(9,399,569)**	(10,343,534)
	Sales tax - RLNG		**(1,715,796)**	(1,890,202)
			(11,115,365)	(12,233,736)
20.	**GAS DEVELOPMENT SURCHARGE (GDS)**			
	GDS recovered during the year		**(942,461)**	(945,546)
	Price increase adjustment for the year		**12,237,575**	3,656,271
	Impact of staggering		**-**	(1,835,892)
	Subsidy for LPG air mix operations		**(144,475)**	(132,522)
			11,150,639	**742,311**
21.	**RLNG DIFFERENTIAL MARGINS**			
	RLNG Differential Margin - OGRA		**2,479,559**	(2,275,705)
	RLNG Differential Margin - SNGPL		**-**	2,003,226
			2,479,559	(272,479)
22.	**COST OF SALES**			
	Cost of gas	22.1	**72,296,260**	73,574,435
	Transmission and distribution costs		**5,174,176**	5,430,948
			77,470,436	79,005,383
22.1	**Cost of gas**			
	Opening gas in pipelines		**1,248,028**	1,214,410
	RLNG Purchases		**12,510,704**	11,243,081
	Indigenous gas purchases		**60,020,333**	63,718,097
			73,779,065	76,175,588
	Gas consumed internally		**(285,716)**	(1,296,687)
	Closing gas in pipelines		**(1,197,089)**	(1,304,466)
			(1,482,805)	(2,601,153)
			72,296,260	73,574,435

		Quarter ended	
		September 30, 2020	September 30, 2019
		(Un-audited)	
		----------(Rupees in '000)----------	
23.	**OTHER OPERATING EXPENSES**		
	Auditors' remuneration	**2,157**	1,931
	Sports expenses	**31,089**	18,792
	Corporate social responsibility	**6,361**	10,000
	Loss on disposal of property, plant and equipment	**1,247**	-
	Provision against impaired stores and spares	**19,974**	1,518
		60,828	32,241
24.	**OTHER INCOME**		
	Income from financial assets		
	Income for receivable against asset contribution	**10,296**	11,187
	Interst income on loan to related party	**-**	-
	Income from net investment in finance lease from SNGPL	**9,063**	9,063
	Return on term deposits and profit and loss bank accouint	**22,744**	30,368
		42,103	50,618
	Interest income on late payment of gas bills from		
	- Water & Power Development Authority (WAPDA)	**91,851**	171,451
	Dividend income	**-**	1,849
	Income from other than financial assets		
	Late payment surcharge	**620,118**	375,835
	Sui Northern Gas Pipelines Limited (SNGPL)	**286,301**	286,301
	Sale of gas condensate - net	**(28,369)**	(4,488)
	Income from LPG NGL - net	**140,425**	(51,430)
	Meter manufacturing division profit - net	**5,706**	3,116
	Meter rentals	**202,311**	197,480
	RLNG Transportation income	**1,809,310**	2,383,200
	Recognition of income against deferred credit and contract liability	**141,835**	133,267
	Income from LPG air mix distribution - net	**33,470**	22,007
	Income from sale of tender documents	**697**	1,182
	Scrap sales	**1,450**	1,208
	Recoveries from customer	**10,610**	15,490
	Liquidity damaged recovered	**9,570**	6,921
	Gain on disposal of property, plant and equipment	**-**	40,971
	Amortization of Government grant	**3,955**	5,228
	Exchange gain	**360,868**	3,420,234
	LSA margins against RLNG	**241,401**	231,175
	Miscellaneous	**8,261**	9,343
		3,981,873	**7,300,958**

	Quarter ended	
	September 30, 2020	September 30, 2019
	(Un-audited)	
25. TAXATION	**--------(Rupees in '000)--------**	
- Current	**624,926**	(586,357)
- Deferred	**10,275**	-
	635,201	(586,357)
26. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS		
Provisions	**1,768,201**	836,692
Depreciation on owned assets	**2,016,700**	1,957,270
Depreciation on right of use assets	**31,324**	31,579
Amortization of intangibles	**1,640**	6,761
Finance cost	**1,002,418**	1,164,120
Amortization of transaction cost	**745**	5,666
Amortization of government grant	**(3,955)**	(5,228)
Recognition of income against deferred credit and contract liability	**(134,315)**	(131,519)
Dividend income	**-**	(1,849)
Interest income and return on term deposits	**(433,915)**	(521,600)
Income from net investment in finance lease	**(9,063)**	(9,063)
(Gain) / Loss on disposal of property plant and equipment	**1,247**	(40,971)
Decrease in long term advances	**(3,184)**	(11,079)
Decrease in deferred credit and contract liability	**220,594**	347,145
Decrease in obligation against pipeline	**19,657**	20,880
Impact of IFRS 16: Finance cost	**6,366**	9,137
	4,484,460	3,657,941
27. WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores and spares	**(313,193)**	134,780
Stock-in-trade	**(126,902)**	(60,509)
Customers' installation work-in-progress	**(12,748)**	(7,149)
Trade debts	**216,710**	(6,658,619)
Advances, deposits and short term prepayments	**(161,212)**	(80,478)
Other receivables	**(15,042,760)**	(8,604,748)
	(15,440,105)	(15,276,723)
Increase in current liabilities		
Trade and other payables	**5,190,153**	24,595,425
	(10,249,952)	9,318,702

