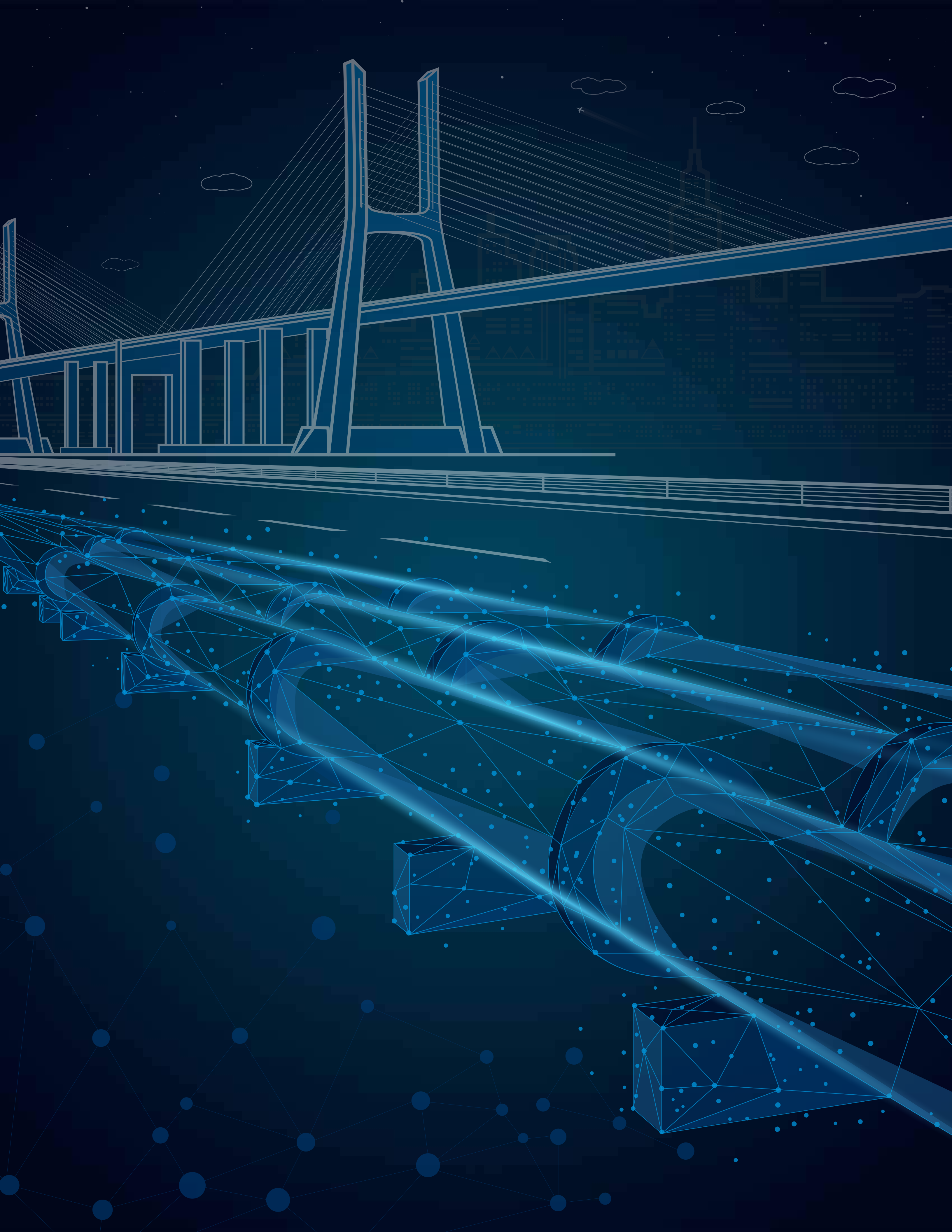
SSGC Sui Southern Gas Company Limited

ANNUAL REPORT 2022

CONSOLIDATING INFRASTRUCTURE
MOVING FORWARD



ABOUT THE COVER

Managing and maintaining two different, intricate and vast infrastructures of gas transmission (over 4,000 Kms) and distribution network (around 50,000 Kms) across Sindh and Balochistan is no easy feat. Our focus is not just on expanding the existing network to ensure uninterrupted gas supply to 3 million plus customers but also rehabilitating and reinforcing older pipelines to ensure optimum gas volume and pressure to the consumers. At the same time, we remain steadfast in overcoming myriad challenges including unauthorized usage / theft of gas and demand-supply gap. The demand-supply disequilibrium is being bridged by introducing conventional and non-conventional natural gas molecules locally through our two wholly-owned subsidiaries i.e. SSGC-LPG (Pvt.) Limited (SLL) and SSGC-Alternate Energy (Pvt.) Limited (SSGC-AE). SLL has already established itself as a reputed name in LPG marketing and distribution across the country, whereas, SSGC-AE is aimed towards exploring out-of-box and unconventional solutions to mitigate the energy crisis in the country. The good news is that we have not stopped here. Depleted gas reserves may be a threatening prospect yet they have propelled us to turn an open threat into opportunities to serve our customers with diverse fuel offerings, thus ensuring energy sustainability.

VISION

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

MISSION

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

COMPANY INFORMATION

BOARD OF DIRECTORS

AS ON JUNE 30, 2022

Dr. Shamshad Akhtar
Chairperson (Independent, Non-Executive Director)

Mr. Muhammad Raziuddin Monem
Director (Independent, Non-Executive Director)

Mr. Faisal Bengali
Director (Independent, Non-Executive Director)

Mr. Hassan Mehmood Yousufzai
Director (Non-Executive Director)

Dr. Sohail Razi Khan
Director (Independent, Non-Executive Director)

Mr. Manzoor Ali Shaikh
Director (Non-Executive Director)

Mr. Zuhair Siddiqui
Director (Independent, Non-Executive Director)

Mr. Ayaz Dawood
Director (Independent, Non-Executive Director)

Dr. Imran Ullah Khan
Director (Non-Executive Director)

Mr. Abdul Aziz Uqaili
Director (Non-Executive Director)

Managing Director (Executive Director)

Mr. Imran Maniar

Company Secretary

Mr. Mateen Sadiq

Auditors

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

Registered Office

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

Contact Details

Ph: +92-21-9902-1000-50
Fax: 92-21-9923-1702
Email: info@ssgc.com.pk
Web: www.ssgc.com.pk
ssgc.official | ssgc_official

Share Registrar

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

Legal Advisor

M/s Liaqat Merchant Associates (LMA)

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BOARD OF DIRECTORS

AS ON JUNE 30, 2022

Dr. Shamshad Akhtar
Chairperson

Mr. Muhammad Raziuddin Monem
Director

Mr. Faisal Bengali
Director

Mr. Hassan Mehmood Yousufzai
Director

Dr. Sohail Razi Khan
Director

Mr. Manzoor Ali Shaikh
Director

Mr. Zuhair Siddiqui
Director

Mr. Ayaz Dawood
Director

Dr. Imran Ullah Khan
Director

Mr. Abdul Aziz Uqaili
Director

Mr. Imran Maniar
Managing Director
(Executive Director)

PRESENT BOARD OF DIRECTORS

Dr. Shamshad Akhtar
Chairperson

Dr. Shamshad Akhtar currently serves as the caretaker Federal Minister for Finance. She is also the present Chairperson of Pakistan Stock Exchange. She has had a broad-based development career in leading national and multilateral organizations spanning over 40 years. She served as the Governor of State Bank of Pakistan from 2006 to 2009, Under Secretary General of the Economic and Social Commission of the Asia and Pacific (UNESCAP), Senior Special Advisor on Economics and Finance and Assistant Secretary General UN, the UN Secretary General's G20 Sherpa and Vice President, Middle East and North Africa (MENA) at The World Bank. She was also Senior Special Advisor to the President of Asian Development Bank (ADB). In 2018, Dr. Shamshad Akhtar served as Federal Minister of Finance, Revenue, Economic Affairs, Statistics Division, Planning and Development as well as Industry and Commerce areas in Pakistan's caretaker government. Dr. Shamshad has advised various governments and the private sector in specific areas of development, governance, poverty, privatization, and public-private partnerships in numerous sectors. As Governor of State Bank of Pakistan, she was nominated Asia's Best Central Bank Governor by the Emerging Markets Group in 2006 and Bankers Trust in 2007. She was also amongst Asian Wall Street Journal's top ten Women Business Leaders in 2008. Dr. Shamshad is Chairperson of Karandaaz, a not-for-profit Company that focuses on fostering economic growth and creating jobs through financial inclusion of unbanked individuals and unserved enterprises, with a special focus on women and youth. She was a Post-Doctoral Fellow and U.S Fullbright Scholar at Department of Economics, Harvard University. The learned Doctor is also a PhD Economics from University of Paisley, UK, Masters of Arts with Degree in Development Economics from the University of Sussex, UK and MSc (Economics) from the University of Islamabad and Bachelor of Arts (Economics) from the University of Punjab.

Mr. Imran Maniar
Managing Director

Mr. Imran Maniar is an accomplished professional with more than 32 years of strong track record in building, leading and advising private equity and corporations in mergers and acquisitions, restructurings, turnarounds, capital market transactions, logistics, upstream and midstream operations, oil field and engineering services. He has been prolific in managing start-ups and Fortune 500 companies in North and Latin America, Europe and Middle East. Before joining SSGC, Mr. Maniar held CFO positions at Marquard and Bahls AG, GL Noble Denton and Eagle Ford Oil and Gas. He has also served as Manager Strategic Planning at Boardwalk Pipeline Partners, Partner at Millennium Ventures LLC and as an Analyst at Solvay. Mr. Maniar has a BS in Industrial Engineering from Purdue University, an MBA from Rice University and has received CFO training at the Stanford Graduate School of Business. Mr. Maniar is a Certified Public Accountant in the State of California.

Mr. Muhammad Raziuddin Monem
Director

M. R. Monem is a seasoned, goal-oriented professional with over 40 years of experience in Oilfield Systematic Performance Management including emphasis on QHSE and Team Building. He started his career in 1974 with M-I Drilling Fluids / M-I Overseas Ltd. (later a division of SCHLUMBERGER) and worked there until 2014, where he retired as the Country Manager and CEO for Pakistan and Area Operations Manager Middle East. During his tenure, he managed the Planning and Execution of Annual and Strategic Business Plans, Execution of New Technology systems. He has worked on many technical projects with industry giants, including Exxon, Shell, Conoco, Union Texas, Petro Canada, British Petroleum, OMV and Eni/Lasmo and many more. His forte was Management Efficiencies, Product and Service Delivery Optimization and New Oilfield Technologies and has proven himself as a valuable asset for the company through his consistent display of sound business acumen, good people skills resulting in Internationally Leading EBITDA and ROI and QHSE Ranking. He underwent a number of Advanced Management and Drilling Engineering courses incl. negotiating skills, motivation, mentoring, QHSE leadership and management besides various courses on Drilling Engineering, Integrated fluids engineering, and Drilling Fluid Economics. Mr. Monem has authored several papers at international petroleum seminars, co-chaired SPE and other industry panel sessions. He is a member of, and Certified Board Director from PICG which is in collaboration with IFC. Additionally his rich corporate background includes serving on Board of Directors of listed companies including Pak Suzuki Motor Company, Ghandara Nissan. He is a prolific social service volunteer and served as Chairman of Patients Behbud Society of AKUH for 14 years. Since 2006, he has been the Co-Chairman of Community Advisory Board of AKUH. Mr. Monem holds a BS degree in Chemical Engineering from the University of Engineering and Technology, Lahore. He is a life member of American Institute of Chemical Engineers, Society of Petroleum Engineers and is a member of Petroleum Institute of Pakistan and was member of OICCI Energy Sub-committee.

Dr. Sohail Razi Khan
Director

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

Mr. Ayaz Dawood
Director

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

Mr. Shakeel Qadir Khan
Director

Shakeel Qadir Khan is currently serving as Chief Secretary Balochistan. Mr. Khan joined Pakistan Administrative Services in 1998. He has served in Shangla, Swat, Mohmand and Khyber Agency in the initial days of his service. He has served as the Chief Economist, DCO Mansehra, Political Agent Bajaur and Director General PDMA during the middle management tenures. At senior levels, he served as Secretary Law and Order and Secretary P&D, FATA, Secretary, P&D Balochistan, Chairman Balochistan Development Authority, Secretary Home and Tribal Affairs, Secretary Finance, Additional Chief Secretary in Khyber Pakhtunkhwa, Chief Secretary Azad Jammu and Kashmir, and Additional Secretary Power Division. Mr. Khan has a bachelor's degree in Electrical Engineering and a Post Graduate Diploma in Financial Services from University of Surrey. He is also an alumnus of Bucerius Summer Law School, Hamburg. He is a graduate of National Institute of Management Lahore and National Defense University. He has represented the country at various fora in Europe, Middle East, USA, Southeast Asia and South Asia. Mr. Khan has attained varied experience during his various tenures however financial management, disaster management, institutional development, planning and development, social services delivery, and security related issues are his forte.

Ms. Saira Najeeb Ahmed
Director

Ms. Saira Najeeb Ahmed is a career civil servant who joined the Government of Pakistan in 1998. She has experience of working in economic policy and implementation, covering the areas of power and petroleum, fiscal and trade, economic diplomacy, international development, regulation and compliance. Prior to assuming her responsibilities at the Ministry of Finance and Revenue (Finance Division) in 2023, she has served as Joint Secretary JV's and Corporate Affairs, Petroleum Division, DG, National Electric Power Regulatory Authority, Joint Secretary, Finance Division, Commercial Counsellor, Pakistan High Commission, London. Ms. Ahmed holds an MSc degree in Finance and Financial Law, from SOAS, University of London.

Mr. Shoaib Javed Hussain
Director

Mr. Shoaib Javed Hussain is the Chairman of State Life Insurance Corporation of Pakistan. He has over 20 years of management experience at leading Global Insurance Groups and Consultancies in the United Kingdom and in Asia. Through his global engagements across Europe, North America and Asia, Mr. Hussain brings on board his deep understanding and knowledge of finance, audit, risk and strategy matters with a proven track record of proactive, dynamic, driven leadership with effective delivery from the conceptual stage through to successful implementation, expert analysis and decision-making skills; utilizing technical acumen and strategic depth; leading and delivering strategic projects including M&A, due diligence and capital and liquidity management; in-depth experience of leading financial audits and risk management programs; initiating policy and control improvements and driving programs that enhance transparency, governance and control; strong experience of industry and regulatory engagement on global supervisory developments and lobbying with international regulators and supervisory authorities. Before joining State Life, Mr. Hussain has held senior leadership and management positions with AIA Group Ltd, Milliman, Prudential Plc, EY and HSBC. Mr. Hussain holds an MSc in Actuarial Management from Cass Business School, City University, London. He is also a Fellow of the Institute of Actuaries (UK) and began his career at an Actuarial Consultancy in Pakistan.


STRONGER
BY DESIGN

NOTICE OF 68TH ANNUAL GENERAL MEETING

The Notice is hereby given that the 68th Annual General Meeting of the Sui Southern Gas Company Limited (SSGCL) will be held on Friday, December 29, 2023 at 11:00 a.m. at Arena, Jade Hall, Karsaz Service Road, Karachi for the purpose of transacting the following business:

ORDINARY BUSINESS:

1. To review the minutes of the 67TH Annual General Meeting held on February 10, 2023.
2. To, consider and adopt the Annual Audited Accounts of the Company for the year ended 30th June, 2022 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors of the Company for the year ended June 30, 2023 and fix their remuneration. The Board Audit Committee and Board of Directors have recommended the name of M/s. BDO Ebrahim & Co., Chartered Accountants for appointment as auditors of the Company.

SPECIAL BUSINESS:

4. To consider and, if deemed fit, to pass with or without any modifications the following resolutions as ordinary resolutions, to obtain consent from the members for the transmission / dispatching of annual audited accounts through QR enabled code and web-link, as allowed under S.R.O 389 (I)/ 2023, dated March 21, 2023 issued by the Securities and Exchange Commission of Pakistan (SECP).

RESOLVED THAT notice of general meeting shall be dispatched to members as per requirements of the Act, at their registered address, containing the QR enabled code and the web-link address to view and download the annual audited accounts together with the reports and documents required to be annexed thereto under the Act and notified by the SECP vide its S.R.O. 389 (I) 2023 dated March 21, 2023 be and is hereby approved.

FURTHER RESOLVED THAT the Company shall be considered compliant with the relevant requirements of Section 223(6) of the Companies Act, 2017 by sending the audited financial statements through e-mail and/ or sending a notice of meeting containing a QR code and the Weblink address. In case hardcopy of the audited financial statements and / or notice of AGM of the Company is desired, a specific request for the same will be made.

FURTHER RESOLVED THAT Company Secretary be and is hereby singly authorized to take and do all necessary actions, deeds and things which are or may be necessary, incidental and / or consequential to give effect to the aforesaid resolutions.

5. To consider and approve the Initial Public Offer (IPO) of shares of SSGC LPG Limited (to be converted), and pass, with or without modification(s), the following resolution as Special Resolutions:

RESOLVED THAT initiation of issuance of subsidiary of SSGCL namely: SSGC LPG Limited (to be converted) through Initial Public Offer (IPO) in future be and is hereby approved.

FURTHER RESOLVED THAT the issuance of 33,333,333 Ordinary Shares through IPO upon such terms and conditions as deemed appropriate by the SSGC LPG Limited (to be converted), be and is hereby approved.

FURTHER RESOLVED THAT undertaking of all requisite steps for the listing of SSGC LPG Limited (to be converted) at Pakistan Stock Exchange Limited (PSX) anytime in future be and is hereby approved, subject to compliances under the provisions of the Companies Act, 2017, Rules and Regulations thereunder and the Listing Regulations of the PSX.

FURTHER RESOLVED THAT the Company Secretary / Deputy Managing Director (DMD, F&A) / CFO singly and / or jointly be and are hereby authorized to do all acts and deeds and take all such steps under the law as may be necessary, proper or expedient to give effect to these resolutions.

6. To transact any other business of the Company with the permission of the Chairperson.

A Statement of material facts under Section 134(3) of the Companies Act, 2017 relating to the material facts is annexed to this Notice.

The share transfer books of the Company will remain closed from December 22, 2023 to December 29, 2023 (both days inclusive). The members whose names appear in the register of members as at the close of business on December 21, 2023 will be treated in time for attending the 68th Annual General Meeting.

By order of the Board

Place: Karachi
Date: December 08, 2023

(Mateen Sadiq)
Company Secretary

1) PARTICIPATION IN GENERAL MEETING

i. Through Electronic Means (Optional /Recommended Via Video Conferencing)

In the light of the guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) from time to time vide Circular No. 4 dated February 15, 2021 and Circular No.6 dated March 03, 2021, the shareholders are encouraged to participate in the General Meeting through electronic facility organized by SSGCL. In order to attend the General Meeting through electronic facility, the shareholders are requested to get themselves registered with CDC Share Registrar Services Limited at least 48 hours before the time of General Meeting at cdcsr@cdcsrsl.com or at WhatsApp number 0321-8200864.

