Sui Southern Gas Company Limited

SSGC

Evolve - Adapt - Grow

Un-Audited Condensed Interim Financial Statements for the nine months period ended March 31, 2021

SSGC | Sui Southern Gas Company Limited

Unconsolidated Condensed Interim Financial Information (Un-Audited)
for the nine months period ended March 31, 2021

CORPORATE PROFILE

BOARD OF DIRECTORS

AS ON MARCH 31, 2021

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

MANAGING DIRECTOR
Mr. Imran Maniar

COMPANY SECRETARY
Mr. Shoaib Ahmed

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

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

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

CONTACT DETAILS
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Email: info@ssgc.com.pk
Web: www.ssgc.com.pk

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

BOARD OF DIRECTORS' COMMITTEES

Board HR and Remuneration Committee

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

Board Finance and Procurement Committee

Dr. Ahmed Mujtaba Memon	Chairman
Ms. Nida Rizwan Farid	Director
Mr. Ayaz Dawood	Director
Dr. Sohail Razi Khan	Director
Mr. Zuhair Siddiuqi	Director
Mr. 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
Mr. Mather Niaz Rana	Director

Special Committee of Directors on UFG

Dr. Shamshad Akhtar	Chairperson
Mr. Faisal Bengali	Director
Mr. Nida Rizwan Farid	Director
Mr. Mather Niaz Rana	Director
Mr. 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 Nine Months Period Ended March 31, 2021

We are pleased to share the Company's results for nine months period ended March 31, 2021.

The Company continued to face serious challenges, however, financial results have been improved significantly due to various actions taken by the Management under the guidance of the Board of Directors.

Financial Overview

The Company recorded Net after tax loss of Rs. 2,249 million after incorporating major disallowances by OGRA. This Loss is 88% less than the comparative period loss of nine months ended March 31, 2020.

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

	March 2021	March 2020	Variance	
	Amount			%
	(Rupees in Million)			
Loss before Taxation	(494)	(17,410)	16,916	(97)
Taxation	(1,755)	(1,689)	(66)	4
Loss after Taxation	(2,249)	(19,099)	16,850	(88)
Loss Per Share (Rs.)	(2.55)	(21.68)	19.13	(88)

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 After Tax of Rs. 19,099 million was reported, there is significant improvement in bottom line of current period and reported Loss After Tax is Rs. 2,249 million which is an improvement of 88% in Bottom-line. Improvement in bottom line is attributed to complete absorption of staggered losses in June 2020 to the extent of Rs. 5,508 million and Rs. 11,342 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 nine months financial results amounted to Rs. 8,901 million against Return on Assets of Rs. 11,727 million. Finance cost for the period is Rs. 3,320 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 DFRR 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, resultantly, bottom-line of the Company was badly affected in previous periods. In current period, after rigorous disconnection efforts, the Company has saved disallowance against live customers and bottom-line has improved by Rs. 265 million in comparison to last year comparative period disallowance of nine months ended March 31, 2020.

High Financial Cost

SSGC has to account for financial charges of Rs. 3,320 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. 998 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 to keeping the Company operationally and fi-nancially viable. Further, it is critical that the Company be allowed to calculate UFG allowance based on RLNG handling on volumetric basis based on the decision of ECC of the Cabinet.

Acknowledgements

The Board wish to express their appreciation for the continued support received from the shareholders and its valued customers. The Board also acknowledges the dedication of all the employees who 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.

On behalf of the Board.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Dated: October 13, 2022
Place: Karachi

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	**135,945,444**	134,346,216
Intangible assets		**122,005**	2,079
Right of use assets	7	**146,795**	221,352
Long term investments	8	**1,190,978**	1,180,018
Net investment in finance lease		**87,774**	131,135
Long term loans and advances		**194,138**	180,062
Long-term deposits		**18,733**	19,104
		137,705,867	136,079,966
CURRENT ASSETS			
Stores, spares and loose tools		**3,034,902**	2,716,971
Stock-in-trade		**1,903,000**	2,105,878
Current maturity of net investment in finance lease		**57,814**	57,814
Customers' installation work-in-progress		**280,366**	241,566
Trade debts	9	**90,096,671**	91,808,904
Loans and advances		**960,917**	1,989,598
Advances, deposits and short term prepayments		**582,306**	699,192
Interest accrued	10	**16,300,181**	15,112,554
Other receivables	11	**363,836,170**	337,782,168
Taxation - net		**18,381,339**	19,192,406
Cash and bank balances		**623,108**	699,689
		496,056,774	472,406,740
TOTAL ASSETS		**633,762,641**	608,486,706

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

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

	Note	March 31, 2021 (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		**154,450**	143,490
Surplus on revaluation of property, plant and equipment		**24,347,314**	24,347,314
Accumulated losses		**(64,147,042)**	(61,897,994)
		(25,928,714)	(23,690,626)
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finance	12	**24,667,384**	29,087,535
Long term deposits		**21,428,533**	20,339,702
Employee benefits		**5,342,899**	5,096,484
Obligation against pipeline		**772,344**	820,255
Deferred credit	13	**4,323,740**	4,604,521
Contract liabilities	14	**7,187,935**	6,197,498
Lease liability		**40,679**	105,235
Long term advances		**3,093,735**	2,968,518
		66,857,249	69,219,748
CURRENT LIABILITIES			
Current portion of long term finance	12	**8,084,118**	8,086,064
Short term borrowings	15	**22,660,657**	14,979,552
Trade and other payables	16	**543,503,059**	521,363,559
Current portion of obligation against pipeline		**63,179**	59,075
Current portion of deferred credit	13	**422,503**	432,236
Current portion of contract liabilities	14	**197,415**	192,203
Current portion of lease liability		**81,495**	117,409
Unclaimed dividend		**285,426**	285,430
Interest accrued	17	**17,536,254**	17,442,056
		592,834,106	562,957,584
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		**633,762,641**	608,486,706

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

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the period ended March 31, 2021

	Note	Nine months period ended		Quarter ended	
		March 31, 2021	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
		(Un-Audited)			
	Note	--------------------(Rupees in '000)--------------------			
Sales		**228,971,597**	231,957,317	**75,736,189**	70,596,422
Sales tax		**(33,282,664)**	(34,575,152)	**(10,962,912)**	(10,516,087)
	19	**195,688,933**	197,382,165	**64,773,277**	60,080,335
Gas development surcharge	20	**24,855,649**	15,655,748	**5,613,078**	13,897,056
RLNG differential margin	21	**(3,221,360)**	(1,939,585)	**(1,622,498)**	(515,432)
		21,634,289	13,716,163	**3,990,580**	13,381,624
Net sales		**217,323,222**	211,098,328	**68,763,857**	73,461,959
Cost of sales	22	**(223,480,120)**	(230,529,010)	**(71,926,827)**	(76,826,433)
Gross loss		**(6,156,898)**	(19,430,682)	**(3,162,970)**	(3,364,474)
Administrative and selling expenses		**(3,430,587)**	(3,645,694)	**(1,164,331)**	(1,238,496)
Other operating expenses	23	**(173,680)**	(132,044)	**(62,710)**	(42,105)
Impairment loss against financial assets		**(2,057,166)**	(1,081,550)	**129,875**	(159,998)
		(5,661,433)	(4,859,288)	**(1,097,166)**	(1,440,599)
		(11,818,331)	(24,289,970)	**(4,260,136)**	(4,805,073)
Other income	24	**14,644,401**	12,241,753	**5,082,788**	1,139,923
Operating Profit / (loss)		**2,826,070**	(12,048,217)	**822,652**	(3,665,150)
Finance cost		**(3,320,113)**	(5,361,943)	**(846,267)**	(1,388,290)
Loss before taxation		**(494,043)**	(17,410,160)	**(23,615)**	(5,053,440)
Taxation	25	**(1,755,005)**	(1,689,348)	**(557,690)**	(563,739)
Loss for the period		**(2,249,048)**	(19,099,508)	**(581,305)**	(5,617,179)
Basic and diluted loss per share (Rupees)		**(2.55)**	(21.68)	**(0.66)**	(6.38)

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

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the period ended March 31, 2021

	Nine months period ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Un-Audited)			
	--------------------(Rupees in '000)--------------------			
Loss for the period	**(2,249,048)**	(19,099,508)	**(581,305)**	(5,617,179)
Other comprehensive income				
Items that will not be reclassified subsequently to unconsolidated statement of profit or loss				
Unrealised gain / (loss) on re-measurement of FVTOCI securities	**10,960**	(101,653)	**(6,130)**	(134,804)
Total comprehensive loss for the period	**(2,238,088)**	(19,201,161)	**(587,435)**	(5,751,983)

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

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMNT OF CASH FLOW

For the period ended March 31, 2021

	Note	Nine months period ended March 31, 2021 (Un-audited)	Nine months period ended March 31, 2020 (Un-audited)
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(494,043)**	(17,410,160)
Adjustments for non-cash and other items	26	**12,542,287**	13,166,520
Working capital changes	27	**(4,150,234)**	28,514,891
Financial charges paid		**(3,467,508)**	(5,429,690)
Employee benefits paid		**(115,003)**	(89,401)
Payment for retirement benefits		**(964,229)**	(938,765)
Long term deposits received - net		**1,088,831**	2,735,115
Deposits paid - net		**371**	(303)
Loans and advances to employee - net		**1,014,606**	511,743
Interest income received		**49,208**	101,469
Income taxes paid		**(943,939)**	(1,107,818)
Net cash (used in) / generated from operating activities		**4,560,347**	20,053,601
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(7,780,569)**	(7,508,837)
Payment for obligation against pipeline		**(101,799)**	(101,799)
Proceeds from sale of property, plant and equipment		**50,398**	93,056
Lease rental from net investment in finance lease		**63,271**	70,550
Dividend received		**4,828**	1,849
Net cash used in investing activities		**(7,763,871)**	(7,445,181)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(4,407,832)**	(6,154,280)
Repayment of customer finance		**(14,264)**	(17,520)
Repayment of lease liability		**(132,062)**	(133,601)
Dividend paid		**(4)**	(4)
Net cash used in financing activities		**(4,554,162)**	(6,305,405)
Net decrease in cash and cash equivalents		**(7,757,686)**	6,303,015
Cash and cash equivalents at beginning of the period		**(14,279,863)**	(15,955,943)
Cash and cash equivalents at end of the period		**(22,037,549)**	(9,652,928)
Cash and cash equivalent comprises:			
Cash and bank balances		**623,108**	1,775,531
Short term borrowings		**(22,660,657)**	(11,428,459)
		(22,037,549)	(9,652,928)

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

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended March 31, 2021

	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 July 1, 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 period ended March 31, 2020							
Loss for the period	-	-	-	-	-	(19,099,508)	(19,099,508)
Other comprehensive loss for the period	-	-	-	(101,653)	-	-	(101,653)
	-	-	-		-	(19,099,508)	(19,201,161)
Balance as at March 31, 2020	8,809,163	234,868	4,672,533	97,968	21,043,031	(62,081,039)	(27,223,476)
Balance as at June 30, 2020 (Audited)	8,809,163	234,868	4,672,533	143,490	24,347,314	(61,897,994)	(23,690,626)
Total comprehensive loss for the period ended March 31, 2021							
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(2,249,048)**	**(2,249,048)**
Other comprehensive income for the period	**-**	**-**	**-**	**10,960**	**-**	**-**	**10,960**
	-	**-**	**-**	**10,960**	**-**	**(2,249,048)**	**(2,238,088)**
Balance as at March 31, 2021	**8,809,163**	**234,868**	**4,672,533**	**154,450**	**24,347,314**	**(64,147,042)**	**(25,928,714)**

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

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

1 STATUS AND NATURE OF BUSINESS

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

The registered office of the Company is situated at SSGC House, Sir Shah Suleman Road, Block 14, Gulshan e Iqbal, Karachi. The Company's pipe coating plant is situated at Plot No. F-76 SITE Avenue Karachi (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 cost 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 period, the Company has incurred a loss after tax of Rs. 2,249 million resulting in increase in its accumulated losses to Rs. 64,147 million and diminishing equity to Rs. 25,929 million. As at period end, current liabilities exceed its current asset by Rs.96,777 million.