28. TRANSACTIONS WITH RELATED PARTIES

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

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

	Relationship	Quarter ended September 30, 2020 (Un-audited)	Quarter ended September 30, 2019 (Un-audited)
Government related entities			
- Purchase of fuel and lubricant		**16,331**	9,706
- Billable charges		**24,370,444**	7,986,784
- Income from net investment in finance lease		**9,063**	9,063
- Gas purchases		**31,426,301**	32,405,744
- Sale of gas meters		**7,819**	6,690
- Insurance premium		**29,433**	26,187
- Electricity expenses		**59,644**	86,588
- Interest income		**378,152**	457,752
- Markup expense on short term finance		**7,843**	36,588
- Markup expense on long term finance		**94,698**	181,692
- Professional charges		**40**	-
- RLNG transportation income		**1,809,310**	2,383,200
- LPG purchases		**78,557**	79,655
- Income against LNG service agreement		**241,401**	231,175
Karachi Grammar School	**Associate**		
- Billable charges		**5**	-
Key management personnel			
- Remuneration		**48,466**	45,212
Pakistan Institute of Corporate Governance	**Associate**		
- Subscription / Trainings		**559**	-
Staff retirement benefit plans	**Associate**		
- Contribution to provident fund		**94,020**	92,224
- Contribution to pension fund		**302,979**	198,856
- Contribution to gratuity fund		**180,814**	78,863

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

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

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

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

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

	Relationship	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
Government related entities - various			
- Billable charges		**62,234,594**	63,591,878
- Mark up accrued on borrowings		**(5,657,681)**	(4,221,975)
- Net investment in finance lease		**400,050**	418,118
- Gas purchases		**(321,922,217)**	(316,626,683)
- Gas meters & spare parts		**76,680**	73,432
- Uniform cost of gas		**15,818,846**	15,818,845
- Cash at bank		**27,728**	24,951
- Stock loan		**4,912**	4,912
- Payable to insurance		**(1,952)**	(837)
- Gas supply deposit		**(51,263)**	(51,263)
- Interest expense accrued - late payment surcharge on gas supplies bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**13,454,347**	13,076,195
- Professional charges		**57**	57
- Contingent rent		**3,535**	3,535
- Capacity and utilisation charges of RLNG		**56,701,032**	51,063,909
- RLNG transportation income		**30,758,475**	29,477,644
- LSA margins		**3,150,050**	2,877,266
- LPG purchases		**(35,583)**	-
- Advance for sharing right of way		**(18,088)**	(18,088)
Karachi Grammar School	**Associate**		
- Billable charges		**5**	5
- Gas supply deposit		**22**	22

29. 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 assets their performance. As a result, management has identified the following two segments:

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

Segment revenue and results

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

	Quarter ended			
	Segment revenue		Segment Profit / (loss)	
	September 30, 2020	September 30, 2019	**September 30, 2020**	September 30, 2019
	(Un-audited)			
	---------------------- (Rupees in '000) ----------------------			
Gas transmission and distribution	**63,162,092**	69,950,966	**(262,240)**	(4,268,327)
Meter manufacturing	**354,240**	443,321	**5,706**	3,116
Total segment results	**63,516,332**	70,394,287	**(256,534)**	(4,265,211)
Unallocated - other expenses				
- Other operating expenses			**(60,828)**	(32,241)
Unallocated - other income				
- Non-operating income			**287,459**	288,870
Loss before tax			**(29,903)**	(4,008,582)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 347 million (September 30, 2019: Rs. 516 million).

Segment assets and liabilities

	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	
Segment assets		
Gas transmission and distribution	**599,241,373**	586,504,806
Meter manufacturing	**1,209,631**	1,036,492
Total segment assets	**600,451,004**	587,541,298
Unallocated		
- Loans and advances	**2,077,256**	634,557
- Taxation - net	**18,644,026**	19,406,544
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**717,969**	1,550,683
	21,926,990	22,079,523
Total assets as per consolidated condensed interim statement of financial position	**622,377,994**	609,620,821
Segments liabilities		
Gas transmission and distribution	**646,569,542**	632,456,587
Meter manufacturing	**178,375**	292,154
Total segment liabilities	**646,747,917**	632,748,741
Total liabilities as per consolidated condensed interim statement of financial position	**646,747,917**	632,748,741

30. FAIR VALUE OF MEASUREMENT

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

30.1 Fair value of financial instruments

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

The table below analyses financial instruments carried at fair value. The different levels has been defined as follows:
Level 1 - Quoted prices in active markets for identical assets or liabilities.