The entitled shareholders whose names appear on the Books of the Company by close of Business on December 21, 2023 will be treated in time for the purpose of attending the meeting and those shareholders are requested to provide the information as per below format:

Name of Shareholder	CNIC #	Folio / CDS Account #	Cell #	Email Address

The details of the electronic facility will be sent to the Shareholders at the registered email addresses provided by them. The login facility will be opened at 10:30 a.m. on 29th December, 2023 enabling the participants to join the proceedings after identification and verification process before joining the meeting, which will start at 11:00 a.m. sharp.

ii. For Personal Attendance

- In case of individuals, the account holders or sub-account holders, whose registration details are uploaded as per the Regulations, shall authenticate their identity by showing their original CNIC or original passport at the time of attending the Meeting.
- In case of corporate entity, the certified Board of Directors' Resolution / valid Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

iii. Attending Meeting Through Proxies

- A member entitled to attend and vote at the Meeting may appoint a proxy in writing to attend the Meeting and vote on the Member's behalf. A proxy must be a member of the Company, except for corporate entities. Duly completed Forms of Proxy must be deposited at the SSGCL Head Office, SSGC House, Sir Shah Suleman Road, Block -14, Gulshan-e-Iqbal, Karachi no later than 48 hours before the time fixed for the Meeting. Please note that any Form of Proxy received after the stated date and time will be considered invalid.
- Shareholders (Non-CDC) are requested to promptly notify to the Share Registrar of the Company, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, of any change in their addresses. All shareholders holding their shares through CDC are requested to please update their addresses with their participants / Investor Account Services.
- CDC account holders will further have to follow the undermentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
- In case of individuals, the account holders or sub-account holders, whose registration details are uploaded as per the regulations, shall submit the Proxy Form as per the following requirements:

i. Attested copies of valid CNIC or the passport of the beneficial owner(s) and the proxy shall be furnished with the Form of Proxy.
ii. The proxy shall produce his / her valid original CNIC or original passport at the time of the Meeting.
iii. In case of corporate entity,Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with Form of Proxy to the Company.
iv. The Proxy Form must be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Proxy Form.
v. If a member appoints more than one proxy, and more than one instruments of proxy are deposited by a Member with the Company, all such instruments of proxy shall be rendered invalid.
vi. The Proxy form is available on the Company Website www.ssgc.com.pk

2) VOTING THROUGH E-VOTING AND POSTAL BALLOT PAPER:

In accordance with the Companies (Postal Ballot) Regulations, 2018 and Section 143 and 144 of the Companies Act, 2017, the shareholders will be allowed to exercise their voting rights through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid Regulations, which may be amended time to time.

3) SUBMISSION OF COPY OF CNIC / NTN CERTIFICATE (MANDATORY):

Members are requested to provide a copy of valid CNIC / NTN Certificate to their respective Participant / CDC Investor Account Services in case of Book-Entry Form, or to the Company's Share Registrar in case of Physical Form, duly quoting thereon the Company's name and respective folio numbers.

4) MANDATORY REGISTRATION DETAILS OF PHYSICAL SHAREHOLDERS:

According to Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile / telephone number, International Bank Account Number (IBAN), etc., to the Company's Share Registrar at their address, provided in Note 1 mentioned above, immediately to avoid any non-compliance of law or any inconvenience in future.

5) CONVERSION OF PHYSICAL SHARES INTO BOOK-ENTRY FORM:

As per Section 72 (2) of the Companies Act, 2017 every existing Company is required to replace its physical shares with the book-entry form within four (4) years of the date of the promulgation of the Act. Further, SECP vide its letter dated March 26, 2021 has directed all listed companies to pursue their shareholders holding securities in physical form to convert the same in the book-entry form. To ensure compliance with the aforementioned provision and to be benefited by holding securities in the book-entry form, all shareholders holding shares in physical form are again requested to convert their shares into book-entry form.

6) AVAILABILITY OF ANNUAL AUDITED FINANCIAL STATEMENTS ON THE COMPANY'S WEBSITE:

In accordance with the provisions of Section 223(7) of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2022 are available on the Company's website i.e. www.ssgc.com.pk

7) TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENTS AND ANNUAL GENERAL MEETING NOTICE THROUGH E-MAIL (OPTIONAL):

In pursuance of the directions SECP vide SRO 787 (1)/20 14 dated September 8, 2014 those shareholders who desire to receive the Company's Annual Audited Financial Statements and Notice of Annual General Meeting through e-mail, are requested to fill the requisite form available on Company's website i.e. www.ssgc.com.pk

8) DECLARATION AS PER ZAKAT &USHER ORDINANCE 1980:

Shareholders are requested to submit a notarised copy of Zakat Declaration Form "CZ-50" on NJSP of Rs.50/- to the Share Registrar, if not provided earlier.

9) UNCLAIMED DIVIDEND / SHARES:

Shareholders, whose dividend or bonus shares are still unclaimed or have not collected their physical shares, are advised to contact our Share Registrar, CDC Share Registrar Services Limited, to collect/enquire regarding their unclaimed dividends or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable, shall be deposited to the credit of the Federal Government / SECP and in case of shares, shall be delivered to the Securities and Exchange Commission of Pakistan (SECP).

10) CONSENT FOR VIDEO CONFERENCE FACILITY:

In accordance with Section 132 and 134 of the Companies Act, 2017, members can also avail video conference facility.

If the Company receives consent from members holding in aggregate 10% or more shareholding, residing at a geographical location other than the city of the meeting, to participate in the meeting through video conference at least 7 days prior to the date of the Annual General Meeting; the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, please fill the following form and submit the same to the registered address of the Company 7 days before holding of the Annual General Meeting.

The Company will intimate to members regarding the venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

I / We, ______________________ of _______________________, being a member of Sui Southern Gas Company Limited, holder of _________________ ordinary share(s) as per Registered Folio / CDC Account # __________________________ hereby opt for video conference facility at___________.

____

Signature of Member

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017:

Agenda Item # 4

Circulation of annual audited financial statements to its members through QR enabled Code and Weblink

The SECP through its Notification No. S.R.O 389(1)/2023 dated March 21, 2023, has allowed companies to circulate the annual balance sheet and profit and loss account, auditor's report and directors' report, etc. ("annual audited financial statements") to its members through QR enabled code and Weblink.

The approval of the shareholders is desired to be obtained in the general meeting to circulate the annual audited financial statements to its members through QR enabled code and Weblink.

However, a shareholder may request the Company Secretary or Share Registrar of the Company to provide hard copy of Annual Audited Accounts and the same will be provided at shareholders' registered addresses, free of cost within one week of the demand. In this regard, the Company's designated email address / Share Registrar email address will be placed on website of the Company. A shareholder may also prefer to receive hard copies for all future Annual Audited Accounts.

None of the Directors of the Company has any direct or indirect interest in this business, except that has been disclosed by the Directors.

Agenda Item # 5

Conversion of status and intended IPO by SSGC LPG Limited (to be converted)

The Board of Directors of the SSGCL has approved and authorized SSGC LPG (Private) Limited, its wholly owned subsidiary, to convert from Private Limited to Public Limited (Unlisted). Wherein, in the Extraordinary General Meeting of the SSGC LPG (Private) Limited held on December 01, 2023, the shareholders have approved the said conversion and all regulatory obligations have been complied with under the provisions of the Companies Act, 2017 including removal of word “Private” wherever appearing in the Memorandum and Articles of Association of the Company, and substituting previous Articles of Association with the amended Articles of Association by passing Special Resolutions. Consequently, the status of SSGC LPG (Private) Limited is to be converted to a Public Company (Unlisted) namely: SSGC LPG Limited.

The Board of Directors of SSGC LPG Limited (to be converted) has considered proceeding with Initial Public Offer (IPO) through issuance of 33,333,333 Ordinary Shares, as and when deemed appropriate in future date. The necessary formalities, required for listing on Pakistan Stock Exchange (PSX), will be complied with after obtaining approval from the shareholders of SSGC LPG Limited.

The primary aim is to enhance the capital base, broadening financial foundation and fostering increased participation in ownership. The Board of SSGC LPG Limited (to be converted) is authorized and empowered to implement all necessary measures for the launch of IPO for listing of SSGC LPG Limited (to be converted) on PSX. All actions will be conducted in strict adherence under the provisions of the Companies Act, 2017, Rules and Regulations thereunder and the Listing Regulations of the PSX.

Copies of the documents pertaining to foregoing Special Businesses are available for inspection at the Registered Office of the Company during normal office working hours from the date of publication of the Notice till the date of the AGM.

The Board of Directors have carried out necessary due diligence for the proposed special business.

None of the Directors of the Company has any direct or indirect interest in this business, except that has been disclosed by the Directors.

BOARD / COMMITTEE MEETINGS

JULY 01, 2021 TILL JUNE 30, 2022

BOARD OF DIRECTORS' MEETINGS		
Name of Directors	**Total Number of Meetings Held***	**Number of Meeting(s) Attended**
Dr. Shamshad Akhtar	13	12
Mr. Muhammad Raziuddin Monem	13	13
Mr. Faisal Bengali	13	12
Ms. Nida Rizwan Farid	3	3
Mr. Mathar Niaz Rana	11	8
Mr. Hassan Mehmood Yousufzai	13	13
Dr. Ahmed Mujtaba Memon	6	5
Dr. Sohail Razi Khan	13	13
Mr. Manzoor Ali Shaikh	13	12
Mr. Zuhair Siddiqui	13	12
Mr. Ayaz Dawood	13	13
Mr. Sajid Mehmood Qazi	3	3
Dr. Imran Ullah Khan	3	1
Mr. Abdul Aziz Uqaili	2	2
Mr. Imran Maniar	13	13

BOARD HUMAN RESOURCE AND NOMINATION COMMITTEE		
Name of Directors	**Total Number of Meetings Held***	**Number of Meeting(s) Attended**
Dr. Shamshad Akhtar	7	7
Mr. Muhammad Raziuddin Monem	7	7
Mr. Mathar Niaz Rana	2	1
Mr. Hassan Mehmood Yousufzai	7	7
Mr. Ahmed Mujtaba Memon	1	-
Dr. Sohail Razi Khan	6	6
Mr. Manzoor Ali Shaikh	7	7
Mr. Sajid Mehmood Qazi	1	1
Mr. Imran Maniar	6	6

BOARD AUDIT COMMITTEE		
Name of Directors	**Total Number of Meetings Held***	**Number of Meeting(s) Attended**
Mr. Faisal Bengali	9	9
Dr. Ahmed Mujtaba Memon	5	5
Dr. Sohail Razi Khan	9	9
Mr. Manzoor Ali Shaikh	7	7
Mr. Ayaz Dawood	9	9
Mr. Sajid Mehmood Qazi	2	2
Dr. Imran Ullah Khan	2	2

BOARD FINANCE AND PROCUREMENT COMMITTEE		
Name of Directors	**Total Number of Meetings Held***	**Number of Meeting(s) Attended**
Dr. Ahmed Mujtaba Memon	2	2
Mr. Sajid Mehmood Qazi	2	2
Ms. Nida Rizwan Farid	2	2
Mr. Hassan Mehmood Yousufzai	4	4
Dr. Sohail Razi Khan	4	4
Mr. Zuhair Siddiqui	7	7
Mr. Ayaz Dawood	7	7
Mr. Faisal Bengali	3	3
Dr. Imran Ullah Khan	3	3
Mr. Imran Maniar	7	7

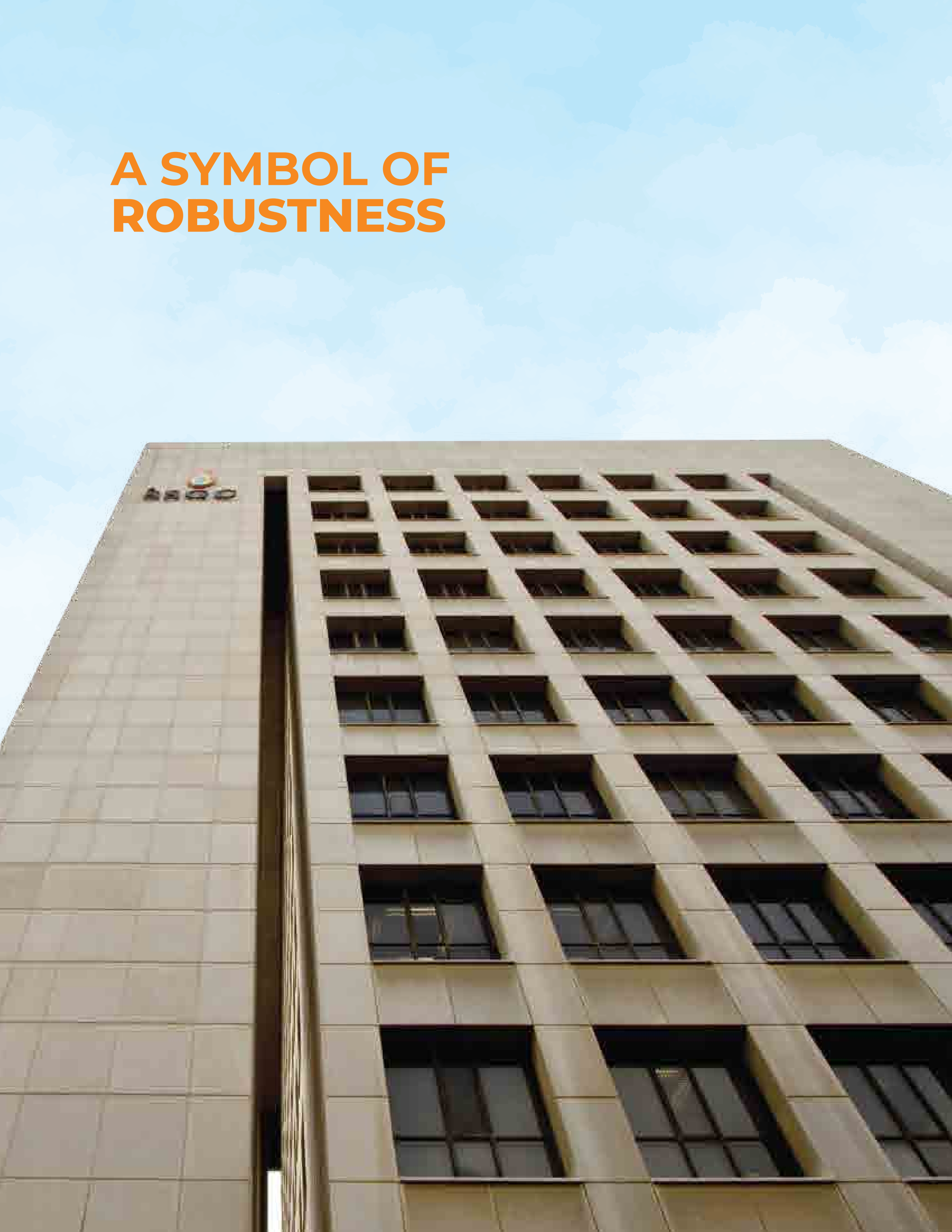
BOARD SPECIAL COMMITTEE ON UFG		
Name of Directors	**Total Number of Meetings Held***	**Number of Meeting(s) Attended**
Dr. Shamshad Akhtar	6	6
Mr. Faisal Bengali	3	3
Ms. Nida Rizwan Farid	1	1
Mr. Mathar Niaz Rana	4	3
Mr. Hassan Mehmood Yousufzai	6	6
Dr. Sohail Razi Khan	6	6
Mr. Zuhair Siddiqui	6	6
Mr. Abdul Aziz Uqaili	2	2
Mr. Imran Maniar	6	6

BOARD RISK MANAGEMENT, LITIGATION AND HSEQA COMMITTEE		
Name of Directors	Total Number of Meetings Held*	Number of Meeting(s) Attended
Mr. Muhammad Raziuddin Monem	2	2
Mr. Manzoor Ali Shaikh	2	2
Mr. Zuhair Siddiqui	2	2
Mr. Ayaz Dawood	1	1
Mr. Mathar Niaz Rana	1	0
Dr. Sohail Razi Khan	1	1
Mr. Abdul Aziz Uqaili	1	1
Mr. Imran Maniar	2	2

*held during the period, the concerned Director was Board/ Committee.

During the year Board Nomination Committee and the Board Corporate Governance & Ethics Committee were merged into the Board Human Resource and Remuneration Committee, and named as Board Human Resource and Nomination Committee.

A SYMBOL OF ROBUSTNESS



TERMS OF REFERENCE OF THE BOARD COMMITTEES

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

BOARD HUMAN RESOURCE AND NOMINATION COMMITTEE

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

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

BOARD FINANCE AND PROCUREMENT COMMITTEE

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

- To review strategic business / investment proposals and policies prepared in pursuit of the corporate purpose of the Company by the management and make recommendations to the Board for approval.
- To review and recommend to the Board, contracts of strategic nature that may have a material impact on the Company's capital, financial position and business.
- To ensure Board is aware of the matters, which may significantly impact the financial condition or affairs of the business including but not limited to providing oversight on the receivable and payable position of the Company and procurement cycle of goods and services etc.
- To examine the Capital and Revenue Budget of the Company and to make recommendations to the Board of Directors, thereon.
- To examine the budgetary and operating limits of authority and recommend to the Board any deviation or any enhancement thereof.
- To accord approval to contracts or purchase orders in local or foreign currency for supply of material, services or other works exceeding the financial authority delegated to the Managing Director.
- To review the contracts or purchase orders exceeding the financial authority of the Committee and make recommendations to the Board for approval.
- To approve / recommend major contracts of civil works along with cost benefit analysis thereof that also include purchase of land.
- To lay down time limits / parameters in respect of procurement of various materials and services.
- To review the borrowing plans of the Company by assessing the requirements thereof and make recommendations to the Board for approval.
- To approve procurement of materials and services exceeding the authority limits of the management.

BOARD AUDIT COMMITTEE

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

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

BOARD RISK MANAGEMENT, LITIGATION AND HSEQA COMMITTEE

The Terms of Reference of Board Risk Management, Litigation and HSEQA Committee includes the following:

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

BOARD SPECIAL COMMITTEE ON UFG

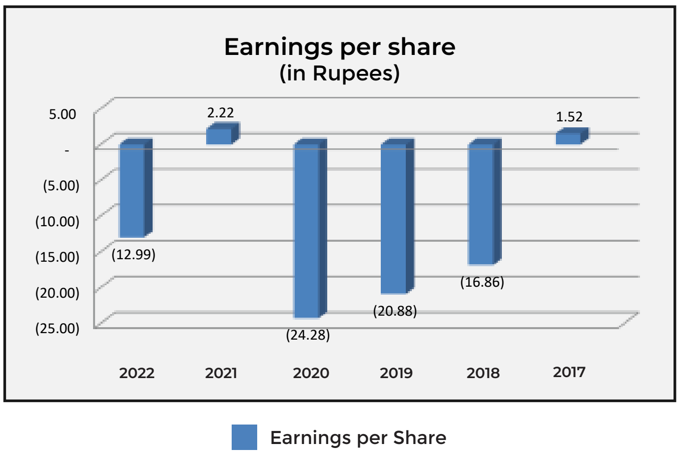
The Terms of Reference of Board Special Committee on UFG includes the following:

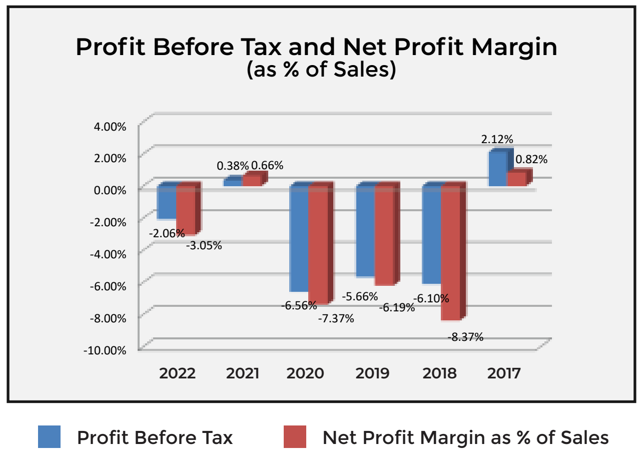
- To review the management's plans to minimize UFG and for the demand management on periodic basis and present the same to the Board for approval along with its recommendations.
- To monitor the performance of management in reduction of UFG.
- To monitor the performance of management in reducing wastage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

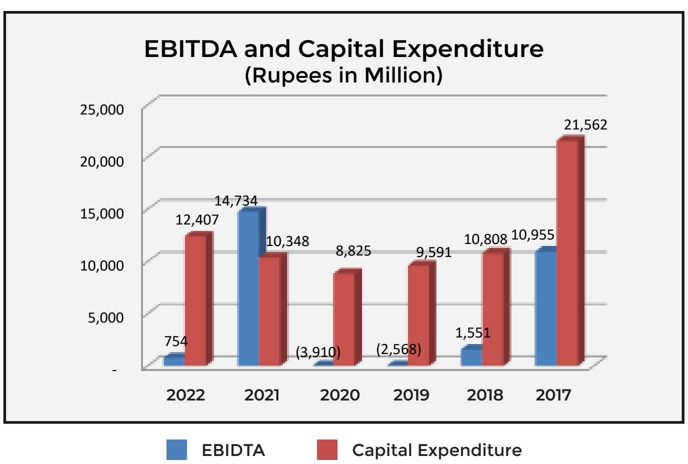
GENERAL OVERVIEW

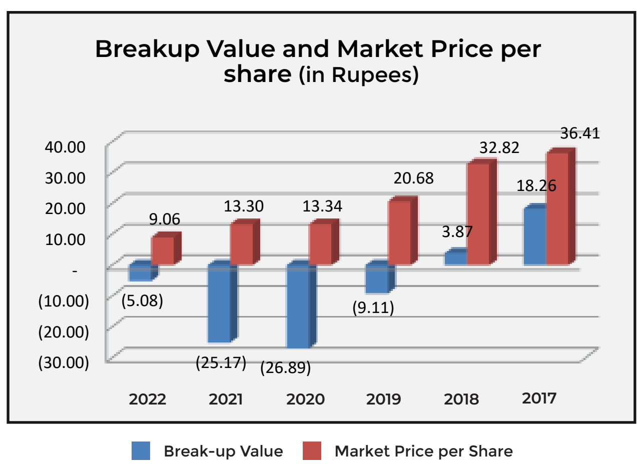
This section outlines performance Indicators in the form of graphical representations and tables of financial data and provides details of the Distribution Network and Six-year Financial Highlights.