The Company's financial performance for the period has been deteriorated mainly because of higher UFG due to RLNG off load into SSGC franchise area which was sold to indigenous gas customers.

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 (FRR) FY 2017-18 OGRA did not consider implementing the aforementioned decision and advised the Company 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 another summary is being considered at ECC to reinforce earlier ECC decision with multiple options for its implementation.
- Government of Pakistan (Finance Division) in its letter dated July 06, 2020, GoP 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 strategy to control UFG in coming years and the same is under implementation with the approval of Board of Directors.
- Under new tariff regime, the Company will also be entitled to the guaranteed return on operating asset from 17% to 17.43% from FY 2019 for next three years.
- Banks have also waived 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 few 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.

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 statement for the period ended March 31, 2021.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

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

These unconsolidated condensed interim financial statements do 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 these unconsolidated condensed interim financial statements are the same as those applied in preparation of the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2020.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual 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.

5 FINANCIAL RISK MANAGEMENT

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

	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	
6 PROPERTY, PLANT AND EQUIPMENT		
Operating assets	**122,812,673**	122,483,833
Capital work-in-progress	**13,132,771**	11,862,383
	135,945,444	134,346,216

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

	March 31, 2021		March 31, 2020	
	(Un-audited)			
	--------(Rupees in '000)--------			
	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)
Operating assets				
Leasehold land	**-**	**-**	3,423	-
Buildings on leasehold land	**26,060**	**-**	133,372	-
Gas distribution system	**4,100,758**	**(43,910)**	3,707,749	-
Gas transmission pipelines	**1,415,519**	**-**	2,111,667	-
Telecommunication	**36,511**	**(19)**	1,055	(698)
Plant and machinery	**89,861**	**(271)**	178,754	(1,396)
Tools and equipment	**4,512**	**-**	8,896	(71)
Motor vehicles	**49,557**	**(20,296)**	168,686	(25,215)
Furniture and fixtures	**2,655**	**-**	20,985	-
Office equipment	**29,119**	**-**	13,589	-
Computers and ancillary equipments	**86,351**	**-**	77,229	(17)
Construction equipment	**-**	**-**	-	(237)
Compressors	**1,186,430**	**-**	632,016	-
	7,027,333	**(64,496)**	7,057,421	(27,634)

	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:				
Projects:				
Gas distribution system	**5,955,193**	**(4,100,758)**	4,809,761	(3,707,749)
Gas transmission system	**1,353,958**	**(1,415,519)**	1,763,918	(2,111,667)
Cost of buildings under construction and others	**2,039,245**	**(1,511,056)**	548,503	(129,949)
	9,348,396	**(7,027,333)**	7,122,182	(5,949,365)

During the period, there has been net (decrease) / increase in respect of stores and spares held for capital projects and others amounting to Rs. (1,363) million (March 31, 2020: Rs. 366 million).

	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	
7 RIGHT OF USE ASSETS		
Cost	**353,011**	347,263
Accumulated depreciation	**(206,216)**	(125,911)
Net book value	**146,795**	221,352
Cost		
Opening balance	**347,263**	-
Impact on application of IFRS 16	**-**	347,263
Additions during the period	**18,033**	-
Derecognition during the period	**(12,285)**	-
Closing balance	**353,011**	347,263
Accumulated depreciation		
Opening balance	**125,911**	-
Depreciation charge for the period	**92,590**	125,911
Derecognition during the period	**(12,285)**	-
Closing balance	**206,216**	125,911

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

	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
8 LONG TERM INVESTMENTS	--------(Rupees in '000)--------	
Investment at cost	**1,000,001**	1,000,001
Investments - fair value through other comprehensive income	**190,977**	180,017
	1,190,978	1,180,018

	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
9 TRADE DEBTS			
Secured		**26,357,049**	32,655,739
Unsecured		**85,033,323**	78,389,700
	9.1&9.2	**111,390,372**	111,045,439
Provision against doubtful debts		**(21,293,701)**	(19,236,535)
		90,096,671	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 International Financial Reporting Standards – 15 "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 30,783 million (June 30, 2020: Rs. 33,415 million) as at March 31, 2021 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,652 million (June 30, 2020: Rs. 29,652 million) as at March 31, 2021 are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs 127,544 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 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 instalments, 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 accounts 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 also viewed that the Company has a good claim over LPS on outstanding balance, but considering that the matter is in dispute, as discussed above, the Company has decided to recognize LPS from KE when either such claimed amounts are recovered or when these are decreed and their recovery is assured.

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

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

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,626 million (June 30, 2020: Rs. 24,332 million) including overdue balance of Rs. 24,548 million (June 30, 2020: Rs. 24,282 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 72,692 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 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 of Rs. 38,660 million approximately 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	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
			--------(Rupees in '000)--------	
10	**INTEREST ACCRUED**			
	Interest accrued on late payment of bills / invoices from:			
	WAPDA		**4,639,502**	4,390,715
	SNGPL		**9,538,158**	8,685,480
	JJVL		**578,798**	578,798
			14,756,458	13,654,993
	Interest accrued on sales tax refund		**487,739**	487,739
	Interest accrued on loan to related party		**1,168,384**	1,082,222
			16,412,581	15,224,954
	Provision against impaired accrued income		**(112,400)**	(112,400)
			16,300,181	15,112,554
11	**OTHER RECEIVABLES**			
	Gas development surcharge receivable from Government of Pakistan (GoP)	11.1	**203,926,002**	178,411,641
	Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
	Receivable from staff pension fund		**51,122**	-
	Receivable from HCPCL	11.2	**4,157,839**	4,157,839
	Balance receivable for sale of gas condensate		**52,064**	46,438
	Receivable from SNGPL - a related party	11.3	**101,564,265**	99,834,232
	Receivable from Jamshoro Joint Venture Limited (JJVL)	11.4 & 11.5	**11,030,271**	11,427,831
	Receivable from SSGC LPG (Private) Limited		**8,031**	19,829
	Sales tax receivable	11.6	**40,859,624**	41,588,995
	Sindh sales tax		**112,976**	112,976
	Receivable against asset contribution	11.7	**330,328**	418,118
	Miscellaneous		**46,442**	67,063
			366,423,044	340,369,042
	Impairment loss against financial assets		**(2,586,874)**	(2,586,874)
			363,836,170	337,782,168
11.1	**Gas development surcharge receivable from GOP**			
	Opening Balance		**178,411,641**	140,160,555
	Recognized in statement of profit or loss		**24,855,649**	37,600,501
	Subsidy for LPG air mix operations		**658,712**	650,585
	Closing Balance		**203,926,002**	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
			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.

11.3 As at period end, receivable balance from SNGPL comprises of the following:

	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
Uniform cost of gas		**15,818,845**	15,818,845
Lease rentals		**876,631**	593,033
Contigent rent		**3,535**	3,535
LSA margins		**3,023,105**	2,877,266
Capacity and utilisation charges of RLNG	11.3.1	**51,921,834**	51,063,909
RLNG transportation income		**29,920,315**	29,477,644
		101,564,265	99,834,232

11.3.1 The Company has invoiced an amount of Rs. 123,545 million, including sindh sales tax of Rs. 14,356 million, till March 31, 2021 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 subsequent to end of reporting date. The Company has finalized its payment plan with PAFCL in which PAFCL is 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 in respect of processing charges is disclosed in note 16 & 17 to these unconsolidated 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 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 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	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
			--------(Rupees in '000)--------	
12	**LONG-TERM FINANCE**			
	Secured			
	Loans from banking companies	12.1 & 12.2	**31,792,042**	36,210,321
	Unsecured			
	Front end fee of foreign currency loan		**23,950**	23,950
	Customer financing		**156,340**	170,605
	Government of Sindh loans		**779,170**	768,723
			959,460	963,278
			32,751,502	37,173,599
	Less: Current portion shown under Current liabilities			
	Loans from banking companies		**(7,875,000)**	(7,875,000)
	Customer financing		**(22,451)**	(24,397)
	Government of Sindh loans		**(186,667)**	(186,667)
			(8,084,118)	(8,086,064)
			24,667,384	29,087,535

12.1 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. During the period, repayment of Rs. 1,500 million has been made.

12.2 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at March 31, 2021 the Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the period repayment of Rs. 2,493 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 (RLNG) assets of the Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

		Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
			--------(Rupees in '000)-------	
13	**DEFERRED CREDIT**			
	Government of Pakistan contributions / grants			
	Opening balance		**2,911,647**	3,064,028
	Additions / adjustments during the period / year		**12,711**	139,427
	Transferred to unconsolidated statement of profit or loss	24	**(215,351)**	(291,808)
	Closing balance		**2,709,007**	2,911,647
	Government of Sindh (Conversion of loan into grant)			
	Opening balance		**1,995,985**	2,025,211
	Additions during the period / year		**13,653**	86,808
	Transferred to unconsolidated statement of profit or loss	24	**(89,495)**	(116,034)
	Closing balance		**1,920,143**	1,995,985
	Government of Sindh grants			
	Opening balance		**129,125**	149,967
	Transferred to unconsolidated statement of profit or loss	24 & 13.1	**(12,031)**	(20,842)
	Closing balance		**117,094**	129,125
			4,746,243	5,036,757
	Less: Current portion of deferred credit		**(422,503)**	(432,236)
			4,323,740	4,604,521

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

		Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
			--------(Rupees in '000)-------	
14	**CONTRACT LIABILITIES**			
	Contribution from customers	14.1	**1,962,210**	1,823,259
	Advance received from customers for laying of mains, etc.		**5,225,725**	4,374,239
			7,187,935	6,197,498
14.1	**Contribution from customers**			
	Opening balance		**2,015,462**	1,573,394
	Additions / adjustments during the period / year		**292,225**	623,385
	Transferred to unconsolidated statement of profit or loss		**(148,061)**	(181,317)
			2,159,626	2,015,462
	Less: Current portion of contributions from customers		**(197,415)**	(192,203)
	Closing balance		**1,962,211**	1,823,259

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

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 subject to mark-up to 0.00% to 0.20% (June 30, 2020: 0.00% to 0.20%) above the average one month KIBOR. The facilities are secured by first pari passu, first joint supplemental hypothecation and ranking charge over present and future stock in trade and book debts of the Company.

The aggregate unavailed short term borrowing facilities amounted to Rs. 2,339 million (June 30, 2020: Rs. 10,021 million).