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

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).
The following table presents the financial assets which are carried at fair value:

	As at September, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	---Rupees in '000---			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**221,662**	**-**	**-**	**221,662**

	As at June 30, 2020			
	Level 1	Level 2	Level 3	Total
	---Rupees in '000---			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	180,017	-	-	180,017

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

30.2 Fair value of other assets

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

	As at September 30, 2020	
	Level 2	**Fair Value**
	--------------Rupees in '000----------	
Freehold land	**12,339,027**	**12,339,027**
Leasehold land	**12,698,110**	**12,698,110**
	25,037,137	**25,037,137**

	As at June 30, 2020	
	Level 2	Fair Value
	--------------Rupees in '000-----------	
Freehold Land	13,481,068	13,481,068
Leasehold Land	12,463,570	12,463,570
	25,944,638	25,944,638

31. 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 consolidated condensed 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 condensed interim financial statements.

32. GENERAL

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

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

33. DATE OF AUTHORISATION

This consolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on July 30, 2022.

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

KEY DATA

FRANCHISE AREA	SINDH AND BALOCHISTAN	
	Three months period ended September 30,	
	2020	2019
GAS SALES VOLUME (MMCF)	**85,316**	87,785
NUMBER OF CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	**4,281**	4,270
COMMERCIAL	**24,153**	24,278
DOMESTIC	**3,080,394**	3,014,030
TOTAL	**3,108,828**	3,042,578
GAS METERS MANUFACTURED (NOS.)	**92,917**	154,820
TRANSMISSION NETWORK - CUMULATIVE (KM)		
DIAMETER		
6"	**36**	36
8"	**26**	-
12"	**591**	545
16"	**558**	558
18"	**940**	940
20"	**844**	844
24"	**751**	751
30"	**9**	9
42"	**371**	371
	4,126	4,054
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" DIAMETER)	**36,745**	36,432
SERVICES	**10,863**	10,705
	47,608	47,137

NOTES

اجازت یافتہ آر ایل این جی والیوم ہینڈلنگ بینیفٹ قبول قبول نہیں کر رہا ہے۔ SSGC مینجمنٹ اور بورڈ آف ڈائریکٹرز کی بھرپور پیروی کی وجہ سے اوگرا نے آر ایل این جی پر یو ایف جی کی حد اور دونوں سوئی کمپنی، یعنی SSGC اور SNGPL پر اس کے اثرات کا تعین کرنے کے لیے ایک کنسلٹنٹ کو شامل کیا ہے۔

نقصان دہ قرضوں کے خلاف فراہمی

اوگرا صرف منقطع صارفین سے متعلق آپریٹنگ اخراجات کے طور پر نقصان دہ قرضوں کے خلاف فراہمی کی اجازت دیتا ہے۔ تاہم IFRS-9 کو اپنانے پر متوقع کریڈٹ نقصان کی بنیاد پر فراہمی کی جا رہی ہے۔ یعنی آگے بڑھنے والا نقطہ نظر جس کے لئے لائیو صارفین کے خلاف بھی پرووِیژن کی ضرورت ہوتی ہے۔ اوگرا کی جانب سے لائیو صارفین کے خلاف 648 ملین روپے کے نقصان دہ قرضوں کے خلاف پرووِیژن کو ناقابل اجازت خرچ سمجھا گیا۔

مالی لاگت

ایس ایس جی سی کو **974** ملین روپے کے قرضے لینے کے خلاف مالی چارجز برداشت کرنا ہوں گے۔ جس کی بنیادی وجہ کراچی پورٹ سے سیون تک آر ایل این جی کی ترسیل کیلیے اپنے پائپ لائن انفرااسٹرکچر کی مالی معاونت کیلیے حاصل کردہ طویل مدتی قرض ہے جو شمال کی توانائی کی ضروریات کو پورا کرنے کیلیے ایس این جی پی ایل نیٹ ورک کو آر ایل این جی کا حجم فراہم کرتا ہے۔

مختصر مدت کے قرضوں پر **301** ملین روپے کی مالیاتی لاگت کی اجازت دی گئی ہے جس کا براہ راست مثبت اثر نچلی سطح تک آئے گا۔

مستقبل کا نقطہ نظر

آگے بڑھتے ہوئے، یو ایف جی میں کمی کمپنی کو آپریشنل اور مالی طور پر قابل عمل رکھنے کا کلیدی عنصر ہے۔ مزید یہ بہت اہم ہے کہ کمپنی کو کابینہ کی ای سی سی کے فیصلے کی بنیاد پر والیومیٹرک بنیادوں پر آر ایل این جی ہینڈلنگ کی بنیاد پر یو ایف جی الاؤنس کا حساب لگانے کی اجازت دی جائے۔