PERFORMANCE INDICATORS









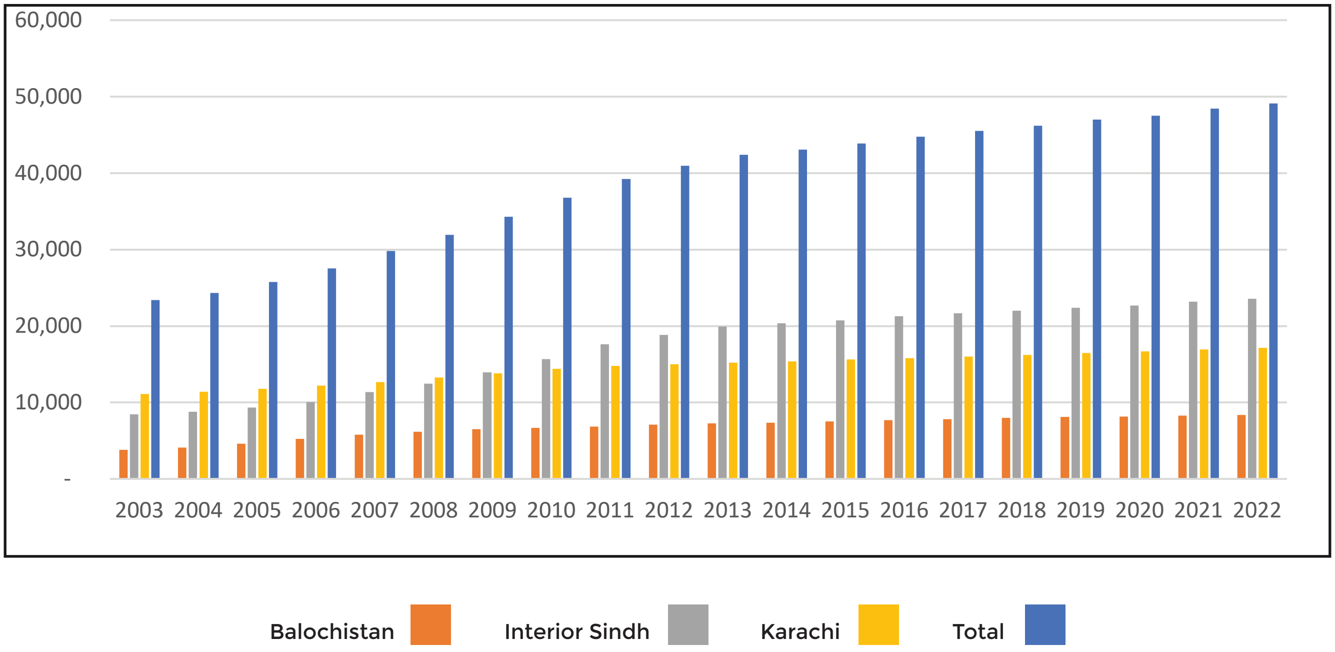
DETAILS OF DISTRIBUTION NETWORK
IN KILOMETERS

LEGEND # 1 (2003 to 2012)

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Balochistan	3,817	4,109	4,619	5,250	5,796	6,193	6,505	6,690	6,841	7,117
Interior Sindh	8,478	8,809	9,361	10,077	11,375	12,484	13,951	15,697	17,626	18,826
Karachi	11,121	11,422	11,784	12,215	12,659	13,253	13,826	14,398	14,786	15,019
Total	23,416	24,340	25,764	27,542	29,830	31,930	34,282	36,785	39,253	40,962

LEGEND # 2 (2013 to 2022)

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Balochistan	7,263	7,368	7,518	7,685	7,838	7,988	8,101	8,168	8,293	8,364
Interior Sindh	19,937	20,347	20,757	21,280	21,672	22,014	22,395	22,667	23,197	23,559
Karachi	15,217	15,374	15,615	15,796	16,009	16,207	16,497	16,685	16,959	17,175
Total	42,417	43,089	43,890	44,761	45,519	46,209	46,993	47,520	48,449	49,098



SIX - YEAR
FINANCIAL HIGHLIGHTS
KEY INDICATORS

		2022	2021	2020	2019	2018	2017
Operating Results	Rs. Million						
Revenue from contracts with customers - Gas sales		375,559	296,129	290,240	297,167	177,404	156,673
Gross profit / (loss)		7,719	(5,750)	(17,051)	2,046	(9,777)	(839)
(Loss) / Profit before taxation		(7,735)	1,135	(19,049)	(16,820)	(10,826)	3,316
(Loss) / Profit for the year		(11,444)	1,956	(21,393)	(18,395)	(14,848)	1,336
Operating Ratios	%						
Gross margin		2.06%	-1.94%	-5.87%	0.69%	-5.51%	-0.54%
Pre tax margin		-2.06%	0.38%	-6.56%	-5.66%	-6.10%	2.12%
Net margin		-3.05%	0.66%	-7.37%	-6.19%	-8.37%	0.85%
Financial Position	Rs. Million						
Shareholders equity		(4,479)	(22,172)	(23,691)	(8,022)	3,406	16,082
Property, plant and equipment		175,264	135,988	134,346	129,720	120,524	114,993
Net current assets		(117,980)	(98,192)	(90,551)	(65,870)	(43,029)	(27,102)
Long term assets		5,980	6,100	1,734	1,649	1,870	4,601
Long term liabilities		67,743	66,067	69,220	73,522	75,959	76,409
Capital employed		19,202	7,169	13,483	38,735	59,702	71,917
Performance	Rs. Million						
Capital expenditure		12,407	10,348	8,825	9,591	10,808	21,562
Asset turnover ratio		0.53	0.48	0.51	0.65	0.51	0.53
Fixed assets turnover ratio		2.41	2.19	2.20	2.38	1.51	1.48
Inventory turnover	Days	2.52	2.39	2.49	1.93	2.45	2.52
Return on equity *	%	NA*	NA*	NA*	NA*	-152.37%	8.82%
Return on capital employed	%	-86.80%	18.94%	-81.94%	-37.37%	-22.56%	2.34%
Valuation and other Ratios							
Earnings per share	Rs.	(12.99)	2.22	(24.28)	(20.88)	(16.86)	1.52
Net assets per share (breakup value)	Rs.	(5.08)	(25.17)	(26.89)	(9.11)	3.87	18.26
Market value per share at June 30th 2022	Rs.	9.06	13.30	13.34	20.68	32.82	36.41
Price earnings ratio		(0.70)	5.99	(0.55)	(0.99)	(1.95)	24.01
Debt : Equity ratio *		NA*	NA*	NA*	NA*	94:06	72:22
Current ratio		0.84	0.83	0.84	0.86	0.86	0.88
Debt service coverage ratio		0.02	1.13	(0.22)	(0.16)	0.11	1.30

* Not applicable as equity is negative

DIRECTORS' REPORT

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of SSGCL approved the 68th Annual Report, Audited Financial Statements and the Auditors' Report thereon for the financial year ending June 30, 2022, for circulation to the shareholders.

After navigating through four challenging years, the Company's financial statements reflected a Profit of Rs. 1.955 billion in FY 2020-21, with an Earning Per Share (EPS) of Rs. 2.22. However, FY 2021-22 posed challenges, resulting in a loss of Rs. 11.444 billion and a negative EPS of Rs. 12.99. This loss primarily sustained from a Rs. 23.4 billion UFG disallowance determined by OGRA.

SSGC operates in a highly regulated environment and the Financial Statements are based on OGRA's decision on Final Revenue Requirement. Major reasons for Profit in FY 2020-21 are the reduction of UFG at 15.31% compared to 17.25% in FY 2019-20 having a positive impact of Rs. 7.1 billion and finance cost was efficiently managed at the level of Rs. 4.6 billion compared to Rs. 7.2 billion in FY 2019-20. In addition, number of minor pending claims were allowed by OGRA during FY 2020-21. However, in OGRA determination, a significant claim remained unaddressed related to the implementation of the Policy Guidelines issued by the ECC of the Federal Cabinet to OGRA vide its decision dated May 11, 2018 on Case No. ECC-37/09/2018 that advises OGRA to allow settlement of Unaccounted-for Gas (UFG) on Volume Handled basis. The financial impact of the delayed OGRA decision on UFG volume handled basis has been substantial and communicated to the Government at highest policy platforms including ECC, CCOE and Federal Cabinet. Non-implementation of these Policy Guidelines has had serious consequences on the financial health of the Company as well as detrimental to the socio-economic agenda of the Government and well-being of the Company. The aggregate RLNG Volume Handling benefit claimed in the FRR petition from OGRA, but not allowed up to June 30, 2022, stands at Rs.70.2 billion.

The Company demonstrated reduction in Unaccounted for Gas (UFG) in Karachi and Upper Sindh, maintaining levels of 11.2 % and 16.26 % respectively. However, the high UFG remained in Balochistan Region i.e. of 53.21%, owing to the region's distinctive challenges. Overall, UFG determined by OGRA remained at 17.84 % during FY 2021-22. However, the Company is contesting OGRA's determined numbers in its motion for review, and if successful, the UFG figure of SSGC would drop to 15.6%. This circumstance, coupled with natural gas depletion, substantially escalated operational costs and the dollar-rupee parity surge led to increased Weighted Average Cost of Gas (WACOG) further contributing to the year's losses. These challenges were beyond the Company's control. The BoD and management ensured unwavering emphasis and commitment to the projects, actions and initiatives aimed at curbing UFG. As a result of diligent efforts, SSGC has been successful in maintaining the UFG reduction streak for third consecutive year i.e. FY 2021-22 wherein Company obtained 96% achievement of the OGRA assigned 'Key-Monitoring-Indicators (KMI)' whereas the achievement is duly verified by the third party auditing firm.

While the recent increase in gas prices addresses the current year's revenue requirements, it fails to aid in the recovery of the accumulated GDS reflected in the balance sheet. This impedes both the Company's operations and its socio-economic agenda. The retrieval of the old accumulated GDS is contingent upon a significant hike in prices, which remains crucial for realization.

To ensure the sustainability of SSGC's operations in the face of depleting indigenous gas reserves, the Board directed management to pursue austerity measures and explore opportunities for additional investments and partnerships.

With the objective of diversifying its business areas, the Company is studying the feasibility of various energy sector projects and initiatives through its divisions and subsidiaries, namely, Meter Manufacturing Plant, SSGC LPG (Pvt.) Limited, and SSGC Alternate Energy (Pvt.) Limited. Here are the details:

METER MANUFACTURING PLANT (MMP)

SSGC owns and operates a unique Meter Manufacturing Plant (MMP) which is the sole domestic gas meter (G-1.6 and G-4) manufacturing facility in the entire South East Asia.

To achieve local manufacturing of international quality gas meters, the Company has successfully negotiated and finalized a new Technology Transfer and License Agreement ensuring compliance with all due-diligence and regulatory requirements. This new agreement allows SSGC to produce gas meters designated as 'Company Meters', thereby achieving the localization of gas meter production and increasing the indigenous content from 53% to 97%. Through import substitution, SSGC aims to make substantial foreign exchange savings. The Meter Manufacturing Plant at SSGC has been upgraded with the new Technology Transfer and License Agreement and production processes have been improved, creating additional business and employment opportunities for Pakistani citizens. A significant reduction in the overall manufacturing cost of G-4 gas meters, achieved through the above endeavor, has created export potential. The Company is now aggressively working to sell these meters in Iraq, Turkey and Egypt. Nonetheless, SSGC has recently won the tender for supply of 1.3 million G-1.6 gas meter units to SNGPL to be delivered in the period of next 16 months.

SSGC LPG (PRIVATE) LIMITED (SLL)

SLL achieved historic milestones in the financial year 2022-23, recording the highest volumes in LPG sales and market share with unprecedented turnover. Profits, volumes and market shares in both LPG and the terminal business experienced significant growth. LPG sales volume increased by 98,700 MT and the market share rose to 7.7%. Terminal volume also increased to 164,204 MT, including 91,207 MT of the Company's own imports. The overall LPG market demand increased by 6% to 1,271,212 MT, according to the OGRA report.

SLL, relying mainly on imports, diversified its supply sources, engaged with new suppliers and achieved market leadership in sea imports by importing the largest-ever parcels in Pakistan's history. The Company reported a net profit after tax of Rs.770 million, with a basic and diluted earning-per-share of Rs.7.70. SLL sought and received certain exemptions from PPRA to navigate the volatility of LPG prices, enabling timely decisions, increased volumes, cost savings and improved profitability.

Looking ahead, SLL aims to further increase market share in both terminal business and LPG volumes, addressing the country's energy demands and providing competitive LPG prices. Collaboration with the Ministry of Energy (Petroleum Division) and other SOEs is underway to enhance the supply chain, achieve economies of scale and reduce LPG costs for end consumers. The Company expresses optimism about sharing more positive developments in the future.

SSGC ALTERNATE ENERGY (PRIVATE) LIMITED (SSGC-AE)

1. Bringing Unallocated Gases to Market

Several gas fields in the Country remain unallocated to any of the gas utilities (i.e. SSGC and SNGPL), primarily due to the non-viability of production at the prices prescribed by relevant E&P policies. SSGC-AE is working to facilitate the delivery of natural gas from these unallocated fields to the end consumers through third party access arrangements. The Company has formalized a gas purchase agreement for approximately 10 MMSCFD natural gas with one of the E&P operators while advance level negotiations are underway for another 50 MMSCFD gas field. At the same time, SSGC-AE is in the process of securing an additional ~140 MMSCFD of unallocated natural gas through similar arrangements, which will become available in the system after undergoing necessary purification and processing.

2. Optimization of Gas Quality

SSGC-AE has obtained principal approval from OGRA for the implementation of a project to optimize natural gas quality through inert gas injection. The project aims to save 8-10 MMSCFD of natural gas, providing benefits to both SSGC and SSGC-AE as well as natural gas consumers across the southern franchise area.

3. Capitalizing on Bio-Gas Potential

SSGC is spearheading the development of Pakistan's first-ever Bio-gas / Bio-methane supply chain on a Built-Own-Operate basis, which will connect to the utility network on commercial terms. SSGC is working closely with consultants to expedite the development of procurement requisites, Front End Engineering Design and a draft Policy Framework. Moreover, Company is in close coordination with technology providers, investors and key industry players to spark interest and movement in the sector. The Company has recently signed Memoranda of Understanding with two companies for the production of approximately 15 to 20 MMSCFD Bio-gas / Bio-methane, which is expected to be available in the system by mid - 2025.

4. Driving synthetic gas revolution through Coal-to-Gas

SSGC-AE has engaged with various stakeholders; including prospective investors, technology providers and business entities, to develop a sustainable business based on the utilization of Thar coal reserves for synthetic gas generation. Memoranda of understanding have been signed to further progress in this direction where Company has positioned itself as confirmed transporter and buyer for produced gas (methane and hydrogen). The Company has submitted a draft policy to the Ministry for the production of Coal-to-Gas and Liquid, for approval, a substantial development has been observed in this area.

STRENGTHENING OF SSGC'S OPERATIONAL AND FINANCIAL PERFORMANCE

Since taking over in November 2019, the current Board has addressed multiple challenges while safeguarding the Company's interests. The Board has strengthened internal governance; directed Management to expedite network upgrades, enhance the business, implement HR reforms, streamline functions through organizational reforms; and encouraged a fresh review of corporate strategy and action plans in critical areas of SSGC's operations to ensure financial and operational sustainability.

Major Reforms:

After its institutionalization through directives from the Board of Directors, the dedicated UFG Division led by the Deputy Managing Director and Senior General Manager, has diligently spearheaded UFG reduction efforts. Stringent UFG reduction targets are being pursued, resulting in a Company-wide reduction of 2.8* BCF in FY 2021-22. Despite emerging challenges in gas distribution control and sharp depletion of indigenous natural gas, the Company has successfully maintained UFG at nearly the same level, leading to a 25BCF reduction over the last three years.

**Note: These numbers are under deliberation at OGRA under motion for review.*

However, UFG figures in the Balochistan Region remain at unacceptably high levels and continue to have an adverse impact on the Company's bottom-line. While achieving the goal of reducing UFG to an acceptable level has not been realized yet, the losses are progressively decreasing.

- The Board has advised the management to fast-track the implementation of the UFG reduction strategy with special emphasis on:

    a. implementing a more targeted approach for reducing UFG in Karachi. Board has reassigned responsibility for UFG to senior management and has divided oversight at the Deputy Managing Director level.

    b. introducing Zonal Level management in the Karachi Region resulting in increased effectiveness of UFG reduction efforts. Special attention has been given to network segmentation and re-alignment projects as well as the implementation of adequate solutions for several untapped areas causing UFG.

    c. launching an investment program for UFG reduction, involving substantial upgrades to the old network with a high incidence of leakage, and enhancing regulatory action against meter tampering and theft, especially in Balochistan and Interior Sindh. A special framework has been developed through extensive collaborative efforts to recover gas claims from unauthorized users, primarily concentrated in Karachi.

    d. SSGC has initiated working on automating the operations of its Town Border Stations (TBS) through state-of-the-art technology to acheive higher levels of efficiency and control.

    e. record achievement of rehabilitation of distribution pipeline infrastructure has been achieved to reduce the UFG and to ensure efficient supply of gas to the consumers.

    f. enhanced focus was placed on ensuring the accuracies of SSGC's gas measurement equipment installed at various levels including Customer Metering Stations (CMS) through introducing upgraded versions of instrumentation in line with the guidance obtained from internationally acclaimed measurement consultancy firm.

    g. to enhance the return on assets for the Company, SSGC is consistently prioritizing the swift completion of all capitalization projects. In FY 2020-21, the Company successfully achieved project completions worth PKR 15 billion. However, the escalation in discount rates has led to compromises in the progress of several major projects in the subsequent years.

h. giving top priority to curbing UFG in 14 Sales Meter Stations (SMSs) which account for a significant share of UFG. A comprehensive analysis of the distribution network is underway to establish TBS level analysis on UFG. Multiple micro-projects and activities are in progress to enable the same.

i. to achieve better visibility of the system and infrastructure, several measures have been undertaken including maximization of GIS platform utilization through incorporation of billing and custody transfer live data, complaint status, maintenance status etc.

j. placing enhanced focus on reducing UFG in the Balochistan Region. A detailed business study has been conducted resulting in the development of six (06) viable solutions presented to relevant governments (Provincial and Federal). The Company is seeking support from both the Provincial and Federal Governments to implement the approved solution.