16 TRADE AND OTHER PAYABLES

	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
Creditors for:			
Indigenous Gas	16.1	**391,261,062**	386,072,492
RLNG		**105,182,729**	92,860,338
		496,443,791	478,932,830
RLNG differential margin payable to GoP		**17,651,996**	14,430,636
Engro Elengy Terminal Limited		**1,366,661**	1,901,685
Accrued liabilities		**5,680,374**	3,794,449
Provision for compensated absences - non executives		**303,441**	303,441
Payable to staff gratuity fund		**4,076,195**	4,076,196
Payable to pension		**-**	129,230
Payable to provident fund		**62,337**	74,872
Deposits / retention money		**615,143**	622,876
Advance for sharing right of way		**18,088**	18,088
Withholding tax payable		**224,875**	114,457
Sales tax and FED payable		**632,550**	456,824
Sindh sales tax on services		**209,687**	130,433
Processing charges payable to JJVL		**8,528,447**	8,528,447
Gas infrastructure development cess payable		**7,066,186**	7,234,826
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Workers's profit participation fund		**174,515**	174,515
Others		**446,973**	437,954
		543,503,059	521,363,559

16.1 As at March 31, 2021, amount of Rs. 329,120 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 in these unconsolidated condensed interim financial statement.

		Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
			--------(Rupees in '000)--------	
17	**INTEREST ACCRUED**			
	Long term financing - loans from banking companies		**669,528**	562,364
	Long term deposits from customers		**376,604**	481,020
	Short term borrowings		**214,493**	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
			17,536,254	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 March 31, 2021 amounting to Rs. 7,569 million; Rs. 7,477 million; Rs. 10,525 million; Rs 26,335 million and Rs. 20,946 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	**20,946**
- Increase in loss after tax / accumulated loss	**14,872**
- Increase in loss per share - rupees	**16.88**
- Increase in accumulated losses	**99,074**
- Increase trade payables	**99,074**
- Increase deferred tax liability	**29,744**

		March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
18	**CONTINGENCIES AND COMMITMENTS**		
18.1	Commitments for capital and other expenditures	**5,947,214**	5,550,445
18.2	Guarantees issued on behalf of the Company	**7,008,136**	6,908,524

18.3 Jamshoro Power Company Limited (JPCL) has lodged claims against the Company amounting to Rs. 144,120 million (2020: 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 period ended March 31, 2021 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million,Rs. 26,335 million and Rs. 20,946 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.

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

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

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

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

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

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

All the Orders were contested before Commissioner (Appeals) who decided the cases in Company's favor. However, the said Commissioner (Appeals) Orders in Company's favor have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue.

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

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

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

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

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

The Company and its legal counsel are of the opinion that the Company has a strong case on legal merits as well as on technical grounds since Legal Principle has been set by ATIR & upheld by Commissioner

(Appeals) and thus no provision has been made in these unconsolidated financial statements as the Company and its legal counsel is confident that the outcome of the cases will be in favor of the Company.

18.10 The Additional Commissioner Inland Revenue passed an order against the Company with demand of Rs. 1,314 million alongwith default surcharge and penalty for incorrect adjustment of withholding sales tax against input invoices. The principal tax demand was recovered by the authority. However, the Company has filed a reference with FBR for waiver of default surcharge and penalty, which is pending. The Honorable High Court of Sindh has also stayed the recovery of the additional tax and penalties.

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

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

Commissioner (Appeals) order was contested before Appellate Tribunal Inland Revenue (ATIR) remanded back the issue of exchange loss, decided interest free loans in Company's favor while minimum tax adjustment for loss making year of 2007-08 was decided against the Company.

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

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

18.12 As disclosed in note 9.1 & 9.2 to these unconsolidated financial statements – trade debts, interest income from K-Electric (KE) and Pakistan Steel Mills Limited (PSML) is not being recognized in the unconsolidated financial statements, in accordance with requirements of International Accounting Standards as well as Legal and Accounting Opinions obtained by the Company. However, tax authorities have passed orders for FY 2014-15 to 2018-19 on said unrecognized interest income from KE and PSML. Appeal against the said orders have been filed before Commissioner (Appeals), who decided the case against the Company upon which the Company has filed appeal before Appellate Tribunal Inland Revenue.

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

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

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

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

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

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

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

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

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

Said Order was contested before Commissioner (Appeals) who confirmed Demand on RLNG Swap & transportation while other GDS & other observations were remanded back to Tax Officer.

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

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

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

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

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Un-audited)			
	-----------(Rupees in '000)--------------			
19 SALES				
Sale of Indigenous gas	**168,724,574**	193,903,623	**51,937,158**	58,439,288
Sale of RLNG	**60,247,023**	38,053,694	**23,799,031**	12,157,134
	228,971,597	231,957,317	**75,736,189**	70,596,422
Less: Sales tax				
Indigenous gas	**(25,123,776)**	(28,974,635)	**(7,794,611)**	(8,725,666)
RLNG	**(8,158,888)**	(5,600,517)	**(3,168,301)**	(1,790,421)
	(33,282,664)	(34,575,152)	**(10,962,912)**	(10,516,087)
	195,688,933	197,382,165	**64,773,277**	60,080,335
20 GAS DEVELOPMENT SURCHARGE (GDS)				
GDS recovered during the period	**21,402,558**	(4,709,010)	**26,344,196**	(2,352,870)
Price increase adjustment for the period	**4,111,813**	26,391,697	**(20,423,169)**	18,305,861
Impact of staggering	**-**	(5,507,678)	**-**	(1,835,893)
Subsidy for LPG air mix operations	**(658,722)**	(519,261)	**(307,949)**	(220,042)
	24,855,649	15,655,748	**5,613,078**	13,897,056
21 RLNG DIFFERENTIAL MARGINS				
RLNG differential margin - OGRA	**(3,221,360)**	(5,742,888)	**(1,622,498)**	(2,010,735)
RLNG differential margin - SNGPL	**-**	3,803,303	**-**	1,495,303
	(3,221,360)	(1,939,585)	**(1,622,498)**	(515,432)
22 COST OF SALES				
Cost of gas	**207,850,334**	213,904,458	**66,673,000**	71,283,115
Transmission and distribution costs	**15,629,786**	16,624,552	**5,253,827**	5,543,318
	223,480,120	230,529,010	**71,926,827**	76,826,433
Cost of gas				
Opening gas in pipelines	**1,248,028**	1,214,410	**1,258,734**	1,193,123
RLNG purchases	**47,662,458**	31,314,173	**18,465,089**	10,295,308
Gas purchases	**160,917,616**	187,268,505	**48,401,203**	62,855,102
	209,828,102	219,797,088	**68,125,026**	74,343,533
Gas consumed internally	**(741,372)**	(4,539,881)	**(215,630)**	(1,707,669)
Closing gas in pipelines	**(1,236,395)**	(1,352,749)	**(1,236,395)**	(1,352,749)
	(1,977,767)	(5,892,630)	**(1,452,025)**	(3,060,418)
	207,850,335	213,904,458	**66,673,001**	71,283,115

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Un-audited)			
	-----------(Rupees in '000)--------------			
23 OTHER OPERATING EXPENSES				
Auditors' remuneration	**4,363**	5,305	**985**	1,768
Sports expenses	**84,502**	113,118	**22,847**	37,886
Corporate social responsibility	**10,478**	13,621	**3,493**	2,451
Provision against impaired stores and spares	**60,176**	-	**35,914**	-
Loss / (gain) on sale of property, plant and equipment	**14,161**	-	**(529)**	-
	173,680	132,044	**62,710**	42,105
24 OTHER INCOME				
Income from financial assets				
Income for receivable against asset contribution	**28,750**	32,442	**8,951**	10,557
Interest income on loan to related party	**86,162**	147,158	**17,735**	39,259
Income from net investment in finance lease from - SNGPL-Related party	**19,910**	27,188	**6,636**	9,063
Return on term deposits and profit and loss bank accounts	**20,458**	69,026	**-** **4,863**	30,609
	155,280	275,814	**38,185**	89,488
Interest income on late payment of gas bills from				
Water & Power Development Authority (WAPDA)	**248,787**	528,042	**76,647**	169,237
Dividend income	**4,828**	1,849	**-**	-
	408,895	805,705	**114,832**	258,725
Income from other than financial assets				
Late payment surcharge	**1,652,499**	1,364,578	**578,889**	648,315
Interest income on late payment of gas bills from SNGPL - related party	**852,678**	855,790	**280,077**	283,189
Sale of gas condensate - net loss	**(56,384)**	(12,844)	**(15,159)**	(3,871)
Income from LPG / NGL - net	**-**	475,670	**-**	254,470
Meter manufacturing division profit - net	**13,048**	13,642	**3,177**	4,421
Meter rentals	**706,539**	597,877	**300,522**	201,060
RLNG transportation income	**5,039,808**	6,037,903	**1,506,358**	1,788,521
Recognition of income against deferred credit and contract liability	**424,768**	405,320	**142,287**	137,486
Income from LPG air mix distribution - net	**98,437**	82,853	**32,413**	31,708
Income from sale of tender documents	**3,876**	3,782	**1,450**	2,045
Scrap sales	**63,939**	(2,867)	**(536)**	(33,108)
Recoveries from customers	**55,746**	53,563	**22,620**	26,190
Liquidity damaged recovered	**71,593**	26,640	**31,008**	12,701
Exchange gain	**4,578,675**	278,777	**1,856,314**	(2,726,346)
Reversal of excess provision against impaired stores and spares	**-**	8,792	**-**	1,312
Gain on sale of property, plant and equipment	**-**	65,422	**-**	20,647
Amortization of Government grant	**12,031**	15,685	**4,043**	5,229
Rental income from SSGC LPG (Pvt) Limited	**620**	578	**235**	193
LSA margins against RLNG	**698,817**	669,647	**219,318**	220,005
Miscellaneous	**18,816**	495,240	**4,940**	7,031
	14,644,401	12,241,753	**5,082,788**	1,139,923

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Un-audited)			
	--------------------(Rupees in '000)--------------------			
25 TAXATION				
Current	**1,755,005**	1,689,348	**557,690**	563,739
Deferred	**-**	-	**-**	-
	1,755,005	1,689,348	**557,690**	563,739

As at March 31, 2021, the Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 39,533 million (June 30, 2020: Rs. 36,796 million) out of which deferred tax asset amounting to Rs.14,979 million has been recognised and remaining balance of Rs 24,554 million is unrecognised. As at period end, the Company's minimum tax credit amounted to Rs.6,900 million (June 30, 2020: Rs. 5,161 million) having expiry period ranging between 2022 and 2026.