اعترافات

بورڈ حصص یافتگان اور قابل قدر صارفین کو مسلسل تعاون وحمایت پر قدر کی نگاہ سے دیکھتا ہے۔ بورڈ ان تمام ملازمین کی لگن کو بھی تسلیم کرتا ہے جنہوں نے کمپنی کو درپیش متعدد چیلنجوں کے باوجود کام کیا۔ بورڈ حکومت پاکستان، وزارت توانائی اور آئل اینڈ گیس ریگولیٹری اتھارٹی کا مسلسل رہنمائی اور تعاون پر شکریہ ادا کرتا ہے۔

بحکم بورڈ

ڈاکٹر شمشاد اختر
چیئر پرسن، بورڈ آف ڈائریکٹرز

محمد امین راجپوت
ایکٹنگ مینجنگ ڈائریکٹر

تاریخ: نومبر 07، 2020
کراچی

ڈائریکٹرز کا جائزہ

برائے سہ ماہی مختتمہ 30 ستمبر 2020

مالی جائزہ

اس مدت کے دوران کمپنی نے اوگرا کی جانب سے بڑے ڈس الاؤنسز کی شمولیت سے بعداز ٹیکس خالص خسارہ **721** ملین روپے ریکارڈ کیا۔ یہ نقصان 30 ستمبر 2019 کوختم ہونے والی سہ ماہی کی تقابلی مدت سے 84 فیصد کم ہے۔

اس مدت کا مالیاتی خلاصہ درج ذیل ہے:

	ستمبر 2020	ستمبر 2019	تضاد	
			رقم	فیصد
	ملین روپے میں			
نقصان قبل از ٹیکسیشن	(111)	(4,005)	3,894	(97)
ٹیکسیشن	(610)	(587)	(23)	4
نقصان بعداز ٹیکسیشن	(721)	(4,592)	3,871	(84)
نقصان فی شیئر (روپے)	(0.82)	(5.21)	4.39	(84)

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

گزشتہ سال اسی مدت کے مقابلے میں جس میں **4,592** ملین روپے کا نقصان ہوا تھا۔ موجودہ سہ ماہی کی نچلی سطح تک اس میں نمایاں بہتری آئی ہے اور بعداز ٹیکس نقصان **721** ملین روپے ہے۔ جو کہ نچلی سطح تک 84 فیصد بہتری کو ظاہر کرتا ہے۔ نچلی سطح پر بہتری کی وجہ سے نقصانات کو کم کرنے میں مدد ملی۔ جون 2020 میں 1,836 ملین روپے اور 2,035 ملین روپے کی حد بنیادی طور پر مندرجہ ذیل وجوہات کی وجہ سے آپریشنل کارکردگی کی عکاسی کرتا ہے۔

28 مارچ 2022 کو جاری کردہ مالی سال 20-2019 کے لیے اوگرا ڈیٹرمینیشن آن فائنل ریونیو ریکوائرمنٹ (DFRR) کے مطابق ان تین مہینوں کے مالیاتی نتائج میں جذب ہونے والی کل ڈس الاؤنسز/ کریڈٹس کی رقم واپس ہونے والے اثاثوں **3,879** ملین کے مقابلے **3,016** روپے رہی۔ مالیاتی لاگت اس مدت میں 974 ملین روپے تھا۔

آر ایل این جی کاروبار پر یو ایف جی الاؤنس کی منظوری

ایس ایس جی سی وزارت توانائی (پیٹرولیم ڈویژن) کے ساتھ اسلام آباد ہائی کورٹ کے ذریعے اوگرا سے ڈسٹری بیوشن نیٹ ورک میں آر ایل این جی کاروبار پر حقیقی یو ایف جی کی اجازت لینے کے لیے بھرپور طریقے سے پیروی کر رہا ہے۔ IHC کے حکم کے نتیجے میں اوگرا نے 20-2019 کے FRR کی بنیاد پر 17.25 فیصد کی اصل یو ایف جی کی اجازت دی ہے۔

انتہائی زیادہ یو ایف جی ڈس الاؤنس کی وجہ یہ ہے کہ اوگرا **11** مئی **2018** کو اقتصادی رابطہ کمیٹی (ای سی سی) کی جانب سے منظور کردہ سمری کے ذریعے ایس ایس جی سی کو

NOTES

Sui Southern Gas Company Limited

If undelivered, please return to Shares Department:
SSGC House, Sir Shah Suleman Road, Block 14, Gulshan-e-Iqbal, Karachi-75300, Pakistan
Tel: +92-21-9902-1031 | Fax: +92-21-9902-1797
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