- The management has committed to being accountable for achieving set Key Performance Indicators (KPIs) in UFG reduction though effective implementation of the UFG reduction strategy.

- The organizational chart of the Company has been revised to improve operational efficiency and enhance accountability standards.

- The management is tasked with transforming SSGC into a lean, efficient and effective organization, utilizing resources to maximize stakeholder value and enhance cost efficiency and effectiveness. The management successfully met the tighter budget targets set for FY 2021-22.

- As a matter of policy, budgetary expenditures were curtailed through cost cutting measures, and strict scrutiny of capital expenditures based on proper feasibility work over the past three years. The budget was also kept within OGRA Limits to prevent disallowances due to overspending.

- To maintain the integrity of the existing pipeline network, the management is tasked with submitting a plan for full implementation of the Pipeline Integrity Management System in compliance with ASME B31.8S standards within 3 years, including a plan for training and development of staff involved. Progress in this regard is on target.

- SSGC is pursuing a 'Bio-Gas Initiative' to develop alternate energy resources. Detailed studies from the standpoint of project feasibility, technical aspects, logistics and commercial viability have been conducted through an expert consultant. The Company has recently signed Memoranda of Understanding with two companies for the production of approximately 15 to 20 MMSCFD of Bio-gas/ Bio-methane, which will be available in the system by mid - 2025.

- To enable real-time monitoring of UFG reduction efforts, high impact areas are tagged on GIS system. UFG reduction activities such as, rehabilitation, over/ underground leak detection and theft detection will be integrated into the GIS system to ensure effective monitoring. A specialized application tool has been developed to incorporate real-time distribution monitoring software into the existing GIS platform through continuous improvement efforts.

- The CGTO Department is also directed to enhance and publicize anti-theft activities through media coverage to create necessary deterrence against theft.

- Procurement processes have been revamped, and the Board is pursuing further reduction in time lag involved in the procurement. The Board is also encouraging the management to work on introducing a paperless environment through the use of electronic process automation systems.

- The Sales Department is in the process of introducing an online system (without human interactions) for customers.

- The Risk Management Function has been strengthened through the development of an Enterprise Risk Management (ERM) and Governance Structure, which includes:

    I. Risk Management Process: Risk Identification, Assessment, Criteria and Mitigation Methodology.
    II. The development of a Risk Management Steering Committee and a Risk Dashboard.
    III. The establishment of the Information Security Management Systems (ISMS) function and procurement of ERM Software.

HUMAN RESOURCE REFORMS

Since its formation, the Board has been steadfast in pursuing an agenda of HR and institutional reforms, recognizing their critical role in the transformation of SSGC. The New HR Manual has been approved and an action plan will be adopted to implement reforms in order to align our policies and regulations with best practices.

DIRECTORS' REMUNERATION

Name of Directors	After Tax Remuneration (Rupees) [8]	Board of Directors			*Board Human Resource and Nomination Committee			Board Audit Committee		
		Member	Total Number of Board Meetings	Total Number of meeting(s) Attended	Member	Total Number of Board Meetings	Total Number of meeting(s) Attended	Member	Total Number of Board Meetings	Total Number of meeting(s) Attended
Dr. Shamshad Akhtar [1]	2,000,000	✓	13	12	✓	7	7	-	-	-
Mr. Muhammad Raziuddin Monem	1,920,000	✓	13	13	✓	7	7	-	-	-
Mr. Faisal Bengali	2,320,000	✓	13	12	-	-	-	✓	9	9
Ms. Nida Rizwan Farid [2]	480,000	✓	3	3	-	-	-	-	-	-
Mr. Mathar Niaz Rana [3]	960,000	✓	11	8	✓	2	1	-	-	-
Mr. Hassan Mehmood Yousufzai	2,400,000	✓	13	13	✓	7	7	-	-	-
Dr. Ahmed Mujtaba Memon [4]	960,000	✓	6	5	✓	1	-	✓	5	5
Dr. Sohail Razi Khan	3,200,000	✓	13	13	✓	6	6	✓	9	9
Mr. Manzoor Ali Shaikh	2,240,000	✓	13	12	✓	7	7	✓	7	7
Mr. Zuhair Siddiqui	2,160,000	✓	13	12	-	-	-	-	-	-
Mr. Ayaz Dawood	2,560,000	✓	13	13	-	-	-	✓	9	9
Mr. Sajid Mehmood Qazi [5]	640,000	✓	3	3	✓	1	1	✓	2	2
Dr. Imran Ullah Khan [6]	480,000	✓	3	1	-	-	-	✓	2	2
Mr. Abdul Aziz Uqaili [7]	400,000	✓	2	2	-	-	-	-	-	-

Name of Directors	Board Finance and Procurement Committee			Board Special Committee on UFG			Board Risk Management, Litigation and HSEQA Committee			Board Corporate Governance and Ethics Committee		
	Member	Total Number of Board Meetings	Total Number of meeting(s) Attended	Member	Total Number of Board Meeting*	Total Number of meeting(s) Attended	Member	Total Number of Board Meetings	Total Number of meeting(s) Attended	Member	Total Number of Board Meetings	Total Number of meeting(s) Attended
Dr. Shamshad Akhtar	-	-	-	✓	6	6	-	-	-	-	-	-
Mr. Muhammad Raziuddin Monem	-	-	-	-	-	-	✓	2	2	✓	2	2
Mr. Faisal Bengali	✓	3	3	✓	3	3	-	-	-	✓	2	2
Ms. Nida Rizwan Farid [1]	✓	2	2	✓	1	1	-	-	-	-	-	-
Mr. Mathar Niaz Rana [2]	-	-	-	✓	4	3	✓	1	0	-	-	-
Mr. Hassan Mehmood Yousufzai	✓	4	4	✓	6	6	-	-	-	-	-	-
Dr. Ahmed Mujtaba Memon [3]	✓	2	2	-	-	-	-	-	-	-	-	-
Dr. Sohail Razi Khan	✓	4	4	✓	6	6	✓	1	1	-	-	-
Mr. Manzoor Ali Shaikh	-	-	-	-	-	-	✓	2	2	-	-	-
Mr. Zuhair Siddiqui	✓	7	7	✓	6	6	✓	2	2	-	-	-
Mr. Ayaz Dawood	✓	7	7	-	-	-	✓	1	1	✓	2	2
Mr. Sajid Mehmood Qazi [4]	✓	2	2	-	-	-	-	-	-	-	-	-
Dr. Imran Ullah Khan [5]	✓	3	3	-	-	-	-	-	-	-	-	-
Mr. Abdul Aziz Uqaili [6]	-	-	-	✓	2	2	✓	1	1	-	-	-

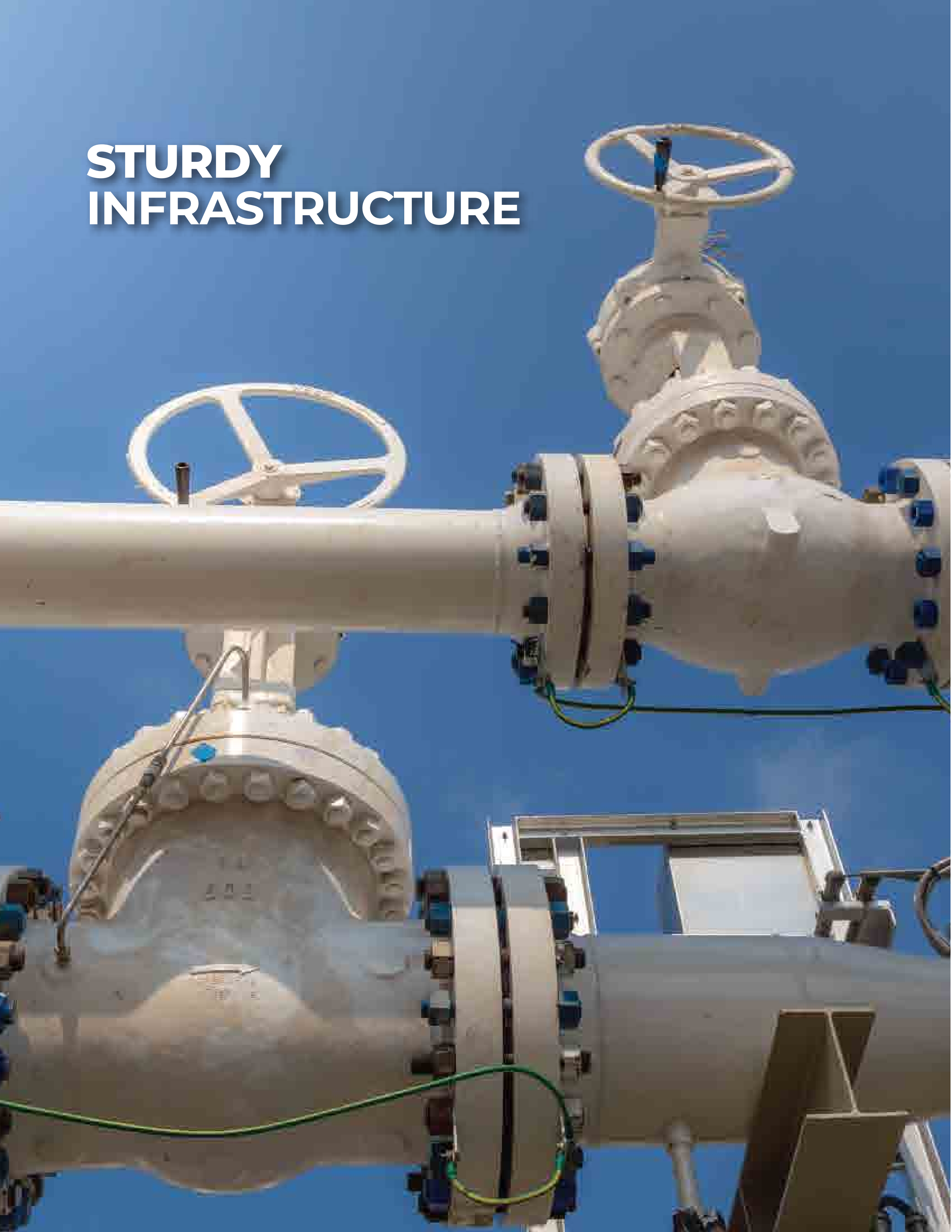
NOTES:

1. Being Chairperson Dr. Shamshad Akhtar was also entitled for an honorarium of Rs. 100,000 per month (an amount of Rs. 960,000 was paid to her excluding tax as honorarium being chairperson), Company maintained car with fuel and free medical cover.
2. Ms. Nida Rizwan Farid ceased to be Director w.e.f. October 01, 2021
3. Mr. Mather Niaz Rana ceased to be Director w.e.f. May 09, 2022
4. Dr. Ahmed Mujtaba Memon ceased to be Director w.e.f. December 23, 2021
5. Mr. Sajid Mehmood Qazi ceased to be Director w.e.f. April 14, 2022
6. Dr. Imran Ullah Khan joined the SSGCL Board w.e.f. April 14, 2022
7. Mr. Abdul Aziz Uqaili joined the SSGC Board w.e.f May 09, 2022
8. The Directors' fees amounting to Rs. 100,000 (inclusive of tax) per meeting was paid to the Non-executive Directors apart from entitlement of business class / club class return airfare from the venue of the meeting to his / her usual place of residence in Pakistan along with traveling, boarding and lodging facilities.

During the year Board Nomination Committee and the Board Corporate Governance and Ethics Committee were merged with the Board Human Resource and Remuneration Committee, and named as Board Human Resource and Nomination Committee.

*Remunerations of Chief Executive officer, Directors and other Executives are disclosed in note # 51 in the unconsolidated financial statements.

STURDY INFRASTRUCTURE



ENERGY OVERVIEW

Pakistan is the fifth most populous country in the world with a population of around 240 million people. The country has a diverse mix of energy sources, including fossil fuels, hydropower and renewable energy. Natural gas remains the dominant energy source in the country, comprising a considerable 41% of the total energy mix. At 35%, indigenous gas has the highest proportion of the mix, followed by oil that accounts for around 26% of the pie. LNG imports make up 11.4%.

Pakistan's energy sector comprises of upstream sector, oil downstream sector, gas downstream sector and power sector. The gas upstream sector consists of 24 exploration and production (E&P) companies that supply the country with indigenous oil and gas. The gas downstream sector is dominated by two state-owned entities, Sui Southern Gas Company (SSGC) and Sui Northern Gas Pipelines Limited (SNGPL). These companies own and operate gas transmission and distribution network that spans 205,000 kilometers in the country. Pakistan has a huge gas market with total consumers nearing 11 million.

SSGC

FINANCIAL OVERVIEW

During the period under review, the Company recorded a Net Loss after Tax of Rs. 11.4 billion after incorporating major disallowances and financial costs.

The summary of financial highlights is given below:

	2021-22	2020-21	Variation
	(Rupees in Million)		
(Loss) / Profitbefore taxation	(7,735)	1,135	(8,870)
Taxation	(3,709)	821	(4,530)
(Loss) / Profitafter taxation	(11,444)	1,956	(13,400)
Earnings Per Share (Rs.)	(12.99)	2.22	(15.21)

As per prevailing Tariff Regime, SSGC Profitability is derived from the Guaranteed Return Formula prescribed by OGRA based on the Weighted Average Cost of Capital (WACC). Under this formula, SSGC was allowed 16.60% (2020-21: 17.43%) return on its average net operating fixed assets before financial charges and taxes. However, OGRA makes disallowances/ adjustments while determining the revenue requirements based on efficiency related benchmarks viz a viz Un-accounted for Gas (UFG), Human Resource Benchmark Cost, Provision for Doubtful Debts and some other expenses / charges. These disallowances / adjustments affect the bottom-line of the Company.

In Financial Year FY 2021-22, SSGC was allowed a Return of Rs. 15.3 billion. Against the allowed return, OGRA made disallowances on account of UFG for Rs. 23.4 billion, Rs. 1.7 billion on account of Provision made against expected credit loss in compliance of IFRS 9, Financial Instruments. However, SSGC successfully controlled HR Cost which remained under benchmark and accordingly Rs. 2.4 billion was allowed in Bottom-line against saving in HR Cost. In addition, OGRA allowed SSGC prior year claim of Rs. 1.6 billion on account of Provision against expected credit losses.

The core reasons affecting the financial position of the Company are elaborated in following paras:

UFG ON RLNG BUSINESS

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

However, still high UFG disallowance is mainly due to the fact that OGRA is not accepting RLNG Volume Handling benefit allowed to SSGC vide a Summary approved by the Economic Coordination Committee (ECC) dated May 11, 2018. With vigorous follow-up of SSGC Management and 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.

Had this benefit been allowed to SSGC, the net UFG disallowance for the year would have been reduced by around Rs. 17.7 billion.

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 significantly affected.

OGRA after taking different positions in previous years, has communicated that it will allow provision as per past practice only against disconnected customers (25% in first year and remaining in next year). Accordingly, OGRA has disallowed provisioning amounting to Rs. 1.7 billion as compared to Rs. 1.3 billion in last year. In addition, OGRA allowed SSGC prior year claim of Rs. 1.6 billion on account of Provision against expected credit losses.

FINANCIAL COST

SSGC has to bear financial charges for Rs. 5.2 billion which is mainly due to the Long-Term Loans 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.

However, an amount of Rs. 2.0 billion is allowed by OGRA as per past practice to compensate the impact of delay in Tariff Notifications.

QUALIFICATIONS IN THE EXTERNAL AUDITOR'S REPORT

The External Auditors, M/s. BDO Ebrahim & CO., Chartered Accountants had expressed qualified opinion in their audit report for the financial year ended June 30, 2022 for amount due from KE and PSML and late payment surcharge (LPS) receivable from SNGPL and WAPDA.

However, till last year, qualified opinion was also being expressed on amount due from HCPCL

which has now been removed as after change of accounting treatment, the same is placed under the caption of 'emphasis of matter'.

RECEIVABLE FROM KE AND PSML

During FY 2021-22, defaulted receivable situation of K-Electric (KE) and Pakistan Steel Mills Limited (PSML) remained the same as in previous years. The Management is vigorously pursuing recovery suit filed against KE and PSML. At the same time, the Management is in constant liaison with the concerned ministries to expedite the recovery of outstanding dues from KE and PSML. It is expected that as soon as the matter is permanently resolved by the Government of Pakistan, the overall financial position of the Company will improve. The claim of the Company including LPS against KE and PSML, as of June 30, 2022 is Rs. 151 billion and Rs. 82 billion respectively.

LPS RECEIVABLE FROM SNGPL AND WAPDA

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

EMPHASIS OF MATTER

In addition to the above, the External Auditors, M/s. BDO Ebrahim & Co., Chartered Accountants had drawn attention on certain issues in their audit report for financial year ended June 30, 2022. Comments on these matters are as under:

i. Material litigations and claims involving different courts, the outcome of which is uncertain;

ii. Sustainability of Company's future operations is dependent upon GoP support letter which has confirmed to extend necessary financial support to maintain going concern status; and

iii. SSGC has discontinued recognition of LPS expenses payable to the Government controlled E&P companies (OGDCL, PPL and GHPL) effective from July 01, 2012 till the time SSGC receives LPS income from PSML and KE.

iv. In June 2023, HCPCL informed that due to economic conditions, they are no more inclined to resume plant operations in Pakistan. Thus, this amount is claimed from OGRA in Motion for Review (MFR) for FY 2021-22, on the analogy that relevant sales revenues recorded earlier were offered to OGRA as operating revenues and past precedence that the cost impact of the HCPCL Previous Arbitration Award against SSGCL was allowed by OGRA in DFRR for FY 2008-09 as operating expense.

ACKNOWLEDGEMENTS

The Directors wish to express their appreciation for the continued support and patronage received from the shareholders and its valued customers. At the same time, we wish to acknowledge the dedication of all the employees who soldiered on, despite a number of challenges being confronted by the Company. We also place on record our acknowledgment for the continued guidance and support received from the Government of Pakistan, the Ministry of Energy and the Oil and Gas Regulatory Authority. The Board would especially like to thank all the outgoing Directors for the role they played in the policy making and their focused approach in addressing issues.