		Nine months ended	
		March 31, 2021	March 31, 2020
		(Un-audited)	
	Note	--------(Rupees in '000)--------	
26 ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS			
Provisions	26.1	**3,259,189**	2,608,377
Depreciation on owned assets		**6,289,399**	5,905,923
Depreciation on right of use assets		**92,066**	94,257
Amortization of intangibles		**10,673**	18,078
Finance cost		**3,223,816**	5,249,719
Amortization of transaction cost		**24,221**	25,743
Amortization of Government grant		**(12,031)**	(15,685)
Recognition of income against deferred credit and contract liability		**(464,938)**	(444,772)
Dividend income		**(4,828)**	(1,849)
Interest income and return on term deposits		**(1,236,835)**	(1,632,459)
Income from net investment in finance lease		**(19,910)**	(27,188)
Loss / (Gain) on disposal of property plant and equipment		**14,098**	(65,422)
Decrease in long term advances		**125,217**	(57,851)
Increase in deferred credit and contract liability		**1,170,075**	1,423,169
Impact of IFRS 16: Finance cost		**14,083**	24,735
Decrease in obligation against pipeline		**57,992**	61,745
		12,542,287	13,166,520
26.1 Provision			
Provision against slow moving / obsolete stores		**56,728**	8,271
Impairment loss against financial assets		**2,057,166**	1,081,550
Provision for post retirement medical and free gas supply facilities		**361,418**	689,263
Provision against retirement benefit		**783,878**	829,293
		3,259,190	2,608,377

27 WORKING CAPITAL CHANGES

	Nine months ended March 31, 2021	Nine months ended March 31, 2020
	(Un-audited)	
	--------(Rupees in '000)--------	
Decrease / (increase) in current assets		
Stores and spares	**(355,561)**	(228,954)
Stock-in-trade	**206,326**	(197,117)
Customers' installation work-in-progress	**(38,800)**	(25,273)
Trade debts	**(344,933)**	(7,300,513)
Advances, deposits and short term prepayments	**116,886**	(476,223)
Other receivables	**(26,002,883)**	(39,918,545)
	(26,418,965)	(48,146,625)
Increase in current liabilities		
Trade and other payables	**22,268,731**	76,661,516
	(4,150,234)	28,514,891

28 TRANSACTIONS WITH RELATED PARTIES

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

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

	Relationship	Nine months ended March 31, 2021	Nine months ended March 31, 2020
		(Un-audited)	
		--------------(Rupees in '000)--------------	
Government related entities			
- Purchase of fuel and lubricant		**57,626**	35,850
- Billable charges		**60,023,631**	32,593,911
- Mark-up expense on short term finance		**41,860**	75,629
- Mark-up expense on long term finance		**265,375**	532,155
- Income from net investment in finance lease		**19,910**	27,188
- Gas purchases		**133,318,083**	94,336,613
- Sale of gas meters		**12,142**	30,311
- Insurance premium		**87,149**	82,651
- Electricity expenses		**185,182**	235,370
- Interest income		**1,101,465**	1,383,832
- RLNG transportation income		**5,039,808**	6,037,903
- Income against LNG service agreement		**698,817**	669,647
- LPG purchases		**481,240**	357,501
- Professional charges		**40**	6,830
* **Karachi Grammar School**	**Associate**		
- Billable charges		**30**	-

	Relationship	Nine months ended March 31, 2021 (Un-audited)	Nine months ended March 31, 2020 (Un-audited)
		---------------(Rupees in '000)-------------	
Key management personnel			
- Remuneration		**142,131**	145,367
Pakistan Institute of Corporate Governance	Associate		
- Subscription / Trainings		**998**	4,624
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Interest on loan		**86,162**	147,158
- Rental income		**620**	578
Staff retirement benefit plans	Associate		
- Contribution to provident fund		**280,226**	291,524
- Contribution to pension fund		**411,671**	594,343
- Contribution to gratuity fund		**372,207**	234,950

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 these unconsolidated condensed interim financial statement are as follows:

	Relationship	March 31, 2021 (Un-audited)	June 30 2020 (Audited)
		---------------(Rupees in '000)-------------	
Government related entities	Associate		
- Billable charges		**59,240,192**	63,591,878
- Accured mark up on borrowings		**(5,249,245)**	(4,221,975)
- Net investment in finance lease		**876,631**	593,033
- Gas purchases		**(439,891,948)**	(316,626,683)
- Gas meters and spare parts		**43,401**	73,432
- Uniform cost of gas		**15,818,845**	15,818,845
- Cash at bank		**16,435**	24,951
- Stock loan		**5,321**	4,912
- Payable to insurance		**(2,244)**	(837)

	Relationship	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------------(Rupees in '000)--------------	
- Gas supply deposit		**(51,263)**	(51,263)
- Interest expense accrued - late payment surcharge on gas supplies bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**14,177,660**	
- Professional charges		**57**	57
- Contingent rent		**3,535**	13,076,195 3,535
- Capacity and utilisation charges of RLNG		**51,921,834**	51,063,909
- RLNG transportation income		**29,920,315**	29,477,644
- LSA margins		**3,023,105**	2,877,266
- 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		**835,103**	1,535,103
- Interest on loan		**1,168,384**	1,082,222
- LPG sales		**5,698**	5,698
- Rent on premises		**926**	1,442
- Receivable of management fee		**1,408**	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 asses their performance. As a result, management has identified the following two segments:

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

SEGMENT AND REVENUE RESULTS

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

	Nine months ended			
	Segment revenue		Segment (loss) / Profit	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Un-audited)			
	---------------------- (Rupees in '000) ----------------------			
Gas transmission and distribution	**195,688,933**	197,382,165	**(1,204,987)**	(18,255,333)
Meter manufacturing	**1,266,171**	1,542,582	**13,048**	13,642
Total segment results	**196,955,104**	198,924,747	**(1,191,938)**	(18,241,691)
Unallocated				
- Other operating expenses			**(173,680)**	(132,044)
- Other income			**871,576**	963,573
Loss before tax			**(494,042)**	(17,410,160)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs 1,266 million (March 31, 2020: Rs. 1,516 million).

SEGMENT ASSETS AND LIABILITIES

	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	
Segment assets		
Gas transmission and distribution	**612,319,718**	584,900,720
Meter manufacturing	**795,681**	1,036,492
Total segment assets	**613,115,399**	585,937,212
Unallocated		
Loans and advances	**1,155,056**	2,169,660
Taxation - net	**18,381,339**	19,192,406
Interest accrued	**487,739**	487,739
Cash and bank balances	**623,108**	699,689
	20,647,242	22,549,494
Total assets as per unconsolidated condensed interim statement of financial position	**633,762,641**	608,486,706
Segments liabilities		
Gas transmission and distribution	**659,608,972**	631,885,178
Meter manufacturing	**82,383**	292,154
Total segment liabilities	**659,691,355**	632,177,332
Total liabilities as per unconsolidated condensed interim statement of financial position	**659,691,355**	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 reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

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

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

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

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

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

	As at March 31, 2021 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**190,977**	**-**	**-**	**190,977**

	As at June 30, 2020 (Audited)			
	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 March 31, 2021 (Un-audited)	
	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
	(Audited)	
	--------------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 EVENTS AFTER THE REPORTING DATE

The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard predicting at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations except those disclosed in notes to these 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

These unconsolidated financial statements were authorised for issue in Board of Directors meeting held on October 13, 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 nine months period ended March 31, 2021

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	**138,943,374**	137,364,439
Intangible assets		**127,373**	9,747
Deferred tax		**127,585**	187,577
Right of use assets	7	**164,876**	241,120
Long term investments	8	**190,977**	180,017
Net investment in finance lease		**87,774**	131,135
Long term loans and advances		**194,138**	180,062
Long-term deposits		**19,741**	28,617
		139,855,838	138,322,714
CURRENT ASSETS			
Stores, spares and loose tools		**3,039,313**	2,719,897
Stock-in-trade		**2,094,207**	2,221,947
Current maturity of net investment in finance lease		**57,814**	57,814
Customers' installation work-in-progress		**280,366**	241,566
Trade debts	9	**90,110,061**	91,835,466
Loans and advances		**125,814**	454,495
Advances, deposits and short term prepayments		**719,982**	831,984
Interest accrued	10	**15,131,797**	14,030,332
Other receivables	11	**363,938,314**	337,818,379
Taxation - net		**18,639,173**	19,406,544
Other financial asset		**129,223**	129,000
Cash and bank balances		**1,244,296**	1,550,683
		495,510,360	471,298,107
TOTAL ASSETS		**635,366,198**	609,620,821

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

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

	Note	March 31, 2021 (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		**154,450**	143,490
Surplus on revaluation of property, plant and equipment		**25,254,815**	25,254,815
Accumulated losses		**(64,213,934)**	(62,242,789)
		(25,088,105)	(23,127,920)
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finance	12	**24,667,384**	29,087,535
Long term deposits		**21,786,651**	20,690,732
Employee benefits		**5,342,899**	5,136,092
Obligation against pipeline		**772,344**	820,255
Deferred credit	13	**4,323,740**	4,604,521
Contract liabilities	14	**7,187,935**	6,197,498
Lease liability		**61,257**	127,250
Long term advances		**3,093,735**	2,968,518
		67,235,945	69,632,401
CURRENT LIABILITIES			
Current portion of long term finance	12	**8,084,118**	8,086,064
Short term borrowings	15	**22,660,657**	14,979,552
Trade and other payables	16	**543,853,679**	521,503,284
Short term deposits		**32,569**	18,440
Current portion of obligation against pipeline		**63,179**	59,075
Current portion of deferred credit	13	**422,503**	432,236
Current portion of contract liabilities	14	**197,415**	192,203
Current portion of lease liability		**82,558**	118,000
Unclaimed dividend		**285,426**	285,430
Interest accrued	17	**17,536,254**	17,442,056
		593,218,358	563,116,340
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		**635,366,198**	609,620,821

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

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the period ended March 31, 2021

	Note	Nine months period ended March 31, 2021	Nine months period ended March 31, 2020	Quarter ended March 31, 2021	Quarter ended March 31, 2020
		(Un-Audited)			
		--------------------(Rupees in '000)--------------------			
Sales		**228,971,597**	231,957,317	**75,736,189**	70,596,422
Sales tax		**(33,282,664)**	(34,575,152)	**(10,962,912)**	(10,516,087)
	19	**195,688,933**	197,382,165	**64,773,277**	60,080,335
Gas development surcharge	20	**24,855,649**	15,655,748	**5,613,078**	13,897,056
RLNG differential margin	21	**(3,221,360)**	(1,939,585)	**(1,622,498)**	(515,432)
		21,634,289	13,716,163	**3,990,580**	13,381,624
Net sales		**217,323,222**	211,098,328	**68,763,857**	73,461,959
Cost of sales	22	**(223,480,120)**	(230,529,010)	**(71,926,827)**	(76,826,433)
Gross loss		**(6,156,898)**	(19,430,682)	**(3,162,970)**	(3,364,474)
Administrative and selling expenses		**(3,551,246)**	(3,763,306)	**(1,208,275)**	(1,281,079)
Other operating expenses	23	**(174,402)**	(132,642)	**(62,867)**	(42,336)
Impairment loss against financial assets		**(2,057,166)**	(1,081,550)	**129,875**	(159,998)
		(5,782,814)	(4,977,498)	**(1,141,267)**	(1,483,413)
		(11,939,712)	(24,408,180)	**(4,304,237)**	(4,847,887)
Other income	24	**15,178,047**	12,454,752	**5,183,266**	1,220,926
Operating Profit / (loss)		**3,238,335**	(11,953,428)	**879,029**	(3,626,961)
Finance cost		**(3,323,578)**	(5,363,874)	**(847,713)**	(1,388,477)
Loss before taxation		**(85,243)**	(17,317,302)	**31,316**	(5,015,438)
Taxation	25	**(1,885,902)**	(1,716,575)	**(577,577)**	(574,854)
Loss for the period		**(1,971,145)**	(19,033,877)	**(546,261)**	(5,590,292)
Basic and diluted loss per share (Rupees)		**(2.55)**	(21.61)	**(0.62)**	(6.35)

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

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended March 31, 2021

	Nine months period ended		Quarter ended	
	March 31, 2021	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
	(Un-Audited)			
	--------------------(Rupees in '000)--------------------			
Loss for the period	**(1,971,145)**	(19,033,877)	**(546,261)**	(5,590,292)
Other comprehensive income				
Items that will not be reclassified subsequently to unconsolidated statement of profit or loss				
Unrealised gain / (loss) on re-measurement of FVTOCI securities	**10,960**	(101,653)	**(6,130)**	(134,804)
Total comprehensive loss for the period	**(1,960,185)**	(19,135,530)	**(552,391)**	(5,725,096)

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

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMNT OF CASH FLOW

For the period ended March 31, 2021

	Note	Nine months period ended March 31, 2021	Nine months period ended March 31, 2020
		(Un-audited)	
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(85,243)**	(17,317,302)
Adjustments for non-cash and other items	26	**12,752,877**	13,394,584
Working capital changes	27	**(4,064,277)**	28,467,632
Financial charges paid		**(4,638,916)**	(6,414,417)
Employee benefits paid		**(116,387)**	(90,065)
Payment for retirement benefits		**(1,011,672)**	(939,750)
Long term deposits received - net		**1,095,919**	2,767,165
Deposits paid - net		**14,500**	(2,719)
Loans and advances to employee - net		**314,604**	511,741
Interest income received		**1,217,592**	1,117,037
Income taxes paid		**(1,058,522)**	(1,155,571)
Net cash (used in) / generated from operating activities		**4,420,475**	20,338,335
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(7,870,280)**	(7,572,765)
Payment for obligation against pipeline		**(101,799)**	(101,799)
Proceeds from sale of property, plant and equipment		**50,398**	93,072
Lease rental from net investment in finance lease		**63,271**	70,550
Short term investment		**(223)**	(254,154)
Dividend received		**4,828**	1,849
Net cash used in investing activities		**(7,853,805)**	(7,763,247)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(4,407,832)**	(6,154,280)
Repayment of customer finance		**(14,264)**	(17,520)
Repayment of lease liability		**(132,062)**	(133,601)
Dividend paid		**(4)**	(4)
Net cash used in financing activities		**(4,554,162)**	(6,305,405)
Net decrease in cash and cash equivalents		**(7,987,492)**	6,269,683
Cash and cash equivalents at beginning of the period		**(13,428,869)**	(15,457,754)
Cash and cash equivalents at end of the period		**(21,416,361)**	(9,188,071)
Cash and bank balances		**1,244,296**	2,240,388
Short term borrowings		**(22,660,657)**	(11,428,459)
		(21,416,361)	(9,188,071)

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

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the period ended March 31, 2021

	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 July 1, 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 period ended March 31, 2020							
Loss for the period	-	-	-	-	-	(19,033,877)	(19,033,877)
Other comprehensive loss for the period	-	-	-	(101,653)	-	-	(101,653)
	-	-	-		-	(19,033,877)	(19,135,530)
Balance as at March 31, 2020	8,809,163	234,868	4,672,533	97,968	21,950,532	(62,484,635)	(26,719,571)
Balance as at June 30, 2020 (Audited)	8,809,163	234,868	4,672,533	143,490	25,254,815	(62,242,789)	(23,127,920)
Total comprehensive loss for the period ended March 31, 2021							
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(1,971,145)**	**(1,971,145)**
Other comprehensive income for the period	**-**	**-**	**-**	**10,960**	**-**	**-**	**10,960**
	-	**-**	**-**	**10,960**	**-**	**(1,971,145)**	**(1,960,185)**
Balance as at March 31, 2021	**8,809,163**	**234,868**	**4,672,533**	**154,450**	**25,254,815**	**(64,213,934)**	**(25,088,105)**

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

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- Sui Southern Gas Company Limited

	Percentage of Holding	
	March 31 2021	**June 30, 2020**
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 Holding Company are as follows:

Region	**Address**
Karachi West	SITE Office, Karachi. Plot No. F/36 & F/37 SITE Area Karachi.
Karachi East	Plot # 21/1, Sector 22, Korangi Industrial Area, Karachi.
Karachi Central	Azad Trade Center Near Civic Center Karachi.
Hyderabad	SSGC Regional Office, Opp. New Eidgah, National Highway Qasimabad, Hyderabad.
Nawabshah	SSGC Regional Office, Near Sikandar Art Gallery Housing Society, Nawabshah.
Sukkur	SSGC Regional Office, Golimar Road, SITE Area Sukkur.
Larkana	SSGC Regional Office, Near Shaikh Zaid Women Hospital, Larkana.
Quetta	SSGC Office, Samungli Road, Quetta.

Sui Southern Gas Provident Fund Trust Company (Private) Limited

Sui Southern Gas Provident Fund Trust Company (Private) Limited is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office is situated at ST-4/B, Block-14, Sir Shah 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

- These consolidated condensed interim financial statements include the condensed interim financial statements of the Holding Company and its Subsidiary Companies, together "the Group".
- The condensed interim financial statements of the Subsidiary Companies 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 period, the Holding Company has incurred a loss after tax of Rs. 2,249 million resulting in increase in its accumulated losses to Rs. 64,147 million and diminishing equity to Rs. 25,929 million. As at period end, current liabilities exceed its current asset by Rs.96,777 million.

The Holding Company's financial performance for the period has been deteriorated mainly because of higher UFG due to RLNG off load into SSGC franchise area which was sold to indigenous gas customers.

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 (FRR) FY 2017-18 OGRA did not consider implementing the aforementioned decision and advised the Holding Company 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 another summary is being considered at ECC to reinforce earlier ECC decision with multiple options for its implementation.
- Government of Pakistan (Finance Division) in its letter dated July 06, 2020, GoP being majority shareholder has acknowledged the funding requirements of the Holding Company and has shown commitment to extend all support to maintain the going concern status of the Holding Company.
- The Holding Company has devised a strategy to control UFG in coming years and the same is under implementation with the approval of Board of Directors.
- Under new tariff regime, the Holding Company will also be entitled to the guaranteed return on operating asset from 17% to 17.43% from FY 2019 for next three years.
- Banks have also waived 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 few 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 of the Court, and OGRA also accepted position taken up by the Holding Company for the said financial years, subject to the final decision of the Court.

On November 25, 2016, the Sindh High Court dismissed the Holding Company's petitions through its judgement. Consequently, OGRA in its decision dated December 22, 2016 and October 26, 2017 for determination of FRR for FY 2016 and 2017 respectively allowed UFG at 4.5% and treated Royalty Income from Jamshoro Joint Venture Limited, profit from meter manufacturing, late payment surcharge, and sale of gas condensate as operating income. The Holding Company has filed civil petition for leave to appeal in the Supreme Court of Pakistan on January 25, 2017, against the abovementioned Sindh High Court judgement. But the management has considered OGRA's decision in preparation of this consolidated condensed interim financial statement for the period ended March 31, 2021.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

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

These consolidated condensed interim financial statements do 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 Group for the year ended June 30, 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

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

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual 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.

5 FINANCIAL RISK MANAGEMENT

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

	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	
6 PROPERTY, PLANT AND EQUIPMENT		
Operating assets	**125,742,475**	125,445,038
Capital work-in-progress	**13,200,899**	11,919,401
	138,943,374	137,364,439

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

	March 31, 2021		March 31, 2020	
	(Un-audited)			
	--------(Rupees in '000)--------			
	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)
Operating assets				
Leasehold land	-	-	3,423	-
Buildings on leasehold land	**26,060**	-	133,372	-
Gas distribution system	**4,100,758**	**(43,910)**	3,707,749	-
Gas transmission pipelines	**1,415,519**	-	2,111,667	-
Telecommunication	**36,511**	**(19)**	1,055	(698)
Plant and machinery	**89,861**	**(271)**	178,754	(1,396)
Tools and equipment	**4,512**	-	8,896	(71)
Motor vehicles	**49,557**	**(20,296)**	168,686	(25,215)
Furniture and fixtures	**2,655**	-	20,985	-
Office equipment	**29,119**	-	13,589	-
Computers and ancillary equipments	**86,351**	-	77,229	(17)
Construction equipment	-	-	-	(237)
Compressors	**1,186,430**	-	632,016	-
	7,027,333	**(64,496)**	7,057,421	(27,634)
	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:				
Projects:				
Gas distribution system	**5,955,193**	**(4,100,758)**	4,809,761	(3,707,749)
Gas transmission system	**1,353,958**	**(1,415,519)**	1,763,918	(2,111,667)
Cost of buildings under construction and others	**2,039,245**	**(1,511,056)**	548,503	(129,949)
	9,348,396	**(7,027,333)**	7,122,182	(5,949,365)

During the period, there has been net (decrease) / increase in respect of stores and spares held for capital projects and others amounting to Rs. (1,363) million (March 31, 2020: Rs. 366 million).

	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	
7 RIGHT OF USE ASSETS		
Cost	**375,029**	369,281
Accumulated depreciation	**(210,153)**	(128,161)
Net book value	**164,876**	241,120
Cost		
Opening balance	**369,281**	-
Impact on application of IFRS 16	**-**	369,281
Additions during the period	**18,033**	-
Derecognition during the period	**(12,285)**	-
Closing balance	**375,029**	369,281
Accumulated depreciation		
Opening balance	**128,161**	-
Depreciation charge for the period	**94,277**	128,161
Derecognition during the period	**(12,285)**	-
Closing balance	**210,153**	128,161

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

	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
8 LONG TERM INVESTMENTS	--------(Rupees in '000)--------	
Investments - fair value through other comprehensive income	**190,977**	180,017
	190,977	180,017

	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
9 TRADE DEBTS			
Secured		**26,363,141**	32,675,005
Unsecured		**85,077,220**	78,433,595
	9.1&9.2	**111,440,361**	111,108,600
Provision against doubtful debts		**(21,330,300)**	(19,273,134)
		90,110,061	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 International Financial Reporting Standards – 15 "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 30,783 million (June 30, 2020: Rs. 33,415 million) as at March 31, 2021 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,652 million (June 30, 2020: Rs. 29,652 million) as at March 31, 2021 are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs 127,544 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 on the following grounds:

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

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 accounts 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 also viewed that the Holding Company has a good claim over LPS on outstanding balance, but considering that the matter is in dispute, as discussed above, the Holding Company has decided to recognize LPS from KE when either such claimed amounts are recovered or when these are decreed and their recovery is assured.

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

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

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,626 million (June 30, 2020: Rs. 24,332 million) including overdue balance of Rs. 24,548 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. 72,692 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 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 of Rs. 38,660 million approximately 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.