On behalf of the Board,

Dr. Shamshad Akhtar
Chairperson, Board of Directors

Imran Maniar
Managing Director / CEO

November 18, 2023

OPERATIONAL OVERVIEW

SSGC is guided by its core values of Integrity, excellence, team work, transparency, creativity and responsibility to stakeholders. In alignment with the Company's mission, SSGC endeavors to provide natural gas facilities to continuously expand its customer base. Divisional and department-wise details of projects and achievements during FY 2021-22 are as under:

TECHNICAL SERVICES

PLANNING AND DEVELOPMENT DEPARTMENT

CHECK METERING FACILITY AT SHADADPUR FOR GAMBAT SOUTH FILED GAS MEASUREMENT

The check metering arrangement for Gambat South Field at Shadadpur was commissioned in August 2021. Check Metering Facility was required to be installed at RS-3 (Shahdadpur) for reconciliation of sale gas up to 150 MMSCFD supplied from PPL "Gambat South" and "Halla" Blocks field.

CONSTRUCTION OF SUBMERGED CROSSING IN PLACE OF EXISTING OVERHEAD PIPELINE CROSSING DUE TO SECURITY / SAFETY

The Security Plan was agreed at the Security Review Conference held in 2004, whereby keeping in view the incidents and soft / exposed targets such as overhead pipeline crossings on canals near the sensitive areas of Balochistan and Sindh. It was agreed to replace such existing overhead pipelines with submerged pipeline crossings under the canal beds and water channels to enhance pipeline security.

Out of the seventeen submerged crossings, sixteen crossings were completed and commissioned in June 2022.

UPGRADATION OF SMS THATTA

The existing SMS in Thatta (30 years old) was running on maximum capacity and not able to fulfil future load demands. equipments including valves, regulators, safety valves and pipe / pipe fittings had deteriorated with the passage of time. Moreover, this SMS did not have scrubbers which were required to be installed to provide quality gas free of dust and debris to the customers. Therefore, up-gradation of SMS at Thatta was needed. The required upgradation job at SMS Thatta was completed in all respects and was commissioned on June 30, 2022.

FUTURE PLAN

08" DIA. X 102 KMS JHAL MAGSI GAS PIPELINE PROJECT

To overcome the gas demand-supply deficit in the country and to inject approximately 15 mmscfd natural gas in the national grid, Jhal Magsi Pipeline project was planned in the year 2008-09 but could not be executed due to the law and order situation. Given the current scenario of natural gas supply in the country, this project has become significantly important and is planned to be completed in the year 2023-24.

30" DIA. X 116 KMS TRANSMISSION PIPELINE FROM KOTRI TO KARACHI

16" dia. pipeline from Sui to Karachi was laid in 1955. This line has crossed its design life of 40 years and needs to be replaced. In this backdrop and to accommodate volumes of ILBP system, the above mentioned pipeline with the carrying capacity of upto 247 mmscfd is planned.

TRANSMISSION PIPELINE FOR GAS SUPPLY TO KARACHI WEST REGION

To meet the growing natural gas demand of Karachi West Region and to separate high pressure industrial consumers with low-pressure domestic consumers, a 24" dia. x 31 Kms pipeline project from SMS ACPL to SMS Surjani has been planned. The capacity of this pipeline is approximately 270 mmscfd.

INSTALLATION OF NEW COMPRESSOR AT NAWABSHAH

To enhance the stand-by capacity of HQ-2 Compressor Station and to have a healthy and reliable back-up arrangement, installation of one new compressor of 200 mmscfd, in parallel to existing units, has been planned. This unit is planned to be commissioned by June 2025.

REVAMPING OF EXISTING TWO UNITS AND INSTALLATION OF ONE NEW COMPRESSOR AT SIBI

Sibi Compressor Station plays a vital role in delivering natural gas to Quetta City, especially during winter season. The existing capacity of Sibi Compressor station is 120 mmscfd whereas the peak demand of Quetta region has touched the 200 mmscfd mark. To have a sufficient compression capacity with stand-by arrangement, revamping of two existing units from 60 mmscfd to 120 mmscfd each and installation of one new compressor of 120 mmscfd unit is planned.

PROJECTS AND CONSTRUCTION

FABRICATIONS AND INSTALLATION WORKS

- Fabrication and installation of 03 TBSs on 20" dia. x 07 KMs Distribution Link Main Pipeline Project, Karachi.
- Recovery of Orifice Meter Run from Kunnar Pasakhi Valve Assembly at HQ-3 and installation at FJFC.
- Installation of 02 Horizontal filter separators at Gambat South field pipeline at RS-3.
- Check Metering of 16" dia. Gambat - South Pipeline with 20" dia. and 24" dia. KDN-Sanghar-KHI Pipeline at RS-3 (Shahdadpur).
- SMS Fabrication and Installation of SMS for Dhabeji Special Economic Zone Pipeline Project.

DISTRIBUTION PIPELINE PROJECTS (KARACHI, INTERIOR SINDH AND BALOCHISTAN REGIONS)

- 12" dia. x 1,700 Meters Main Ext. Saima Villas Super Highway, Karachi.
- 8" dia. x 3.900 KMs, 6" dia. x 1.404 KMs and 4" dia. x 6.300 KMs, M/s. Patel Industries Park, Taiser Town.
- 8" dia. x 3300 Meters Chapal Town, Gadap, Gulshan-e-Maymar Karachi.
- Underground Leakage Rectification Work, Karachi Region (Total 343 Service Connections replaced)
- Rehabilitation of Gas Network at Sector-C Bhittai Colony, Karachi.
- 12" dia. x 2.352 KMs Supply of Gas to S. M. Bismillah Prime Town, Phase II and Fazzal Sun City Hyderabad.
- 8" dia. x 20.304 KMs and 6" dia. x 2.106 KMs supply of gas to Khairpur Special Economic Zone at Khairpur.
- 8" dia. x 3.588 KMs, 6" dia. x 0.960 KMs and 4" dia. x 0.150 KMs Reinforcement Scheme for Link Badini Road, Quetta.
- 8" dia. x 1.572, 4" dia. x 2.112 and 2" dia. x 0.312 KMs reinforcement at Khilji Colony,Ghousabad and Mughalabad, Quetta.
- 4" dia. x 0.876 and 2" dia. x 0.120 KMs supply of gas to Attaullah, Qila Noor Shah, Qila Hayat Khan, Pishin.

CIVIL CONSTRUCTION WORKS

- Construction of Computer Lab at Learning and Developement Centre, Regional Office, Hyderabad.
- Construction of boundary wall (130 Rft), flooring (40" x 25") and 27 pipe supports at Metering and Regulation Assembly, Badin Chowk Latifabad, Hyderabad.
- Re-construction of damaged boundary wall along Abul Hassan Isphani Road, Karachi Terminal.
- Re-construction of boundary wall at RS Khadeji and fixing of pavers.

PLANNING AND DEVELOPMENT SOUTH DEPARTMENT

ACHIEVEMENT DURING FY2021-22

PLANNED DISTRIBUTION SCHEMES (REHABILITATION, REINFORCEMENT AND SEGREGATION) OF GAS NETWORK FOR KARACHI REGION

In order to overcome UFG issue and low gas pressure problems in various areas of Karachi Region, a total of 2,144 KMs length of gas distribution network schemes were planned during the financial year 2021-22, whose break up is as under:

- 2,079 KMs length of Rehabilitation Schemes.
- 38 KMs length of Segregation Schemes.
- 27 KMs length of Reinforcement Scheme.

The total cost of the above planned schemes equals to Rs. 1,752,000,000/-

FUTURE PLAN

A TOTAL OF 78 GAS DISTRIBUTION NETWORK SCHEMES FROM WEST, EAST AND CENTRAL ZONE HAVE BEEN PLANNED

In order to cater the low pressure / no supply issues faced by residents of different areas of Karachi Region, P&D-South Department has actively worked for the completion of 78 Gas Distribution Network proposed schemes whose total cost equals to RS. 2,940,682,160/-. In addition to this, new proposed schemes are also being planned during FY 2022-23 as given here:

05 MAJOR DISTRIBUTION PROJECTS

1. 16” dia. x 5 Kms pipeline from Surjani step down to Madinat al Hikmah.
   - Better pressures in SITE industrial area and Orangi Town will be ensured and isolation of SITE Industrial Area will be made possible.
2. 16” dia. x 6.2 Kms pipeline from PSM Main Gate to Yousuf Goth (Landhi).
   - Consistent pressures to Korangi and Landhi industrial areas will be ensured. Capacity building at SMS Fauji Fertilizer for future expansion in PQA will also be ensured.
3. 16” dia. x 10 Kms pipeline from KT to TBS Maymar CNG.
   - To operate North city main at lower pressures.
   - To segregate North city main and supply main to Site Super Highway for separate reconciliation of west and central regions.
4. 20” dia. x 9 Kms pipeline from Azeempura to Jam Sadiq Ali Bridge.
   - To operate SMS KT on reduced pressures and thus reduce UFG losses in enroute areas.
5. 20” dia. x 11 Kms pipeline from SMS Sheedi Goth to Future Colony and Upgradation of SMS Sheedi Goth.
   - To operate SMS Malir on reduced pressuresand thus reduce UFG losses in enroute areas.
   - Better pressures in Korangi and Landhi industrial areas.
   - Segregation of SMS Malir and SMS KT to reduce UFG losses in enroute areas.

LPG AIR-MIX PLANTS

RECOVERY OF PKR 11.43 MILLION FROM OGDCL

SSGC is uplifting LPG for its LPG air-mix plants from KPD field of OGDCL since Nov 2018 under LPG policy 2016. SSGC pursued OGDCL for setting up and finalization of contract agreement, and as a result of countless efforts the contract was finalized in February 2022.

Soon after setting up of the contract agreement, SSGC initiated the process of reconciliation of payments, in equivalence to the LPG uplifted, with OGDCL.

As a result of successful efforts form LPG Air-mix plant Department, SSGC was able to recover its PKR 11.43 Million from OGDCL.

SUPPLY OF LPG TO AIR-MIX PLANTS IN BALOCHISTAN AND SINDH AND SNG SUPPLY TO THE CONSUMERS

SSGC has uplifted and transported 6,825 M.Tons of LPG worth PKR 1.14 Billion in FY 2021-22 to all of its LPG air-mix plants situated in far-flung areas of Balochistan and Sindh, for supplying uninterrupted gas to the consumers and has also successfully managed the same with almost zero downtime hours especially at the times of cooking.

INTEGRITY ASSESSMENT OF CRITICAL ASSETS OF AIR-MIX PLANTS

LPG air-mix plant Department has also carried out the integrity assessment of its critical assets (LPG storage tanks and inter-connecting piping).

This will help in ascertaining the remaining useful life of assets, and will ensure that the said assets are safe to operate at current operating pressures for next ten years.

INITIATIVE FOR SOLAR SYSTEM INSTALLATION AT LPG AIR-MIX PLANT AWARAN

LPG air-mix Plant Department has initiated the installation of Solar System at LPG air-mix Plant Awaran, which will be the primary source of electricity for residence-cum-office block and some of the plant equipment and machinery as there is no grid electricity in the area. This will help in reduction of fuel cost for generator operations.

INITIATIVE FOR LPG MASS FLOW METERS INSTALLATION

For strong monitoring of LPG handling during transit and transferring LPG to the Storage tanks,

LPG air-mix Plant Department has initiated the inclusion of mass flow meters at LPG decanting lines. For this purpose installation of LPG mass flow meter at LPG air-mix plant Kot Ghulam Muhammad is in process.

LPG AIR-MIX PLANT BELA

LPG air-mix Plant Department has also put-in its immense efforts for taking LPG air-mix Plant Bela online for supply of gas to more than 3,000 of prospective consumers. For the same, continuous follow ups are in progress for obtaining Explosive's license from the Department of Explosives, MoE (PD). Commissioning of LPG air-mix Plant Bela is expected in near future.

TRANSMISSION

SSGC's Transmission Division is the Company's nerve centre that plays an integral part in ensuring a robust infrastructure. Following is the list of some notable achievements of Transmission Department during 2021-22.

- Handled an average gas volume of around 1,765 MMCFD in transmission network.
- Installed two new SMSs - Lucky Energy in Section-IV and Mastung in Quetta Section to meet gas load requirement.
- Carried out up-gradation of SMS Thatta to meet gas load requirement.
- Carried out Internal cleaning of 18" dia. Badin Gas Pipeline (100 kms) to improve pipeline cefficieny by removing condensate from the pipeline.
- Undertook protection of 42" dia. RLNG MPL near cultivated areas in between KMP-254 to KMP-263 undertaken through casting of structure of 6 feet length each at 80 places.
- Lowered of 20" dia. KDN and 24" dia. Pipeline at Sind University HQ3 Section.
- Lowered 1,500 feet Zarghoon gas pipeline at KMP-51.
- Lowered 12" dia. QPL and 18" dia QPCEP pipelines in HQ Sibi and Quetta sections.
- Carried out Leak survey with rectification of leakages, (261 Valve assemblies and 127 SMSs)

LIQUIEFIED NATURAL GAS (LNG)

LNG Department is principally responsible to manage EETPL LNG import terminal operations in accordance with the valid contract, LSA (LNG operations and services Agreement). FY 2021-22 was quite challenging due to unprecedented and unplanned dry dock of FSRU Exquisite by EETPL. With the support and collective efforts from internal stakeholders concerned, SSGC successfully managed the post dry dock issues with minute impact on LNG value chain and the FSRU Exquisite moored at EETPL terminal on September 15, 2021.

Throughout the fiscal year, LNG department managed EETPL terminal operations effectively and efficiently in line with the Contract with high level of compliance and served our Customer, SNGPL, with uninterrupted RLNG services. In order to plan LNG cargoes, volumetric flow profile and terminal outages for the successive year, LNG Department finalized the Annual Delivery Program (ADP) for year 2022 in conjunction with relevant stakeholders as per the Contract.

LNG Department also succeeded in the area of Inventory management through critical decision making and analytical approach for smooth regasification operations and to mitigate the risk of any excess lay time demurrage on LNG cargoes. The Department implemented the decisions in timely manner with regards to the rescheduling of (1) LNG Cargoes, (2) Variation in Regasification rates etc. due to restricted RLNG off-take by customer, SNGPL or any other issue caused including late or advance berthing of LNG vessel, technical difficulties in terminal etc. to avoid any untoward situation whilst protecting the interest of SSGC. There was no single event recorded in FY 21-22 with respect to lay time demurrage due to SSGC. In this fiscal year, LNG Department generated revenue of approx. USD 5.8 Million (USD 0.025 per MMBTU) in terms of LSA Margin.

Further, fuel consumption by FSRU (retainage) is within allowable limit in this year as well as it was computed through retainage audit (Contract year 6) of the terminal which was conducted by LNG Department through independent third party Consultant. There was not a single molecule of the product wasted by the terminal.

LNG Department has successfully managed the following commodity supplies during FY 2021-22;

NO. OF LNG CARGOES RECEIVED AT EETL LNG IMPORT TERMINAL	74
LNG QUANTITY OFF-LOADED	~ 4.5 MILLION METRIC TONS
REGASIFIED VOLUME (LNG TO RLNG)	~220 BCF
TERMINAL UTILIZATION	100 %

Since the inception of the LNG import terminal-1, till the end of FY 2021-22, around 460 LNG ships safely offloaded at EETPL terminal with quantity of approximately 28 Million Metric Tons which translates to regasification (LNG to RLNG) of nearly 1,369 BCF.

FUTURE PLAN

LNG Department will ensure to fulfil the contractual obligations throughout the upcoming fiscal year to achieve terminal operations efficacy and also to ensure that every aspect of the contract is duly monitored in order to avoid any dispute or demurrages and further to ensure compliance with the company policies and procedures.

UFG CONTROL

SSGC has actively pursued implementation of UFG reduction plan with the objective of ensuring sustainabile reduction thereof.

The Company demonstrated reduction in Unaccounted for Gas (UFG) in Karachi and Upper Sindh, maintaining levels of 11.2 % and 16.26 % respectively. However, the high UFG remained in Balochistan Region i.e. of 53.21%, owing to the region's distinctive challenges. Overall, UFG determined by OGRA remained at 17.84 % during FY 2021-22. However, the Company is contesting OGRA's determined numbers in its motion for review, and if successful, the UFG figure of SSGC would drop to 15.6%. This circumstance, coupled with natural gas depletion, substantially escalated operational costs and the dollar-rupee parity surge led to increased Weighted Cost of gas (WACOG) further contributing to the year's losses. These challenges were beyond the Company's control. The BoD and management ensured unwavering emphasis and commitment to the projects, actions and initiatives aimed at curbing UFG. As a result of diligent efforts, SSGC has been successful in maintaining the UFG reduction streak for third consecutive year i.e. FY 2021-22 wherein Company obtained 96% achievement of the OGRA assigned 'Key-Monitoring-Indicators (KMI)' whereas the achievement is duly verified by the third party auditing firm.

Following serves as a gist of key actions:

1. Drive for separating industrial customers from the domestic networks has been continued to identify and implement viable modifications to achieve optimized operating pressure.
2. Special focus has been placed upon improving the measurement accuracy through:
   a) Monitoring and resolution of under / over load meters.
   b) Timely replacement of customer meters.
   c) Extensive engagement with world renowned measurement consultant (i.e. M/s. Kelton, UK) to review SSGC's Point of Delivery (POD), Sales Meter Stations (SMS) and Customer Meter Stations (CMS). Recommendations have been shared and are being implemented.

3. Efforts are underway to continuously improve the processes, technology and methods employed at Billing and CRD functions.

4. Small Business Units (SBU) based zones have been created at the Central Region of Karachi as a first step towards restructuring of distribution function. Fully resourced teams have been formed for zonal level management. Encouraging results have been obtained in shape of substantial reduction in UFG.

5. Round-the-clock pressure monitoring and management has been ensured through proactive planning and efficient operations. Process has been initiated to automate a sample set of Town Border Station within the Karachi region so as to make the operations more reliable and efficient while ensuring adequate management of network pressures.

6. Efforts have been continued with the officials at Balochistan Government, Federal Government and Oil and Gas Regulatory Authority for the implementation of measures to relieve SSGC from the brunt of excessive UFG in the Balochistan region.

7. Extensive engagement with OGRA for approval of framework, enabling gas claims against unauthorized users in the domestic sector.

8. Network Leak monitoring and survey has been done through enhanced focus and use of state-of-the-art GIS software and vehicle mounted gas leak detectors.

9. Meter Manufacturing Plant is about to enter a new phase, marked with enhancement of localization through introduction of production facility for the G-4 gas meter's measuring units. Efforts are underway with the Technology Licensor, legal consultants, regulators, and auditing firms for diligent discharge of all related activities for smoothly executing the localization project.

METER MANUFACTURING PLANT

SSGC, the leading gas utility Company in Pakistan, takes pride in owning and maintaining a state-of-the-art Meter Manufacturing Plant (MMP), which is the only domestic gas meter manufacturing plant in South East Asia. The plant produces high-quality G-1.6 and G-4 gas meters that meet international standards.

To ensure the production of gas meters with indigenized contents and to achieve import substitution, SSGC has negotiated and finalized a new Technology Transfer and License Agreement that enables the Company to produce designated 'Company Meters.' This move has allowed SSGC to complete the localization of G-4 gas meters and enhance the indigenized contents from 53% to an impressive 97%.

The localization of G-1.6 Gas Meter has already been achieved through indigenized content already been achieved through indigenized content up to 98%. The new agreement not only saves foreign exchange but also provides additional business and employment opportunities for Pakistani citizens. SSGC has upgraded the Meter Manufacturing Plant after the new Technology Transfer and License Agreement and the production processes have been improved to ensure the highest quality of gas meters. With its unparalleled manufacturing capabilities, SSGC is poised to lead the gas utility industry in Pakistan and beyond. The Meter Manufacturing Plant is a testament to SSGC's commitment to quality, innovation and progress in the energy sector.