	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
10 INTEREST ACCRUED			
Interest accrued on late payment of bills / invoices from:			
WAPDA		**4,639,502**	4,390,715
SNGPL		**9,538,158**	8,685,480
JJVL		**578,798**	578,798
		14,756,458	13,654,993
Interest accrued on sales tax refund		**487,739**	487,739
		15,244,197	14,142,732
Provision against impaired accrued income		**(112,400)**	(112,400)
		15,131,797	14,030,332
11 OTHER RECEIVABLES			
Gas development surcharge receivable from Government of Pakistan (GoP)	11.1	**203,926,002**	178,411,641
Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
Receivable from staff pension fund		**51,122**	-
Receivable from HCPCL	11.2	**4,157,839**	4,157,839
Balance receivable for sale of gas condensate		**52,064**	46,438
Receivable from SNGPL - a related party	11.3	**101,564,265**	99,834,232
Receivable from Jamshoro Joint Venture Limited (JJVL)	11.4 & 11.5	**11,030,271**	11,427,831
Sales tax receivable	11.6	**40,957,106**	41,639,396
Sindh sales tax		**112,976**	112,976
Receivable against asset contribution	11.7	**330,328**	418,118
Accrued markup		**12,654**	5,450
Miscellaneous		**46,481**	67,252
		366,525,188	340,405,253
Impairment loss against financial assets		**(2,586,874)**	(2,586,874)
		363,938,314	337,818,379
11.1 Gas development surcharge receivable from GOP			
Opening balance		**178,411,641**	140,160,555
Recognized in statement of profit or loss		**24,855,649**	37,600,501
Subsidy for LPG air mix operations		**658,712**	650,585
Closing balance		**203,926,002**	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
		4,157,839	4,157,839

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

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

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

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

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

11.3 As at period end, receivable balance from SNGPL comprises of the following:

	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
Uniform cost of gas		**15,818,845**	15,818,845
Lease rentals		**876,631**	593,033
Contigent rent		**3,535**	3,535
LSA margins		**3,023,105**	2,877,266
Capacity and utilisation charges of RLNG	11.3.1	**51,921,834**	51,063,909
RLNG transportation income		**29,920,315**	29,477,644
		101,564,265	99,834,232

11.3.1 The Holding Company has invoiced an amount of Rs. 123,545 million, including sindh sales tax of Rs. 14,356 million, till March 31, 2021 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 Holding Company. For quantity supplied to PAFCL, PAFCL is making payment directly to the Holding Company according to the payment plan finalized subsequent to end of reporting date. The Holding Company has finalized its payment plan with PAFCL in which PAFCL is required to make eight equal monthly installments of Rs. 201 million per month. Till July 2019, the Holding 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 in respect of processing charges is disclosed in note 16 & 17 to these 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 Holding 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.

11.7 This represents receivable from Mari Petroleum Holding 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	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
12 LONG-TERM FINANCE			
Secured			
Loans from banking companies	12.1 & 12.2	**31,792,042**	36,210,321
Unsecured			
Front end fee of foreign currency loan		**23,950**	23,950
Customer financing		**156,340**	170,605
Government of Sindh loans		**779,170**	768,723
		959,460	963,278
		32,751,502	37,173,599
Less: Current portion shown under Current liabilities			
Loans from banking companies		**(7,875,000)**	(7,875,000)
Customer financing		**(22,451)**	(24,397)
Government of Sindh loans		**(186,667)**	(186,667)
		(8,084,118)	(8,086,064)
		24,667,384	29,087,535

12.1 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. During the period, repayment of Rs. 1,500 million has been made.

12.2 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at March 31, 2021 the Holding Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the period repayment of Rs. 2,493 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 (RLNG) assets of the Holding Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

		Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
			--------(Rupees in '000)-------	
13	**DEFERRED CREDIT**			
	Government of Pakistan contributions / grants			
	Opening balance		**2,911,647**	3,064,028
	Additions / adjustments during the period / year		**12,711**	139,427
	Transferred to consolidated statement of profit or loss	24	**(215,351)**	(291,808)
	Closing balance		**2,709,007**	2,911,647
	Government of Sindh (Conversion of loan into grant)			
	Opening balance		**1,995,985**	2,025,211
	Additions during the period / year		**13,653**	86,808
	Transferred to consolidated statement of profit or loss	24	**(89,495)**	(116,034)
	Closing balance		**1,920,143**	1,995,985
	Government of Sindh grants			
	Opening balance		**129,125**	149,967
	Transferred to consolidated statement of profit or loss	24 & 13.1	**(12,031)**	(20,842)
	Closing balance		**117,094**	129,125
			4,746,243	5,036,757
	Less: Current portion of deferred credit		**(422,503)**	(432,236)
			4,323,740	4,604,521

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

		Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
			--------(Rupees in '000)-------	
14	**CONTRACT LIABILITIES**			
	Contribution from customers	14.1	**1,962,210**	1,823,259
	Advance received from customers for laying of mains, etc.		**5,225,725**	4,374,239
			7,187,935	6,197,498
14.1	**Contribution from customers**			
	Opening balance		**2,015,462**	1,573,394
	Additions / adjustments during the period / year		**292,225**	623,385
	Transferred to consolidated statement of profit or loss		**(148,061)**	(181,317)
			2,159,626	2,015,462
	Less: Current portion of contributions from customers		**(197,415)**	(192,203)
	Closing balance		**1,962,211**	1,823,259

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

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 subject to mark-up to 0.00% to 0.20% (June 30, 2020: 0.00% to 0.20%) above the average one month KIBOR. The facilities are secured by first pari passu, first joint supplemental hypothecation and ranking charge over present and future stock in trade and book debts of the Holding Company.

The aggregate unavailed short term borrowing facilities amounted to Rs. 2,339 million (June 30, 2020: Rs. 10,021 million).

16 TRADE AND OTHER PAYABLES

	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
Creditors for:			
Indigenous Gas	16.1	**391,410,730**	386,072,492
RLNG		**105,182,729**	92,860,338
		496,593,459	478,932,830
RLNG differential margin payable to GoP		**17,651,996**	14,430,636
Engro Elengy Terminal Limited		**1,366,661**	1,901,685
Accrued liabilities		**5,720,970**	3,807,597
Provision for compensated absences - non executives		**303,441**	303,441
Payable to staff gratuity fund		**4,078,265**	4,076,196
Payable to pension		**-**	129,230
Payable to provident fund		**62,337**	74,872
Deposits / retention money		**615,143**	622,876
Advance for sharing right of way		**18,088**	18,088
Withholding tax payable		**226,204**	119,004
Sales tax and FED payable		**635,922**	459,627
Sindh sales tax on services		**219,301**	135,594
Processing charges payable to JJVL		**8,528,447**	8,528,447
Gas infrastructure development cess payable		**7,066,186**	7,234,826
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Advance from customers and distributors		**101,940**	59,036
Transport and advertisement services		**29,459**	23,581
Provision		**6,480**	9,394
Workers's profit participation fund		**174,515**	174,515
Others		**453,065**	460,009
		543,853,679	521,503,284

16.1 As at March 31, 2021, amount of Rs. 329,120 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 in these consolidated condensed interim financial statement.

		Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
			--------(Rupees in '000)--------	
17	**INTEREST ACCRUED**			
	Long term financing - loans from banking companies		**669,528**	562,364
	Long term deposits from customers		**376,604**	481,020
	Short term borrowings		**214,493**	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
			17,536,254	17,442,056

17.1 As disclosed in note 9.1 and 9.2, effective from July 1, 2012, the Holding Company has been accounting for LPS from KE and PSML on receipt basis as per IFRS 15 “Revenue from Contract with Customers" based on opinion from firms of Chartered Accountants.. However, the Holding Company continued recognition of the LPS expense payable on outstanding payables of the Government Controlled E & P Companies i.e. Oil and Gas Development Holding Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of the accounting standards, as 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 30, 2020 and for the period ended March 31, 2021 amounting to Rs. 7,569 million; Rs. 7,477 million; Rs. 10,525 million; Rs 26,335 million and Rs. 20,946 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	**20,946**
- Increase in loss after tax / accumulated loss	**14,872**
- Increase in loss per share - rupees	**16.88**
- Increase in accumulated losses	**99,074**
- Increase trade payables	**99,074**
- Increase deferred tax liability	**29,744**

		March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
18	**CONTINGENCIES AND COMMITMENTS**		
18.1	Commitments for capital and other expenditures	**5,947,214**	5,550,445
18.2	Guarantees issued on behalf of the Group	**7,008,136**	7,013,494

18.3 In respect of the Holding Company

18.3.1 Jamshoro Power Company Limited (JPCL) has lodged claims against the Holding 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 Holding 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 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.

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

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

18.3.2 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 period ended March 31, 2021 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million,Rs. 26,335 million and Rs. 20,946 million in these consolidated condensed interim financial statements. The Holding Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

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

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the termination by the Holding Company and stated that the termination was validly done and the Holding Company was within its legal and contractual right to do so and appointed a firm of Chartered Accountants 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.

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

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

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

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

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

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

All the Orders were contested before Commissioner (Appeals) who decided the cases in Holding Company's favor. However, the said Commissioner (Appeals) Orders in Holding Company's favor have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue.

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

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

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

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

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

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

18.3.8 The Additional Commissioner Inland Revenue passed an order against the Holding Company with demand of Rs. 1,314 million alongwith default surcharge and penalty for incorrect adjustment of withholding sales tax against input invoices. The principal tax demand was recovered by the authority. However, the Holding Company has filed a reference with FBR for waiver of default surcharge and penalty, which is pending. The Honorable High Court of Sindh has also stayed the recovery of the additional tax and penalties.

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

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

Commissioner (Appeals) order was contested before Appellate Tribunal Inland Revenue (ATIR) remanded back the issue of exchange loss, decided interest free loans in Holding Company's favour while minimum tax adjustment for loss making year of 2007-08 was decided against the Holding Company.

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

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

18.3.10 As disclosed in note 9 to these consolidated condensed interim financial statements – trade debts, interest income from K-Electric (KE) and Pakistan Steel Mills Limited (PSML) is not being recognized in the consolidated condensed interim financial statements, in accordance with requirements of International Accounting Standards as well as Legal and Accounting Opinions obtained by the Holding Company. However, tax authorities have passed orders for FY 2014-15 to 2018-19 on said unrecognized interest income from KE and PSML. Appeal against the said orders have been filed before Commissioner (Appeals), who decided the case against the Holding Company upon which the Holding Company has filed appeal before Appellate Tribunal Inland Revenue.

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

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

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

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

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

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

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

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

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

Said Order was contested before Commissioner (Appeals) who confirmed Demand on RLNG Swap & transportation while other GDS & other observations were remanded back to Tax Officer.

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

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

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

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

18.4 In respect of the Subsidiary Company

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

ACIR passed appeal effect order u/s 124 dated June 20, 2015 to give appeal effect as per CIR Appeals order and reduced the amount to Rs. 36.9 million. The Subsidiary Company has also filed an appeal before the CIR Appeals against the said order. Further, the Subsidiary Company has paid advance income tax pertaining to tax year 2013 to tax year 2021 amounting to Rs. 358.7 million under various sections which remains unadjusted due to such litigation. The potential liability amounts to Rs. 469 million to which the Subsidiary Company may be subject to in case of adverse decision.

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

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

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

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

18.4.4 The Inland Revenue Department has also issued a show cause notice u/s 122(9) for amendment of assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2015 & 2016 on January 13, 2017 and has required the Subsidiary Company to submit necessary documents for reassessment of tax liability. Against the said notice the Subsidiary Company has filed petition in Sindh High Court (SHC). The SHC has granted stay to the Subsidiary Company and the final decision is pending before the SHC. Furthermore, tax department has not gone in appeal against the decision of SHC.

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

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

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

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

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

18.4.7 Subsequent to the year ended June 30, 2020, on August 05, 2020, the Subsidiary Company has received a legal notice and summon through the Bailiff of the Sindh High Court against a suit filed by one of the importers M/s Cress LPG (Private) Limited against their claim of Rs. 265.5 million. The Subsidiary Company's legal counsel is of the opinion that the case will decided in favor of the Subsidiary Company.

18.4.8 During the current period Subsidiary Company has received notice from SRB in which the department has disallowed the input tax on transportation and construction services. Against the said notice, the Subsidiary Company has filed petition in SHC. The SHC has granted stay to the Subsidiary Company and the final decision is pending before the learned SHC.

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Un-audited)			
	-----------(Rupees in '000)--------------			
19 SALES				
Sale of Indigenous gas	**168,724,574**	193,903,623	**51,937,158**	58,439,288
Sale of RLNG	**60,247,023**	38,053,694	**23,799,031**	12,157,134
	228,971,597	231,957,317	**75,736,189**	70,596,422
Less: Sales tax				
Indigenous gas	**(25,123,776)**	(28,974,635)	**(7,794,611)**	(8,725,666)
RLNG	**(8,158,888)**	(5,600,517)	**(3,168,301)**	(1,790,421)
	(33,282,664)	(34,575,152)	**(10,962,912)**	(10,516,087)
	195,688,933	197,382,165	**64,773,277**	60,080,335
20 GAS DEVELOPMENT SURCHARGE (GDS)				
GDS recovered during the period	**21,402,558**	(4,709,010)	**26,344,196**	(2,352,870)
Price increase adjustment for the period	**4,111,813**	26,391,697	**(20,423,169)**	18,305,861
Impact of staggering	**-**	(5,507,678)	**-**	(1,835,893)
Subsidy for LPG air mix operations	**(658,722)**	(519,261)	**(307,949)**	(220,042)
	24,855,649	15,655,748	**5,613,078**	13,897,056
21 RLNG DIFFERENTIAL MARGINS				
RLNG differential margin - OGRA	**(3,221,360)**	(5,742,888)	**(1,622,498)**	(2,010,735)
RLNG differential margin - SNGPL	**-**	3,803,303	**-**	1,495,303
	(3,221,360)	(1,939,585)	**(1,622,498)**	(515,432)
22 COST OF SALES				
Cost of gas	**207,850,334**	213,904,458	**66,673,000**	71,283,115
Transmission and distribution costs	**15,629,786**	16,624,552	**5,253,827**	5,543,318
	223,480,120	230,529,010	**71,926,827**	76,826,433
Cost of gas				
Opening gas in pipelines	**1,248,028**	1,214,410	**1,258,734**	1,193,123
RLNG purchases	**47,662,458**	31,314,173	**18,465,089**	10,295,308
Gas purchases	**160,917,616**	187,268,505	**48,401,203**	62,855,102
	209,828,102	219,797,088	**68,125,026**	74,343,533
Gas consumed internally	**(741,372)**	(4,539,881)	**(215,630)**	(1,707,669)
Closing gas in pipelines	**(1,236,395)**	(1,352,749)	**(1,236,395)**	(1,352,749)
	(1,977,767)	(5,892,630)	**(1,452,025)**	(3,060,418)
	207,850,335	213,904,458	**66,673,001**	71,283,115

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Un-audited)			
	-----------(Rupees in '000)--------------			
23 OTHER OPERATING EXPENSES				
Auditors' remuneration	**5,095**	5,903	**1,152**	1,999
Sports expenses	**84,502**	113,118	**22,847**	37,886
Corporate social responsibility	**10,478**	13,621	**3,493**	2,451
Provision against impaired stores and spares	**60,176**	-	**35,914**	-
Loss / (gain) on sale of property, plant and equipment	**14,151**	-	**(539)**	-
	174,402	132,642	**62,867**	42,336
24 OTHER INCOME				
Income from financial assets				
Income for receivable against asset contribution	**28,750**	32,442	**8,951**	10,557
Income from net investment in finance lease from - SNGPL-Related party	**19,910**	27,188	**6,636**	9,063
Return on term deposits and profit and loss bank accounts	**64,168**	119,897	**16,970**	47,947
	112,828	179,527	**32,557**	67,567
Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)	**248,787**	528,042	**76,647**	169,237
Dividend income	**4,828**	1,849	**-**	-
	366,443	709,418	**109,204**	236,804
Income from other than financial assets				
Late payment surcharge	**1,652,499**	1,364,578	**578,889**	648,315
Interest income on late payment of gas bills from SNGPL - related party	**852,678**	855,790	**280,077**	283,189
Sale of gas condensate - net loss	**(56,384)**	(12,844)	**(15,159)**	(3,871)
Income from LPG / NGL - net	**575,905**	784,696	**106,087**	357,242
Meter manufacturing division profit - net	**13,048**	13,642	**3,177**	4,421
Meter rentals	**706,539**	597,877	**300,522**	201,060
RLNG transportation income	**5,039,808**	6,037,903	**1,506,358**	1,788,521
Recognition of income against deferred credit and contract liability	**424,768**	405,320	**142,287**	137,486
Income from LPG air mix distribution - net	**98,437**	82,853	**32,413**	31,708
Income from sale of tender documents	**3,876**	3,782	**1,450**	2,045
Scrap sales	**63,939**	(2,867)	**(536)**	(33,108)
Recoveries from customers	**55,746**	53,563	**22,620**	26,190
Liquidity damaged recovered	**71,593**	26,640	**31,008**	12,701
Exchange gain	**4,578,675**	278,777	**1,856,314**	(2,726,346)
Reversal of excess Provision against impaired stores and spares	**-**	8,792	**-**	1,312
Gain on sale of property, plant and equipment	**-**	65,423	**-**	20,648
Amortization of Government grant	**12,031**	15,685	**4,043**	5,229
LSA margins against RLNG	**698,817**	669,647	**219,318**	220,005
Miscellaneous	**19,629**	496,077	**5,194**	7,375
	15,178,047	12,454,752	**5,183,266**	1,220,926

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Un-audited)			
	--------------------(Rupees in '000)--------------------			
25 TAXATION				
Current	**1,824,501**	1,716,575	**567,028**	574,854
Prior year tax	**1,409**		**1,409**	
Deferred	**59,992**	-	**9,140**	-
	1,885,902	1,716,575	**577,577**	574,854

As at March 31, 2021, the Holding Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 39,533 million (June 30, 2020: Rs. 36,796 million) out of which deferred tax asset amounting to Rs.14,979 million has been recognised and remaining balance of Rs 24,554 million is unrecognised. As at period end, the Holding Company's minimum tax credit amounted to Rs.6,900 million (June 30, 2020: Rs. 5,161 million) having expiry period ranging between 2022 and 2026.

	Note	Nine months ended	
		March 31, 2021	March 31, 2020
		(Un-audited)	
	Note	--------(Rupees in '000)--------	
26 ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS			
Provisions	26.1	**3,267,564**	2,617,388
Depreciation on owned assets		**6,398,692**	6,008,632
Depreciation on right of use assets		**93,753**	94,257
Amortization of intangibles		**13,675**	18,078
Finance cost		**3,310,271**	5,218,830
Amortization of transaction cost		**24,221**	25,743
Amortization of Government grant		**(12,031)**	(15,685)
Recognition of income against deferred credit and contract liability		**(464,938)**	(444,772)
Dividend income		**(4,828)**	(1,849)
Interest income and return on term deposits		**(1,236,835)**	(1,485,301)
Income from net investment in finance lease		**(19,910)**	(27,188)
Loss / (Gain) on disposal of property plant and equipment		**14,107**	(65,421)
Decrease in long term advances		**125,217**	(57,777)
Increase in deferred credit and contract liability		**1,170,075**	1,423,169
Impact of IFRS 16: Finance cost		**14,083**	24,735
Decrease in obligation against pipeline		**59,761**	61,745
		12,752,877	13,394,584
26.1 Provisions			
Provision against slow moving / obsolete stores		**56,728**	8,271
Impairment loss against financial assets		**2,057,166**	1,081,550
Provision for post retirement medical and free gas supply facilities		**359,887**	689,263
Provision against retirement benefit		**793,783**	838,304
		3,267,564	2,617,388

27 WORKING CAPITAL CHANGES

	Nine months ended March 31, 2021	Nine months ended March 31, 2020
	(Un-audited)	
	--------(Rupees in '000)--------	
Decrease / (increase) in current assets		
Stores and spares	**(357,047)**	(229,087)
Stock-in-trade	**139,693**	(242,467)
Customers' installation work-in-progress	**(38,800)**	(25,273)
Trade debts	**(320,480)**	(7,322,622)
Advances, deposits and short term prepayments	**112,002**	(518,649)
Other receivables	**(26,068,212)**	(39,894,023)
	(26,532,844)	(48,232,121)
Increase in current liabilities		
Trade and other payables	**22,468,567**	76,699,753
	(4,064,277)	28,467,632

28 TRANSACTIONS WITH RELATED PARTIES

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

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

	Relationship	Nine months ended March 31 2021	Nine months ended March 31, 2020
		(Un-audited)	
		--------------(Rupees in '000)--------------	
Government related entities			
- Purchase of fuel and lubricant		**57,626**	35,850
- Billable charges		**60,023,631**	32,593,911
- Mark-up expense on short term finance		**41,860**	75,629
- Mark-up expense on long term finance		**265,375**	532,155
- Income from net investment in finance lease		**19,910**	27,188
- Gas purchases		**133,318,083**	94,336,613
- Sale of gas meters		**12,142**	30,311
- Insurance premium		**87,149**	82,651
- Electricity expenses		**185,182**	235,370
- Interest income		**1,101,465**	1,383,832
- RLNG transportation income		**5,039,808**	6,037,903
- Income against LNG service agreement		**698,817**	669,647
- LPG purchases		**481,240**	357,501
- Professional charges		**40**	6,830
* **Karachi Grammar School**	Associate		
- Billable charges		**30**	-

	Relationship	Nine months ended March 31, 2021 (Un-audited)	Nine months ended March 31, 2020 (Un-audited)
		--------------(Rupees in '000)--------------	
Key management personnel			
- Remuneration		**142,131**	145,367
Pakistan Institute of Corporate Governance	Associate		
- Subscription / Trainings		**998**	4,624
Staff retirement benefit plans	Associate		
- Contribution to provident fund		**280,226**	291,524
- Contribution to pension fund		**411,671**	594,343
- Contribution to gratuity fund		**372,207**	234,950

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 these consolidated condensed interim financial statement are as follows:

	Relationship	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------------(Rupees in '000)--------------	
Government related entities	Associate		
- Billable charges		**59,240,192**	63,591,878
- Accured mark up on borrowings		**(5,249,245)**	(4,221,975)
- Net investment in finance lease		**876,631**	593,033
- Gas purchases		**(439,891,948)**	(316,626,683)
- Gas meters and spare parts		**43,401**	73,432
- Uniform cost of gas		**15,818,845**	15,818,845
- Cash at bank		**16,435**	24,951
- Stock loan		**5,321**	4,912
- Payable to insurance		**(2,244)**	(837)

	Relationship	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		--------------(Rupees in '000)--------------	
- Gas supply deposit		**(51,263)**	(51,263)
- Interest expense accrued - late payment surcharge on gas supplies bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment of gas bills		**14,177,660**	13,076,195
- Professional charges		**57**	57
- Contingent rent		**3,535**	3,535
- Capacity and utilisation charges of RLNG		**51,921,834**	51,063,909
- RLNG transportation income		**29,920,315**	29,477,644
- LSA margins		**3,023,105**	2,877,266
- 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 asses their performance. As a result, management has identified the following two segments:

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

SEGMENT AND REVENUE RESULTS

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

	Nine months ended			
	Segment revenue		Segment (loss) / Profit	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Un-audited)			
	---------------------- (Rupees in '000) ----------------------			
Gas transmission and distribution	**195,688,933**	197,382,165	**(1,101,197)**	(18,065,608)
Meter manufacturing	**1,266,171**	1,542,582	**13,048**	13,642
Total segment results	**196,955,104**	198,924,747	**(1,088,149)**	(18,051,966)
Unallocated				
- Other operating expenses			**174,402**	(132,044)
- Other income			**828,504**	866,708
Loss before tax			**(85,243)**	(17,317,302)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs 1,266 million (March 31, 2020: Rs. 1,516 million).