CUSTOMER SERVICES

SALES DEPARTMENT

Sales Department is the gateway and first point of contact for prospective SSGC customers of all categories i.e. Domestic, Commercial, Industrial, Captive Power, CNG, Power Plants and High-rise Buildings, etc. Sales Department plays a vital role in customer handling, documentation, survey, payments, issuance of job cards, coordination with other SSGC Departments for CMS design, HSE, Planning for gas mains network etc. which has resulted in creating around 3.3 million valuable customers for SSGC.

New initiatives: Sales team has worked devotedly in collaboration with other departments on the cases of un-authorized load extension by the customers identified during Joint Load Surveys. Sales team managed to issue 499 notices to the industrial customers involved in such extension. Subsequently, disconnection of gas of non-compliant customers was arranged. The efforts include compiling joint survey reports, un-authorize volume calculations, arrange disconnection, scrutiny, technical evaluation / load verification, processing and updating CC&B data. As a result, 149 customers were billed additional volume of 921 MMCF on RLNG for an amount of Rs. 3.36 billion and Rs 2.75 billion have been recovered.

Apart from the above activity, since January 2022 a large number of industrial customers were identified using pressure boosters which was disrupting the network pressures and optimal supply of gas as a result neighboring customer were not getting proper gas supply, causing bad name for the company. Following reports from Measurement and CGTO departments, Sales Team has arranged disconnection of these customers. During the drive, 37 industrial customers were identified using suction devices. Among these, 14 customers were under litigation in respect of OGRA notified tariff. A stuck amount of Rs. 292 million was recovered from these customers under management guidance.

PERFORMANCE – ANNUAL TARGETS

Sr. #	Description	Target (2021-22)	Achievement
1	Domestic	120,000	64,313*
2	Commercial	600	511
3	Industrial / Captive Power	110	64
4	MEC's Karachi and Upper Sindh	450	207
5	Gasification of villages (5 KM Radius of gas fields)	113 villages Allocated Fund from GoP Rs. 747 million	113 Completed

* Moratorium was imposed by Government of Pakistan with effect from December 2021.

CUSTOMER RELATIONS DEPARTMENT (CRD)

Customer Relations Department (CRD) is responsible to handle customer complaints related to low gas supply, low pressure and leakages. Presently, 23 Customer Facilitation Centers (CFCs) across SSGC franchise areas are operational and the trained and experienced staff is facilitating customers in registration and resolution of their queries and complaints.

The Theft Control Section is in full swing, taking actions against illegal usage of gas and doing surveillance of disconnected customers to avoid further pilferage. In addition, CRD - Emergency Section promptly attends emergency complaints and provides first aid in major emergency cases.

CRD's theft control teams are utilized for surveillance and monitoring of disconnected consumers. Raids and disconnection of illegal connections have been carried out on reported cases. During FY 2021-22, Theft Control Section disconnected 9,047 registered customers with usage / measured volume of 382 MMCF and of un-registered customers with usage / measured volume of 220 MMCF.

Under the UCG Framework (Un-registered Consumer of Gas), CRD installed Check / Bulk meters at 1,887 flats / customers in 79 buildings and raised theft claims amounting to Rs 6,793,200/- and Volume 32.15 MMCF and Theft Claims were realized from 800 flats / customers, amounting to Rs 3,826,800/- and Volume 18.11 MMCF.

In all, during the year under review, CFC representatives have dealt with approximately 1,126,073 customers for installments, queries, duplicate bills, reconnection and unlocking activities and resolution of other queries etc.

The 24/7 Operational Call Centre (1199) continued to play a pivotal role in responding to the customers' complaints. During the year under review, the Centre received 218,971 Interactive Voice Response (IVR) and 519,501 landed calls. 468,492 calls were answered, out of which 421,335 were received within 10 seconds, 44,388 within 20 seconds, 2,770 within 30 to 40 seconds, 1 call within 60 seconds and zero call after 60 seconds.

CRD - PERFORMANCE – ANNUAL TARGETS

Activities (Nos.)	2021-22	
	Target	Achieved
Domestic Schedule Meter Replacement (Aging Base)	174,000	116,432
Domestic PUG Meter Replacement	91,000	92,181
Domestic Meter Replacement on Actual Complaint Base	-	25,426
Commercial Meter Replacement	2,800	1,866
Attend Customer Complaints (As per Actual)	-	92,511
Leak Rectification (Nos) Complaints (As per Actual)	-	52,459
Pressure Survey (Commercial)	18,100	18,100
Rehabilitation / Leak Rectification on Flat Sites (Buildings) nos.	110	111
Internal House Line Checking 2% of domestic customers (Karachi)	39,394	39,394

RECOVERY DEPARTMENT

The basic task of Recovery Department is to take necessary steps for recoveries of maximum possible amount due against gas bills.

In FY 2021-22 the TARGET given to Recovery team was 270,881 defaulters of different classes which includes Domestic, Government, Bulk and Commercial customers. Recovery Team successfully targeted 218,250 defaulters through company wide rigorous disconnection campaign and other tools and techniques. Details are as under:

a) **Issuance of Notices / Reminders:** 809,625 notices / reminders were issued to defaulting customers in order to remind them of their moral / legal responsibility against target of 700,000 Nos.

b) **Media Campaign:** aggressive media campaign was conducted both through print and electronic Media.

c) **Persuasion of High Value Defaulters:** High value defaulters of government / bulk / domestic users were personally contacted by the Department in order to convince them for making payments.

d) **Disconnection of Defaulters:** 218,250 defaulting domestic and commercial customers were targeted who owed Rs. 6,864 million to the Company against which an amount of Rs. 1,669 million was recovered whereas Rs. 2,273 million whereas were engaged.

RECOVERY DEPARTMENT (CONTINUED...)

Customer Class	Unit / Region	# of Actions	Action Amount (Rs. in Million)	# of Reconnections	Reconnection Amount (Rs. in Million)	Engaged Amount (Rs. in Million)
Domestic	Unit-A Karachi	82,996	2,221	38,742	512	520
	Unit-B Upper Sindh	116,079	2,653	75,238	684	1,378
	Unit-Q Balochistan	14,484	1,216	7,174	201	171
Total Domestic		213,559	6,090	121,154	1,397	2,069
Commercial	Unit-A Karachi	3,122	503	1,427	184	102
	Unit-B Upper Sindh	1,002	141	545	47	42
	Unit-Q Balochistan	567	129	292	40	59
Total Commercial		4,691	774	2,264	272	204
Total Domestic and Commercial		218,250	6,864	123,418	1,669	2,273

Customers who have not made payment of outstanding dues remain disconnected. These customers will be reconnected in the next year on payment of outstanding dues.

SSGC-LPG (PVT.) LIMITED (SLL)

SLL maintained profitable operations and continued increasing its sales volume and market share with record sales. Despite the sharp decline in sea imports 166,788 MT (2020-21: 358,182 MT), SLL managed to increase its market share in terminal business and increased its own imports by 2.6 times to 37,483 MT compared to last year (2020-21: 14,170 MT). Due to decrease in terminal volumes Operating Profit reduced and remained Rs. 270 million (2021: Rs. 492 million). There has been a significant improvement in turnover of LPG sales which increased by 1.8 times to Rs. 6,887 million (FY21: Rs. 3,772 million). However, the company had to face challenges in retiring its LCs and sharp decline in exchange rates. Company also gained its market share in Terminal Sales during the year which remained 55% (FY21: 50%).

The Company continued to timely repay the Holding Company Loan and Mark-up installments.

The Company is hopeful to continue its profitable operations and increase its profitability by becoming Country's leading importer of LPG in 2022-23 to overcome any shortages and grow its market share in the terminal business with improvement in its market share in LPG business.

In long-term LPG market is expected to grow above the GDP growth rates in next 5 years and any shortfalls in local production shall continue to be met through imports. However, it is yet to be seen how much of this shortfall will be imported through land border which will have a direct impact on sea imports and SLL's terminal business.

Within the LPG segment, the Company will continue to focus on expanding its reach in areas where piped gas is not available. The Company plans to increase its volumes by bulk trading which will also increase the terminal utilization.

UNFALTERING COMMITMENT

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

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

CASUAL VACANCY ON THE BOARD

- Mr. Sajid Mehmood Qazi replaced Dr. Ahmed Mujtaba Memon.
- Ms. Nida Rizwan Farid resigned.
- Mr. Abdul Aziz Uqaili replaced Mr. Mathar Niaz Rana.

COMPOSITION OF THE BOARD

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

The Board Nomination Committee and the Board Corporate Governance and Ethics Committee were merged with the Board Human Resource and Remuneration Committee. In the Statement of Compliance the meetings of Board Nomination Committee and Board Corporate Governance and Ethics Committee have been excluded and named as Board Human Resource and Nomination Committee.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

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

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

The Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with, the period in which such non-compliance continued and reasons for such non-compliance. A sound system of internal control is established and maintained which is regularly reviewed and monitored with ongoing efforts towards its further improvement.

There are no doubts in the Company's ability to continue as a going concern as further explained in note # 1.3 to the financial statements. The appointment of the Chairperson and other members of the Board and terms of their appointment along with the remuneration policy adopted are in the best interests of the Company as well as in line with the best practices.

Disclosure on remuneration of Chief Executive, Directors and executives is given on page # 176 of this Annual Report.

For the FY 2021-22 there has been no material departure from the best practices of corporate governance as outline in the listing regulations. Information about outstanding taxes and levies is given in the notes to the financial statements.
Details of the value of investments by the funds based on respective audited financial statements as at June 30, 2022 are listed in the table given on the next page.

	2022 Rupees In Million	2021 Rupees In Million
Pension Fund - Executives	1,311,138	1,156,270
Gratuity Fund - Executives	5,741,502	5,419,904
Pension Fund Non - Executives	323,656	249,129
Gratuity Fund Non - Executives	3,744,902	3,503,365
Provident Fund - Executives	4,706,512	4,789,145
Provident Fund Non - Executives	4,599,027	4,376,621
Benevolent Fund - Executives	236,444	250,382

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

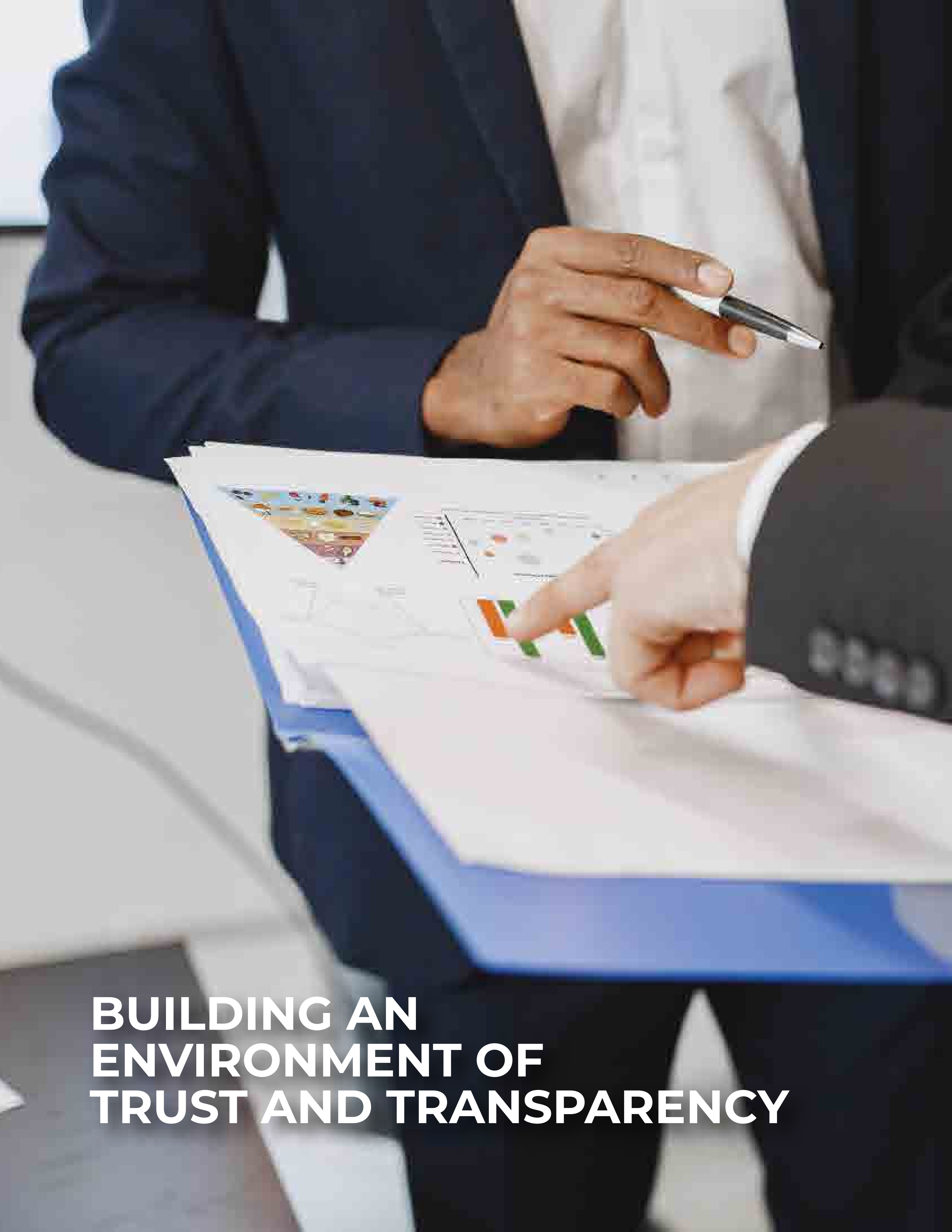
A statement of the Pattern of Shareholding in the Company as on June 30, 2022 of certain classes of shareholders whose disclosure is required under the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, along with the statement of purchase and sale of shares by Directors, executives and their minor children during the year is shown on page # 321 of the Annual Report.

AUDITORS

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

DIVIDENDS

Due to Losses and negative equality of the Company no dividend has been recommended by the Board.



BUILDING AN ENVIRONMENT OF TRUST AND TRANSPARENCY

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

SCHEDULE I

- NAME OF COMPANY: SUI SOUTHERN GAS COMPANY LIMITED
- NAME OF THE LINE MINISTRY: MINISTRY OF ENERGY (PETROLEUM DIVISION)
- FOR THE YEAR ENDED: JUNE 30, 2022

I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The Company has complied with the provisions of the Rules in the following manner:

<table>
<tr><th rowspan="2">Sr. #</th><th rowspan="2">Provision Of The Rules</th><th rowspan="2">Rule #</th><th>Y</th><th>N</th></tr>
<tr><th colspan="2">Tick The Relavant Box</th></tr>
<tr><td>01.</td><td>The independent Directors meet the criteria of independence, as defined under the Rules.</td><td>2(d)</td><td>✓</td><td></td></tr>
<tr><td>02.</td><td>The Board has at least one-third of its total members as Independent Directors. At present the Board includes:
<table>
<tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr>
<tr><td rowspan="6">Independent Directors</td><td>1. Dr. Shamshad Akhtar</td><td>23-Apr-19</td></tr>
<tr><td>2. Mr. Muhammad Raziuddin Monem</td><td>23-Apr-19</td></tr>
<tr><td>3. Mr. Faisal Bengali</td><td>23-Apr-19</td></tr>
<tr><td>4. Dr. Sohail Razi Khan</td><td>28-Oct-19</td></tr>
<tr><td>5. Mr. Zuhair Siddiqui</td><td>28-Oct-19</td></tr>
<tr><td>6. Mr. Ayaz Dawood</td><td>28-Oct-19</td></tr>
</table>
</td><td>3(2)</td><td>✓</td><td></td></tr>
</table>

	Non-Executive Directors: 7. Mr. Imran Ullah Khan (14-Apr-22); 8. Mr. Abdul Aziz Uqaili (09-May-22); 9. Mr. Manzoor Ali Shaikh (07-Jan-19); 10. Mr. Hassan Mehmood Yousufzai (30-Apr-21) Executive Director: 11. Mr. Imran Maniar (04-Feb-21)			
03.	The Directors have confirmed that none of them is serving as a Director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓	
04.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	N/A	
05.	The Chairperson of the Board is working separately from the Chief Executive of the Company.	4(1)	✓	
06.	The Chairperson has been elected by the Board of Directors except where Chairperson of the Board has been appointed by the Government.	4(4)	✓	
07.	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✓	
08.	(a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company's website. www.ssgc.com.pk. (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓ ✓	

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

<table>
<tr><td>19.</td><td>The performance evaluation of members of the Board including the Chairperson and the Chief Executive shall be undertaken annually by the Government for which the Government shall enter into performance contract with each member of the Board at the time of his appointment.</td><td>8(1)</td><td></td><td>✓</td></tr>
<tr><td>20.</td><td>The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.</td><td>8(2)</td><td>✓</td><td></td></tr>
<tr><td>21.</td><td>The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.</td><td>9</td><td>✓</td><td></td></tr>
<tr><td>22.</td><td>(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.

(b) In case of listed PSCs, the Board has prepared half-yearly accounts and undertaken limited scope review by the auditors.

(c) The Board has placed the annual financial statements on the company's website.</td><td>10</td><td>

✓

✓</td><td>✓</td></tr>
<tr><td>23.</td><td>All Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.</td><td>11</td><td>✓</td><td></td></tr>
<tr><td>24.</td><td>a) The Board has formed the requisite committees, as specified in the Rules.
b) The committees were provided with written term of reference defining their duties, authority and composition.
c) The minutes of the meetings of the committees were circulated to all the Board members.
d) The committees were chaired by the following Non-executive Directors:
<table>
<tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr>
<tr><td>Board Audit Committee</td><td>4</td><td>Mr. Faisal Bengali</td></tr>
<tr><td>Board Risk Management, Litigation and HSEQA Committee</td><td>4</td><td>Mr. Muhammad Raziuddin Monem</td></tr>
</table></td><td>12</td><td>✓
✓
✓
✓</td><td></td></tr>
</table>

<table>
<tr><td></td><td><table><tr><td>Board Human Resources and Nomination Committee</td><td>5</td><td>Dr. Shamshad Akhtar</td></tr><tr><td>Board Finance and Procurement Committee</td><td>4</td><td>Mr. Ayaz Dawood</td></tr><tr><td>Board Special Committee on UFG</td><td>5</td><td>Dr. Shamshad Akhtar</td></tr></table></td><td></td><td></td><td></td></tr>
<tr><td>25.</td><td>The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.</td><td>13</td><td>✓</td><td></td></tr>
<tr><td>26.</td><td>The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.</td><td>14</td><td>✓</td><td></td></tr>
<tr><td>27.</td><td>The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.</td><td>16</td><td>✓</td><td></td></tr>
<tr><td>28.</td><td>The Directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.</td><td>17</td><td>✓</td><td></td></tr>
<tr><td>29.</td><td>The Directors, CEO and Executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.</td><td>18</td><td>✓</td><td></td></tr>
<tr><td>30.</td><td>(a) A formal and transparent procedure for fixing the remuneration packages of individual Directors has been set in place and no Director is involved in deciding his own remuneration.

(b) The annual report of the Company contains criteria and details of remuneration of each Director.</td><td>19</td><td>✓

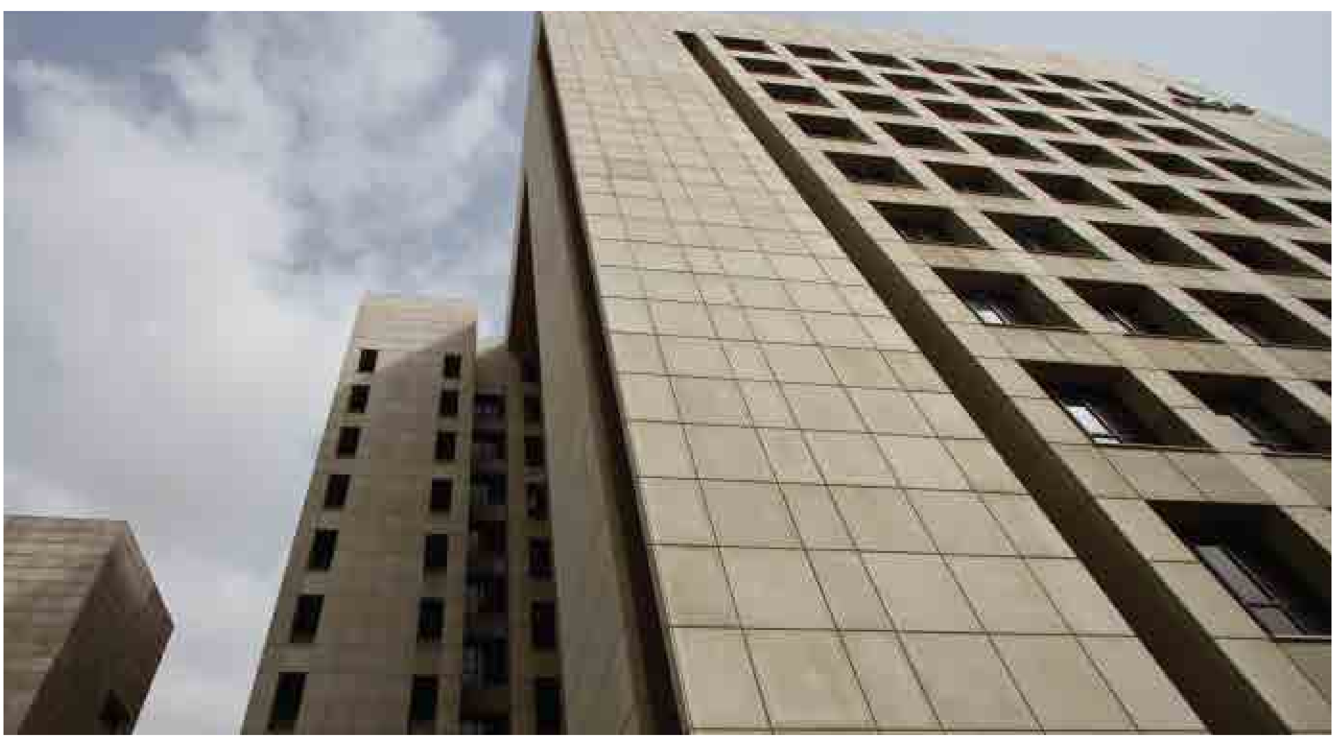
✓</td><td></td></tr>
<tr><td>31.</td><td>The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer before consideration and approval of the Audit Committee and the Board.</td><td>20</td><td>✓</td><td></td></tr>
<tr><td>32.</td><td>The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members:<table><tr><th>Name of Member</th><th>Category</th><th>Professional Background</th></tr><tr><td>Mr. Faisal Bengali</td><td>Independent Director</td><td>MBA</td></tr><tr><td>Dr. Imran Ullah Khan</td><td>Non-Executive Director</td><td>PHD</td></tr><tr><td>Dr. Sohail Razi Khan</td><td>Independent Director</td><td>PHD</td></tr><tr><td>Mr. Ayaz Dawood</td><td>Independent Director</td><td>MBA</td></tr></table>The Chief Executive and Chairperson of the Board are not members of the Audit Committee.</td><td>21(1)

and

21(2)</td><td>✓

✓</td><td></td></tr>
</table>

33.	(a) The Chief Financial Officer, the Chief Internal Auditor, and a representative of the external auditors attended all meetings of the Audit Committee at which issues relating to accounts and audit were discussed. (b) The Audit Committee met the external auditors, at least once a year, without the presence of the Chief Financial Officer, the Chief Internal Auditor and other executives. (c) The Audit Committee met the Chief Internal Auditor and other members of the internal audit function, at least once a year, without the presence of Chief Financial Officer and the external auditors.	21(3)	✓ ✓ ✓	
34.	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee. (b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules. (c) The internal audit reports have been provided to the external auditors for their review.	22	✓ ✓ ✓	
35.	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓	
36.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓	



SCHEDULE II

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

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

Sr. #	Rule / Sub-Rule / Regulations	Rule / Sub-Rule / Observation	Reason for Non-Compliance	Future Course of Action
01.	8(1)	The Government has not carried out any performance evaluation of the members of the Board.	-	-
02.	10(a)	The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	The reason for non-finalization of quarterly, half-yearly and delay in finalization of annual accounts were appropriatelycommunicated to SECP and PSX.	Noted for Compliance
03.	3A(2)	Any casual vacancy arising in the Board in the manner specified in Sub-section (1) of Section 161 of the Act shall be filled in by the Directors in accordance with the Sub-section (2) of Section 161 of the Act.	Line Ministry was duly informed about the casual vacancy	Noted for Compliance

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

a. The total number of Directors are 12 including Chief Executive Officer being a deemed Director as per the following:

i) Male: 10 members

ii) Female: 01 member

iii) Casual: 01 member

b. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and regulations.

c. The Company is complying with Code of Corporate Governance regarding Directors Training Program, except for certain Directors who have not completed the Directors' training programme due to their pre-occupation and other office responsibilities. The arrangements are underway to complete the same.

d. The Audit Committee met at least once in every quarter of the financial year as per the requirement of CCG 2019.

e. The meetings of the Board were presided over by the Chairperson and, in her absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulation of minutes of meeting of Board.

f. The Board has formed committees comprising members given below:

BOARD HUMAN RESOURCE AND NOMINATION COMMITTEE	BOARD SPECIAL COMMITTEE ON UFG	BOARD RISK MANAGEMENT, LITIGATION AND HSEQA COMMITTEE	BOARD FINANCE AND PROCUREMENT COMMITTEE	BOARD AUDIT COMMITTEE
Dr. Shamshad Akhtar	Dr. Shamshad Akhtar	Mr. Muhammad Raziuddin Monem	Mr. Ayaz Dawood	Mr. Faisal Bengali
Mr. Muhammad Raziuddin Monem	Mr. Abdul Aziz Uqaili	Mr. Abdul Aziz Uqaili	Mr. Faisal Bengali	Dr. Imran Ullah Khan
Dr. Sohail Razi Khan	Mr. Hassan Mehmood Yousufzai	Mr. Manzoor Ali Shaikh	Mr. Zuhair Siddiqui	Dr. Sohail Razi Khan
Mr. Manzoor Ali Shaikh	Dr. Sohail Razi Khan	Mr. Zuhair Siddiqui	Dr. Imran Ullah Khan	Mr. Ayaz Dawood
Mr. Hassan Mehmood Yousufzai	Mr. Zuhair Siddiqui			

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

COMMITTEE'S NAME	FREQUENCY OF MEETINGS (YEARLY)
BOARD HUMAN RESOURCE AND NOMINATION COMMITTEE	06
BOARD SPECIAL COMMITTEE ON UFG	06
BOARD RISK MANAGEMENT, LITIGATION AND HSEQA COMMITTEE	02
BOARD FINANCE AND PROCUREMENT COMMITTEE	07
BOARD AUDIT COMMITTEE	09

h. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

i. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

j. We confirm that all other material principles enshrined in the CCG have been complied with.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director / CEO

SCHEDULE III (I)

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as 'Codes') prepared by the Board of Directors of Sui Southern Gas Company Limited for the year ended June 30, 2022 to comply with the requirements of Listing Regulation # 36 of the Pakistan Stock Exchange Limited where the company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended June 30, 2022. Further, we highlight below instances of non-compliance with the requirement of the Codes as reflected in the note / paragraph reference where it / these is / are stated in the Statement of Compliance:

Sr. #	Rule / Regulation	Description
01	8(1)	No performance evaluation was carried out by the Government of the Board members including the Chairperson and Chief Executive.
02	10(1)	The quarterly and half-yearly financial statements were not approved within the stipulated time period.
03	3A(2)	The casual vacancy arising in the Board is not been filled in a manner specified in sub-section (2) of section 161 of the Act.

KARACHI

DATED: November 18, 2023

UDIN: CR2022101669SWAMvw5Y

CHARTERED ACCOUNTANTS
Engagement Partner: Tariq Feroz Khan

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUI SOUTHERN GAS COMPANY LIMITED
REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the annexed unconsolidated financial statements of Sui Southern Gas Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Qualified Opinion

1. As disclosed in notes 31.1 and 31.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 29,652 million and Rs. 25,312 million from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML), respectively. Significant portion of such receivables include overdue amounts, which have been considered good by management and classified as current assets in the unconsolidated financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances due to which management has decided to recognise LPS on receipt basis from the aforesaid entities effective from July 01, 2012.

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

2. As disclosed in note 34 to the unconsolidated financial statements, interest accrued includes interest receivable of Rs. 10,957 million and Rs. 5,101 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA), respectively. These have been accounted for in line with Company's policy of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to disputes of the Company with WAPDA and SNGPL, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered including the timeframe over which such recovery will be made.

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

Emphasis of Matter

We draw attention to the following:

1. note 1.3 to the unconsolidated financial statements which states that in view of the financial position of the Company, the Government of Pakistan (Finance Division) has confirmed to extend necessary financial support to the Company for the foreseeable future to maintain its going concern status. Hence, the sustainability of the future operations of the Company is dependent on the said support;

2. note 19.1 to the unconsolidated financial statements which describes that the Company has not recognized the accrued markup up to June 30, 2020 amounting to Rs. 131,988 million relating to Government Controlled E&P Companies based on Government advise and a legal opinion;

3. note 20 to the unconsolidated financial statements which inter alia describe that the Company is subject to various material litigations and claims pending adjudication in different courts. The outcome of these cases is uncertain and beyond management's control; and

4. note 35.2 to the unconsolidated financial statement that describes the adjustment of receivable of the Company from Habibullah Coastal Power Company (Private) Limited (HCPCL) amounting to Rs. 4,157 million which is no longer recoverable and accordingly is recognized as other operating expense as at the reporting date. The Company is in the process of filing the motion for review for FY 2021-22, includes the amount so charged in the tariff determination before OGRA.

   Our opinion is not modified in respect of above matters.

Key Audit Matters

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

Following are the key audit matters:

S. No	Key Audit Matter	How matter was addressed in our audit
1	**REVENUE** The Company's total revenue amounts to Rs. 375,559 million, which is predominantly generated from sales of gas, representing a significant element of the unconsolidated financial statements as disclosed in notes 38 and 39. Revenue includes sales of indigenous and RLNG gas to the customers under an agreement based on single performance obligation satisfied over time, whereas progress of the performance obligation is measured using the output method, by an amount representing volume of natural gas delivered as metered monthly in arrears, that may include estimates for provisional billing and passing-unregistered-gas, at the various rates prescribed by the OGRA and Tariff adjustments which are calculated as per OGRA Ordinance, 2002 and Final Revenue Requirement determined by the OGRA. The risk of material misstatement was considered significant due to high inherent and control risk on completeness, existence and accuracy of revenue. In view of the significance of revenue and high assessed risk of material misstatement, revenue is considered as key audit matter.	We performed a range of audit procedures in relation to revenue including the following: • Obtained understanding of the process for recognition of revenue and considered the appropriateness of the Company's revenue recognition accounting policies as per applicable financial reporting framework; • Tested the design and operating effectiveness of key controls in relation to the recognition of revenue; • Performed test of details on revenue recognized during the year, on a sample basis, inspected meter reading documents, sales agreement, gas bills and rates from Oil and Gas Regulatory Authority (OGRA) notification; • Obtained and examined the Final Revenue Requirement (FRR) determined by the OGRA and checked that the tariff adjustment is as per the revenue requirement; and • Assessed the adequacy of the disclosures made in respect of revenue in accordance with applicable financial reporting standards.
2	**EMPLOYEE BENEFITS OBLIGATION** As disclosed in note 10, 18 & 35 to the unconsolidated financial statements, the Company operates various defined benefit plans. The Company's obligation in respect of these plans as at June 30, 2022 aggregated to Rs. 10,342 million. Valuation of these plans require significant level of judgment and technical expertise to select appropriate valuation assumptions. Changes in the key assumptions (discount rates, salary	Our audit procedures relating to employee benefits obligation, amongst others, included the following: • Assessed competence and objectivity of actuaries engaged by the Company to value obligations under the plans and reviewed the actuarial valuation report to understand the basis and methodology used in such valuation. • Tested data provided by the Company to actuaries for the purpose of valuation.

S. No	Key Audit Matter	How matter was addressed in our audit
2	increases and retirement age etc.) may have a material impact on the calculation of these obligations, under the plans. We identified this area as a key audit matter because of significant estimation, uncertainty of management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.	• We engaged independent expert to evaluate the reasonableness of actuarial assumptions used in valuation of staff retirement benefit liability. • Reviewed the adequacy of the related disclosures in the unconsolidated financial statements in accordance with applicable financial reporting framework.
3	**REVALUATION OF FREEHOLD AND LEASE HOLD LAND** The freehold and leasehold land of the Company amounts to Rs. 39,144 million and Rs. 15,653 million respectively, as disclosed in note 7 and 21.1 of the unconsolidated financial statements. During the year the Company has revalued its freehold and leasehold land, resulting in recognition of a surplus on revaluation amounting to Rs. 29,760 million. Significant judgement is involved in estimating the fair values, including the appropriateness of valuation techniques used in assessing the fair values of the properties. In view of this significant current year's event, we have considered this to be a key audit matter.	Our audit work includes a number of procedures, among others: • We obtained the external valuer's report and understood the key estimates considered by the valuer in assessing the fair value of assets revalued; • We assessed the competency, capability and objectivity of the external valuer engaged by the Company; • We assessed the reasonableness of the significant judgments, estimates & and assumptions made by the valuer including the appropriateness of valuation techniques; • We verified the source data provided to the external valuer by the company on test basis and checked the legal documentation evidencing the title of the related properties. • We evaluated the adequacy of the disclosures presented in the financial statements regarding property, plant, and equipment by the applicable financial reporting framework.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

Place: Karachi

Date: November 18, 2023

UDIN: AR202210166ke0XhV4Po

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
EQUITY			
Share Capital and Reserves			
Share Capital	5	**8,809,163**	8,809,163
Reserves	6	**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI securities		**115,836**	172,772
Surplus on revaluation of property, plant and equipment	7	**54,107,435**	24,347,314
Accumulated loss		**(72,418,688)**	(60,408,205)
		(4,478,853)	(22,171,555)
LIABILITIES			
Non-current liabilities			
Long term financing	8	**17,015,705**	21,235,549
Long term deposits	9	**24,506,273**	22,871,737
Employee benefits	10	**7,724,066**	5,603,105
Payable against transfer of pipeline	11	**684,981**	755,645
Deferred credit	12	**4,304,590**	4,592,823
Contract liabilities	13	**9,517,256**	7,786,074
Lease liability	14	**19,029**	42,894
Long term advances	15	**3,971,110**	3,155,496
Total non-current liabilities		**67,743,010**	66,043,323
Current liabilities			
Current portion of long term financing	16	**6,664,669**	8,080,662
Short term borrowings	17	**23,878,298**	23,750,594
Trade and other payables	18	**682,927,371**	540,548,044
Current portion of payable against transfer of pipeline	11	**70,664**	64,610
Current portion of deferred credit	12	**443,575**	442,114
Current portion of contract liabilities	13	**262,881**	232,352
Current portion lease liability	14	**55,475**	84,384
Unclaimed dividend		**285,373**	285,426
Interest accrued	19	**17,957,484**	17,142,960
Total current liabilities		**732,545,790**	590,631,146
Total liabilities		**800,288,800**	656,674,469
Contingencies and commitments	20		
TOTAL EQUITY AND LIABILITIES		**795,809,947**	634,502,914

The annexed notes 1 to 61 form an integral part of these unconsolidated financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	21	**175,263,737**	135,987,526
Intangible assets	22	**226,209**	110,920
Right of use assets	23	**85,051**	148,634
Deferred tax asset	24	**2,823,415**	2,592,082
Long term investments	25	**1,401,745**	1,458,681
Net investment in finance lease	26	**-**	73,321
Long term loans and advances	27	**1,425,381**	1,697,525
Long term deposits		**18,632**	18,733
Total non-current assets		**181,244,170**	142,087,422
Current assets			
Stores, spares and loose tools	28	**3,645,946**	3,454,702
Stock-in-trade	29	**2,304,295**	1,575,623
Current portion of net investment in finance lease	26	**73,321**	57,814
Customers' installation work-in-progress	30	**244,305**	249,578
Trade debts	31	**109,085,866**	92,133,807
Loans and advances	32	**564,780**	508,152
Advances, deposits, and short term prepayments	33	**975,841**	1,130,748
Interest accrued	34	**16,692,130**	15,153,952
Other receivables	35	**461,821,871**	359,967,952
Taxation - net	36	**16,079,192**	17,609,468
Cash and bank balances	37	**3,078,230**	573,696
Total current assets		**614,565,777**	492,415,492
TOTAL ASSETS		**795,809,947**	634,502,914

The annexed notes 1 to 61 form an integral part of these unconsolidated financial statements.

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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Revenue from contracts with customers - Gas sales	38	**299,628,511**	271,486,670
Tariff adjustments	39	**75,930,537**	24,642,231
		375,559,048	296,128,901
Cost of sales	40	**(367,840,505)**	(301,878,844)
Gross profit / (loss)		**7,718,543**	(5,749,943)
Administrative and selling expenses	41	**(5,084,613)**	(4,446,333)
Other operating expenses	42	**(20,337,874)**	(463,520)
Allowance for expected credit loss		**(2,121,563)**	(2,229,028)
		(27,544,050)	(7,138,881)
		(19,825,507)	(12,888,824)
Other income	43	**17,280,257**	18,643,222
(Loss) / profit before interest and taxation		**(2,545,250)**	5,754,398
Finance cost	44	**(5,190,235)**	(4,619,329)
(Loss) / profit before taxation		**(7,735,485)**	1,135,069
Taxation	45	**(3,708,630)**	820,445
(Loss) / profit for the year		**(11,444,115)**	1,955,514
		(Rupees)	
(Loss) / Earnings per share - basic and diluted	47	**(12.99)**	2.22

The annexed notes 1 to 61 form an integral part of these unconsolidated financial statements.

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

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2022

	2022	2021
	(Rupees in '000)	
(Loss) / profit for the year	**(11,444,115)**	1,955,514
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods:		
Loss on remeasurement of post retirement benefit obligation - net	**(566,368)**	(465,725)
Unrealised (loss) / profit on re-measurement of financial assets at fair value though other conmprehensive income.	**(56,936)**	29,282
	(623,304)	(436,443)
Surplus on revaluation of property, plant and equipment	**29,760,121**	-
Other comprehensive income / (loss) for the year	**29,136,817**	(436,443)
Total comprehensive income for the year	**17,692,702**	**1,519,071**

The annexed notes 1 to 61 form an integral part of these unconsolidated financial statements.