SEGMENT ASSETS AND LIABILITIES

	March 31 2021 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	
Segment assets		
Gas transmission and distribution	**613,044,253**	586,504,806
Meter manufacturing	**795,681**	1,036,492
Total segment assets	**613,839,934**	587,541,298
Unallocated		
Loans and advances	**1,155,056**	634,557
Taxation - net	**18,639,173**	19,406,544
Interest accrued	**487,739**	487,739
Cash and bank balances	**1,244,296**	1,550,683
	21,526,264	22,079,523
Total assets as per consolidated condensed interim statement of financial position	**635,366,198**	609,620,821
Segments liabilities		
Gas transmission and distribution	**660,371,920**	632,456,587
Meter manufacturing	**82,383**	292,154
Total segment liabilities	**660,454,303**	632,748,741
Total liabilities as per consolidated condensed interim statement of financial position	**660,454,303**	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 reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

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

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

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

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

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

	As at March 31, 2021 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	----------Rupees in '000----------			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**190,977**	**-**	**-**	**190,977**

	As at June 30, 2020 (Audited)			
	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 March 31, 2021 (Un-audited)	
	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**

	As at June 30, 2020	
	Level 2	**Fair Value**
	(Audited)	
	--------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 EVENTS AFTER THE REPORTING DATE

The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard predicting at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Group's financial condition or results of operations except those disclosed in notes to these 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

These consolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on October 13, 2022.

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

KEY DATA

FRANCHISE AREA	SINDH AND BALOCHISTAN	
	Nine months period ended March 31,	
	2021	**2020**
GAS SALES VOLUME (MMCF)	**253,209**	257,643
NUMBER OF CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	**4,333**	4,275
COMMERCIAL	**23,268**	23,746
DOMESTIC	**3,149,054**	3,058,655
TOTAL	**3,176,655**	3,086,676
GAS METERS MANUFACTURED (NOS.)	**327,140**	427,420
TRANSMISSION NETWORK - CUMULATIVE (KM)		
DIAMETER		
6"	**36**	36
8"	**26**	26
12"	**591**	591
16"	**558**	558
18"	**940**	940
20"	**844**	844
24"	**751**	751
30"	**26**	9
42"	**371**	371
	4,143	4,126
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" DIAMETER)	**37,165**	36,610
SERVICES	**11,089**	10,847
	48,254	47,457

اب بھی زیادہ UFG ڈس الاؤنس کی بنیادی وجہ یہ ہے کہ اوگرا ایس ایس جی سی کو RLNG والیوم ہینڈلنگ بینیفٹ کی منظوری کو تسلیم نہیں کر رہا جس کی منظوری 11 مئی 2018 اقتصادی رابطہ کمیٹی (ای سی سی) نے دی تھی۔ ایس ایس جی سی مینجمنٹ اور بورڈ آف ڈائریکٹرز کی بھرپور پیروی کی وجہ سے اوگرا نے RLNG پر UFG کی حد اور ہر سوئی کمپنی، یعنی SSGC اور SNGPL پر اس کے اثرات کے 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 نا قابل وصول قرضوں کے برخلاف فراہمی کی اجازت دیتا ہے۔ تاہم IFRS-9 کو اپنانے پر یعنی متوقع کریڈٹ نقصان کی بنیاد پر انتظام کیا جا رہا ہے۔ آگے بڑھنے کے نقطہ نظر کو سامنے رکھتے ہوئے لائیو صارفین کے خلاف بھی پروویژننگ کی ضرورت ہوتی ہے، نتیجتاً گزشتہ ادوار میں کمپنی کی نچلی لائن بری طرح متاثر ہوئی تھی۔ موجودہ مدت میں ڈس کنکشن کی سخت کوششوں کے بعد کمپنی نے لائیو کسٹمرز کے خلاف ڈس الاؤنسز کو بچایا ہے۔ 31 مارچ 2020 کو ختم ہونے والے 9 ماہ کے گزشتہ سال کے تقابلی مدت کے دوران ڈس الاؤنسز میں نچلی لائن میں 265 ملین روپے کی بہتری آئی۔

بلند ترین مالیاتی لاگت

ایس ایس جی سی کو 3،320 ملین روپے کے مالیاتی چارجز کا حساب دینا پڑتا ہے۔ طویل مدتی قرض کی وجہ سے جو بنیادی طور پر کراچی پورٹ سے ساون تک آر ایل این جی کی ترسیل کے لیے اس کے پائپ لائن انفرااسٹرکچر کو فنانس کرنے کے لیے حاصل کیے گئے، جو شمال کی توانائی کی ضرورت کو پورا کرنے کے لئے ایس این جی پی ایل نیٹ ورک کو RLNG کی مقدار فراہم کرے گا۔

998 ملین روپے مالیاتی لاگت کی قلیل مدتی قرضوں پر اجازت دی گئی ہے جس کا براہ راست مثبت اثر نچلی لائن پر پڑے گا۔

مستقبل کا نقطہ نظر

UFG میں کمی کمپنی کو آپریشنل اور مالی طور پر مستحکم رکھنے اور آگے بڑھانے کی کلید ہے۔ مزید، یہ بہت اہم ہے کہ کمپنی کو کابینہ کی اقتصادی رابطہ کمیٹی کے فیصلے کی بنیاد پر والیومیٹرک بنیادوں پر RLNG ہینڈلنگ کی بنیاد پر UFG الاؤنس کا حساب لگانے کی اجازت دی جائے۔

اعترافات

بورڈ حصص یافتگان اور اپنے قابل قدر صارفین کی جانب سے مسلسل تعاون پر ان کا معترف ہے، بورڈ تمام ملازمین کی کاوشوں کا بھی معترف ہے جنہوں نے کمپنی کو درپیش متعدد چیلنجوں کے دوران خدمات انجام دیں۔ بورڈ حکومت پاکستان، وزارت توانائی اور آئل اینڈ گیس ریگولیٹری اتھارٹی کی مسلسل رہنمائی اور تعاون کا بھی شکریہ ادا کرتا ہے۔

بحکم بورڈ

ڈاکٹر شمشاد اختر
چیئرپرسن، بورڈ آف ڈائریکٹرز

عمران منیار
مینجنگ ڈائریکٹر

تاریخ: اکتوبر 13، 2022
کراچی

ڈائریکٹرز کا جائزہ

31 مارچ 2021 کو ختم ہونے والی 9 ماہ کی مدت کے لئے

ہمیں 31 مارچ 2021 کو ختم ہونے والی 9 ماہ کی مدت کے لیے کمپنی کے نتائج پیش کرتے ہوئے خوشی محسوس ہورہی ہے۔ کمپنی کو مسلسل سنگین چیلنجز درپیش رہے، تاہم، بورڈ آف بورڈ ڈائریکٹرز کی رہنمائی میں انتظامیہ کی جانب سے کیے گئے مختلف اقدامات کی وجہ سے مالیاتی نتائج میں نمایاں بہتری آئی ہے۔

مالی جائزہ

اوگرا کی جانب سے بڑی ڈس الاؤنسز شامل کرنے کے بعد کمپنی نے بعد از ٹیکس نقصان 2,249 ملین روپے ریکارڈ کیا۔ یہ نقصان 31 مارچ 2020 کو ختم ہونے والی 9 ماہ کی مدت کے مقابلے میں 88 فیصد کم ہے۔

اس مدت کی مالیاتی جھلکیوں کا خلاصہ درج ذیل ہے۔

	مارچ 2021	مارچ 2020	تضاد	
			رقم	فیصد
	ملین روپے میں			
نقصان قبل از ٹیکسیشن	(494)	(17,410)	16,916	(97)
ٹیکسیشن	(1,755)	(1,689)	(66)	4
نقصان بعد از ٹیکسیشن	(2,249)	(19,099)	16,850	(88)
نقصان فی شیئر (روپے)	(2.55)	(21.68)	19.13	(88)

ایس ایس جی سی کا منافع اوگرا کے تجویز کردہ گارنٹیڈ ریٹرن فارمولے سے اخذ کیا جاتا ہے۔ اس فارمولے کے تحت SSGC کو مالیاتی چارجز اور ٹیکسوں سے قبل اپنے اوسط نیٹ آپریٹنگ فکسڈ اثاثوں پر 17.43 فیصد واپسی کی اجازت ہے۔ تاہم اوگرا کارکردگی سے متعلق معیارات یعنی گیس کے لیے غیر حساب شدہ (UFG)، ہیومن ریسورس، بینچ مارک لاگت، مشکوک قرضوں کی فراہمی اور کچھ دیگر اخراجات/ چارجز کی بنیاد پر ریونیو کی ضروریات کا تعین کرتے ہوئے عدم اجازت/ ایڈجسٹمنٹ کرتا ہے۔ یہ ڈس الاؤنسز/ ایڈجسٹمنٹس کمپنی کے نچلے حصے کو متاثر کرتی ہیں

گزشتہ سال کی اسی مدت کے مقابلے میں جس میں بعد از ٹیکس نقصان 19،099 ملین روپے ہوا تھا۔ موجودہ مدت کے دوران نچلی سطح پر بہتری سے بعد از ٹیکس نقصان 2،249 ملین روپے دیکھا گیا۔ جو کہ نچلی سطح پر 88 فیصد بہتری کو ظاہر کرتا ہے۔ نچلی سطح میں بہتری کی وجہ حیران کن پے در پے نقصانات کو مکمل طور پر جذب کرنا ہے جون 2020 میں 5،508 ملین روپے اور 11،342 ملین روپے کی حد کو پہنچنا آپریشنل کارکردگی کی عکاسی کرتا ہے۔

28 مارچ 2022 کو اوگرا کے فیصلے کے مطابق فائنل ریونیو ریکوائرمنٹ (ڈی ایف آر آر) مالی سال 20-2019 کا اجرا کیا گیا۔ ان 9 مہینوں کے مالیاتی نتائج میں کل ڈس الاؤنسز/ کریڈٹس کی رقم 8,901 ملین روپے کے اثاثوں پر واپسی 11,727 ملین منظور کی گئی جبکہ مالیاتی لاگت اس مدت میں 3,320 ملین روپے رہی۔

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

SSGC وزارت توانائی (پیٹرولیم ڈویژن) کے ساتھ ساتھ اسلام آباد ہائی کورٹ کے ذریعے OGRA سے ڈسٹری بیوشن نیٹ ورک میں RLNG کے کاروبار پر حقیقی UFG کی اجازت دینے کے لیے بھرپور طریقے سے پیروی کررہا ہے۔ IHC کے حکم کے نتیجے میں اوگرا نے 20-2019 کے ڈی ایف آر آر پر 17.25 فیصد کی بنیاد پر اصل UFG کی اجازت دی ہے۔

NOTES

Sui Southern Gas
Company Limited

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