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

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(7,735,485)**	1,135,069
Adjustments for non-cash and other items	48	**12,844,145**	17,806,933
Working capital changes	49	**21,798,640**	(5,431,162)
Financial charges paid		**(4,882,487)**	(5,294,100)
Employee benefits paid		**(176,842)**	(143,758)
Payment for retirement benefits		**(1,157,912)**	(1,337,029)
Long term deposits received - net		**1,634,536**	2,532,035
Deposits - net		**101**	371
Loans and advances to employee - net		**215,516**	900,318
Interest income received		**140,834**	367,963
Income taxes paid		**(2,178,354)**	(1,009,851)
Net cash flows from operating activities		**20,502,692**	9,526,789
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(12,406,610)**	(10,347,910)
Proceeds from sale of property, plant and equipment		**135,452**	51,918
Payment for payable against transfer of pipeline		**(135,733)**	(135,733)
Dividend received		**23,086**	4,828
Net cash used in investing activities		**(12,383,805)**	(10,426,897)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		**21,131,970**	60,881
Repayments of local currency loans		**(26,750,000)**	(7,874,999)
Repayment of customer finance		**(17,807)**	(19,318)
Repayment of lease liability		**(106,167)**	(163,487)
Dividend paid		**(53)**	(4)
Net cash used in financing activities		**(5,742,057)**	(7,996,927)
Net increase / (decrease) in cash and cash equivalents		**2,376,830**	(8,897,035)
Cash and cash equivalents at beginning of the year		**(23,176,898)**	(14,279,863)
Cash and cash equivalents at end of the year	49.1	**(20,800,068)**	(23,176,898)

The annexed notes 1 to 61 form an integral part of these unconsolidated financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2022

	Issued, subscribed and paid-up capital (Note 5)	Capital reserves (Note 6)	Revenue reserves (Note 6)	Surplus on remeasurement of FVTOCI investments	Surplus on revaluation of property, plant and equipment (Note 7)	Accumulated loss	Total
				(Rupees in '000)			
Balance as at June 30, 2020	8,809,163	234,868	4,672,533	143,490	24,347,314	(61,897,994)	(23,690,626)
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	1,955,514	1,955,514
Other comprehensive loss for the year	-	-	-	29,282	-	(465,725)	(436,443)
Total comprehensive income for the year	-	-	-	29,282	-	1,489,789	1,519,071
Balance as at June 30, 2021	8,809,163	234,868	4,672,533	172,772	24,347,314	(60,408,205)	(22,171,555)
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	**(11,444,115)**	**(11,444,115)**
Other comprehensive income for the year	-	-	-	**(56,936)**	**29,760,121**	**(566,368)**	**29,136,817**
Total comprehensive income for the year	-	-	-	**(56,936)**	**29,760,121**	**(12,010,483)**	**17,692,702**
Balance as at June 30, 2022	**8,809,163**	**234,868**	**4,672,533**	**115,836**	**54,107,435**	**(72,418,688)**	**(4,478,853)**

The annexed notes 1 to 61 form an integral part of these unconsolidated financial statements.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended June 30, 2022

1. STATUS AND NATURE OF BUSINESS

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

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

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

Region	Address
Karachi West	SITE office, Karachi, Plot No. F/36 & F/37 SITE Area Karachi.
Karachi East	Plot # 21/1, Sector 22, Korangi Industrial Area, Karachi.
Karachi Central	SSGC Karachi Terminal opposite Safari Park Main University Road, Karachi.
Hyderabad	SSGC Regional Office, Opposite 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 with a minimum annual return before taxation i,e 16.60% (June 2021: 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).

1.3 Status of the Company's Operations - Financial Performance

During the year, the Company has suffered loss after tax of Rs. 11,444 million (2021: Profit after tax of Rs. 1,956 million) resulting in increase in its accumulated losses by Rs. 12,010 million. As at reporting date, current liabilities exceeded its current asset by Rs. 117,980 million (2021: Rs. 98,216 million).

Below enumerated matters are emphasising the financial performance and sustainiblity of the Company:

- 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 Unaccounted For Gas (UFG) based on Regassified Liquefied Natural Gas (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 of Final Revenue Requirement (FRR) for FY 2017-18 and there after till June 30, 2022, carrying financial impact aggregating to Rs 70,217 million as of the reporting date, OGRA did not consider implementing the aforementioned decision and advised to take up the matter with Sui Northern Gas Pipelines Limited (SNGPL) in consultation with Ministry of Energy (Petroleum Division). The Company has reiterated its earlier position of higher UFG due to RLNG, thus to sort out this issue, ECC constituted a Committee comprising Secretaries of Petroleum & Finance division. In line with Committee recommendations and having an independent view as requested by the Company, OGRA hired the services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of indigenous gas as well as imported RLNG.

- The Company has undertaken actions for reduction in UFG / enhancement of UFG benchmark based on Key Monitoring Indicators (KMI) as well as implementation of ECC decision on RLNG volume handling which will help in significant reduction in UFG disallowances.

- The Company has devised a strategy to control UFG, duly approved by the board of directors and the same is under implementation.

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

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

The management believes that, in view of the above mentioned factors, the Company’s profitability and financial position will improve in the next few years.Accordingly, no material uncertainty exist relating to going concern status of the Company.

2. BASIS FOR PREPARATION

2.1 Statement of compliance

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

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

- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except otherwise disclosed in notes to the unconsolidated financial statements

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of these unconsolidated financial statements, in conformity with accounting and reporting standards, as applicable in Pakistan, requires the Company to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including reasonable expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. Revision to accounting estimates are recognised prospectively, commencing from the period of revision.

The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are signifcant to the fnancial statements, as disclosed in note 56 of these unconsolidated financial statements are as follows:

i) Employee benefts - note 4.20, 10 and 46
ii) Provision for taxation - note 4.19 and 45
iii) Useful life and residual values of property, plant and equipment - note 4.6 and 21.1
iv) Right-of-use assets and corresponding lease liability - note 4.8, 14 and 23
v) Impairment of fnancial assets - note 4.4.7, 31, 34 and 35
vi) Impairment of non-fnancial assets - note 4.13, 21, 22 and 23
vii) Tariff adjustment - recognition of disallowances determined by the OGRA - note 4.2, 4.3, 18, 35 and 39.

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

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

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the unconsolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

3.2 New accounting standards, amendments and interpretations that are not yet effective

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

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023

	Effective date (annual periods beginning on or after)
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

3.3 Exemptions from applicability of certain standards and interpretations to standards

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

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

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

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

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

3.3.2 The Securities and Exchange Commission of Pakistan (SECP) vide its Notification S.R.O. 67 (I) / 2023 dated January 20, 2023 in partial modification of its previous S.R.O. 1177 (1) / 2021, dated September 13, 2021 has exempted the Company from application of IFRS 9 with respect to recognition requirements of Expected Credit Losses on financial assets due from GoP or ultimately due from the GoP (including receivables in context of circular debt) till December 31, 2024, provided that the Company shall follow relevant requirements of IAS 39, in respect of such financial assets.

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

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

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

	2022	2021
	(Rupees in '000)	
Effect on unconsolidated statement of profit or loss		
Increase in:		
Tariff Adjustments	**(77,149,020)**	(24,642,231)
Net movement in regulatory deferral account balances	**77,149,020**	24,642,231
Loss for the year before net movement in regulatory deferral account would have been	**(88,014,517)**	(22,501,900)
Effect on (loss) / earning per share - (Rs.)		
basic and diluted	**(99.91)**	(25.54)
basic and diluted including net movement in regulatory deferral account	**(12.99)**	2.22
Effect on unconsolidated statement of financial position		
Decrease in:		
Other receivable	**(295,488,261)**	(207,762,067)
Trade and other payable	**28,923,211**	18,346,037
Regulatory deferral account	**(266,565,050)**	(189,416,030)
Decrease in:		
Deferred tax	**(3,413,234)**	(3,413,234)
Trade and other payable - WPPF	**59,740**	59,740
Increase in:		
Taxation net	**975,425**	396,807

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

4.1 Revenue recognition

The Company recognises revenue in accordance with IFRS 15 'Revenue From Contract With Customers':

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

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

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

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

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

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

- Revenue from gas sales is recognized on the basis of gas supplied to customers at the rates notified by the Oil and Gas Regulatory Authority (OGRA). The revenue for the Company is recognized on point in time basis as the Company has determined that there is a single performance obligation i.e. supply of gas.

- Meter rentals are recognized on a monthly basis, at specified rates by the OGRA for various categories of customers. All the revenue for the Company in this category, is recognized at point in time basis as the Company has determined that there is a single performance obligation i.e. availability of meters to the customers.

- Revenue from sale of meters, Liquified Petroleum Gas (LPG) and gas condensate is recognised on delivery to the customers.

- Deferred credit from Government is amortized and related income is recognised in the unconsolidated statement of profit or loss over the useful lives on commissioning of the related assets.

- The Company has recognised contract liabilities which represents contribution received from the customers towards the cost of supplying and laying transmission, service and main lines as per requirements of IFRS 15, these contributions are being amortized over the useful lives of the related assets as laying of the pipelines is not a distinct performance obligation, instead is considered a part of the Company's only performance obligation to deliver gas to the customers.

- Income from new service connections is amortized in unconsolidated statement of profit or loss over the useful lives of related assets.

- Dividend income on equity investments is recognised when right to receive the payment is established.

- Late payment surcharge on gas sales arrears is calculated from the date the billed amount is overdue and recognized when it is probable that economic benefits will flow to the entity. All the revenue for the Company in this category, is recognized on over the time basis, unless otherwise stated.

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

4.2 Tariff adjustment - indigenous gas

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

4.3 Tariff adjustment - RLNG

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

4.4 Financial Instruments

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

4.4.1 Financial assets

(a) Classification and measurement of financial assets

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

Specifically:

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

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite that, the Company may make the following irrevocable election / designation at initial recognition of a financial asset;

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

- the Company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch.

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

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

4.4.2 Financial liabilities

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

4.4.3 Recognition and measurement

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

4.4.4 Derecognition

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

4.4.5 Derivative financial instruments

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

4.4.6 Off-setting

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

4.4.7 Impairment of financial assets

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

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

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

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

(I) Significant increase in credit risk

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

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

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

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

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

(II) Definition of default

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

(III) Credit-impaired financial assets

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

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

(IV) Measurement and recognition of ECL

SECP through S.R.O. 67 (I)/2023 dated January 20, 2023 issued by the Securities and Exchange Commission of Pakistan (SECP) in partial modification of its S.R.O. 1177 (I)/2021, dated September 13, 2021, which notify that in respect of companies holding financial assets due from Government of Pakistan in respect of circular debt, the requirements contained in IFRS 9 (Financial Instruments) with respect to application of expected credit losses (ECL) method on its financial assets shall not be applicable till 31 December 2024, provided that such Companies shall follow the relevant requirement of IAS 39 – Financial Instruments : Recognition and measurement, in respect of above referred financial assets during the exemption period. Accordingly, financial assets due from the Government of Pakistan, in respect of circular debt. i.e., trade debts and certain other receivable are assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on other financial assets measured at amortized cost.

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

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

4.5 Investment in subsidiary

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

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

4.6 Property, plant and equipment

Initial recognition

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

Measurement

The cost of the property, plant and equipment includes:

(a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates; and

(b) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Company.

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

Subsequent measurement

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

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

Subsequent expenditure (including normal repairs and maintenance)

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

Capital work in progress

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

Depreciation

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

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

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

4.7 Intangible assets

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

Definite Life

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

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

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

4.8 Right-of-use assets and corresponding lease liability

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

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

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

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

4.9 Borrowing costs

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

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

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

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

4.10 Net investment in finance lease

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

4.11 Stores, spares and loose tools

These are valued at lower of cost and net realisable value less impairment loss, if any. Cost is determined under the moving average basis. Goods-in-transit are valued at cost comprising invoice value plus other charges paid there on till the reporting date.

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

4.12 Stock-in-trade

Gas in pipelines

Stock of gas in transmission pipelines is valued at the lower of cost, determined on weighted average basis, and net realisable value. Net realisable value signifies the estimated selling price in the ordinary course of buisness less cost necessary to be incurred inorder to make the sale.

Meter manufacturing division

Components (materials) are valued at lower of moving average cost and net realisable value less impairment loss, if any. Work-in-process includes the cost of components only (determined on a moving average basis). Finished goods are stated at the lower of cost, determined on an average basis, and net realisable value and includes appropriate portion of labour and production overheads. Components in transit are stated at cost incurred up to the reporting date less impairment losses, if any. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.13 Impairment of non-financial assets

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

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

4.14 Trade debts and other receivables

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

4.15 Trade and other payables

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

4.16 Mark-up bearing borrowings

Long term financing

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

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

4.17 Provisions

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

4.18 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability and where the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably measured, a provision is recognized in the financial statement

4.19 Taxation

Current

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

Deferred

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

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

4.20 Staff retirement benefits

The Company operates the following retirement schemes for its employees:

- Approved funded pension and gratuity schemes for all employees

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

Actuarial gains and losses arising from the actuarial valuation are recognised immediately and presented in unconsolidated statement of comprehensive income.

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

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

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

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

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

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

4.21 Compensated absences

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

4.22 Foreign currency translation

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

4.23 Segment reporting

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

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

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

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

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

4.24 Cash and cash equivalents

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

4.25 Earnings per share

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

4.26 Dividend and reserves appropriation

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

4.27 Share Capital

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

5. SHARE CAPITAL

5.1 Authorized Share Capital

2022	2021		2022	2021
(Numbers of shares)			(Rupees in '000)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000	10,000,000

5.2 Issued Subscribed and Paid up capital

2022	2021		2022	2021
(Numbers of shares)			(Rupees in '000)	
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	**2,195,666**	2,195,666
661,349,755	661,349,755	Issued as fully paid bonus shares	**6,613,497**	6,613,497
880,916,309	880,916,309		**8,809,163**	8,809,163

5.2.1 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders. All shares rank equally with regard to the Company's residual assets. Currently Government of Pakistan (GoP) holds 53.18% (2021: 53.18%) paid up capital of the Company.

5.2.2 Ordinary shares of the Company held by associated undertaking by virtue of common directorship are as following:

	2022	2021
	(Number of Shares)	
B.R.R Guardian Mudaraba	**223,500**	223,500
National Insurance Company limited	**745,500**	745,500
	969,000	969,000

6. RESERVES

	Note	2022	2021
		(Rupees in '000)	
Capital reserves			
Share capital restructuring reserve	6.1	**146,868**	146,868
Fixed assets replacement reserve	6.2	**88,000**	88,000
		234,868	234,868
Revenue reserves			
Dividend equalisation reserve		**36,000**	36,000
Special reserve I	6.3	**333,141**	333,141
Special reserve II	6.4	**1,800,000**	1,800,000
General reserve	6.5	**2,015,653**	2,015,653
Reserve for interest on sales tax refund	6.6	**487,739**	487,739
		4,672,533	4,672,533
		4,907,401	4,907,401

6.1 Share capital restructuring reserve

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

6.2 Fixed assets replacement reserve

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

6.3 Special reserve I

This represents accumulated balance arising on a price increase of Rs. 4.10 per MCF granted to the Company by the GOP in January 1987 retrospectively from July 1, 1985 to enable the Company to meet the requirements of Asian Development Bank regarding debt / equity ratio and other financial covenants specified in loan agreements with them.

6.4 Special reserve II

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

6.5 General reserve

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

6.6 Reserve for interest on sales tax refund

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

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book values resulting from the revaluation of the Company's freehold and leasehold land carried out by an independent valuer M.J.Surveyors (Private) Limited to determine the fair value as of June 30, 2022. The fair value of the freehold and leasehold land of the Company were determined with reference to comparable market values of similar types of properties to estimate the relative value of the specific properties, which approximates to their open market values.

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

	2022	2021
	(Rupees in '000)	
Freehold land	**472,860**	472,860
Leasehold land	**216,963**	216,963
	689,823	689,823

7.1 Details of the Company's freehold and leasehold land and information about fair value hierarchy, as at June 30, 2022 are as follows.

	2022			
	Level 1	Level 2	Level 3	Total
	---Rupees in '000---			
Freehold land		**39,143,790**		**39,143,790**
Leasehold land		**15,653,468**		**15,653,468**

	2021			
	Level 1	Level 2	Level 3	Total
	---Rupees in '000---			
Freehold land		12,339,027		12,339,027
Leasehold land		12,698,111		12,698,111

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

7.2 Forced sale values of freehold land and leasehold land is Rs. 33,272 million and Rs. 13,305 million respectively.

	Note	2022	2021
		(Rupees in '000)	

8. LONG TERM FINANCING

	Note	2022	2021
Secured			
Loans from banking companies	8.1	**16,286,678**	20,507,272
Unsecured			
Customer finance	8.2	**122,145**	132,291
Government of Sindh loans	8.3	**606,882**	595,986
		729,027	728,277
		17,015,705	21,235,549

8.1 Loans from banking companies

	Instalment payable	Repayment period	Mark-up rate p.a. (above 3 months and 6 months KIBOR)	Note	2022 (Rupees in '000)	2021
Faysal Bank Limited - Led Consortium	semi- annually	2022-2026	0.10%	8.1.1 & 8.1.5	**20,962,335**	-
Habib Bank Limited - Led Consortium	semi- annually	2018-2022	1.10%	8.1.2	-	23,150,000
United Bank Limited - Led Consortium	semi- annually	2018-2022	0.50%	8.1.3 & 8.1.5	**1,500,000**	4,500,000
Habib Bank Limited	quarterly	2018-2022	0.50%	8.1.4 & 8.1.5	**300,000**	900,000
Unamortised transaction cost					**(8,990)**	(167,728)
					22,753,345	28,382,272
Less: Current portion shown under current liabilities				16	**(6,466,667)**	(7,875,000)
					16,286,678	20,507,272

8.1.1 A long term finance facility amounting to Rs. 21,000 million was sanctioned in March 2022 from a syndicate of banks.

8.1.2 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at June 30, 2022, the Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the year, repayment of Rs. 23,150 million has been made. The financial arrangements have been secured by GoP guarantee and first pari passu charge by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipment.

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

8.1.4 A long term finance facility amounting to Rs. 3,000 million was sanctioned in August 2015 . During the year, repayment of Rs. 600 million has been made.

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

8.2 Customer finance

	Note	2022	2021
		(Rupees in '000)	
Customer finance	8.2.1	**133,480**	151,286
Less: Current portion shown under current liabilities	16	**(11,335)**	(18,995)
		122,145	132,291

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

8.3 Government of Sindh loans

	Instalment payable	Principal repayment period	Mark up rate p.a.	Note	2022	2021
					(Rupees in '000)	
Government of Sindh loan - III	yearly	2012 - 2021	4%	8.3.1	**80,000**	80,000
Government of Sindh loan - IV	yearly	2014 - 2023	4%	8.3.1	**500,000**	500,000
Government of Sindh loan - V	yearly	2015 - 2024	4%	8.3.1	**360,000**	360,000
Less impact of discounting of Government of Sindh loan				8.3.2	**(146,451)**	(157,347)
					793,549	782,653
Less: Current portion shown under current liabilities				16	**(186,667)**	(186,667)
					606,882	595,986

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

8.3.2 This represents the benefit of lower interest rate on Government of Sindh Loan III, IV and V and is calculated as difference between the proceeds received in respect of Government of Sindh Loan III, IV and V and its initial fair value. The amount of Government of Sindh loan after conversion amounts to Rs 940 million and subsequently it is measured at its initial fair value of Rs. 170 million based on net of waiver as disclosed in note 8.3.3. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in unconsolidated statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

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

9. LONG TERM DEPOSITS

	Note	2022	2021
		(Rupees in '000)	
Security deposits from:			
Gas customers	9.1	**24,403,923**	22,777,015
Gas contractors	9.2	**102,350**	94,722
		24,506,273	22,871,737

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

Mark-up is payable on deposits of industrial and commercial Customers at the rate of 5% per annum, while no mark-up is paid on deposits from domestic Customers. Deposits from domestic customers are not carried at amortized cost as the outflow of contractual cashflows is not probable due to uncertainity relating to the timing of cash outflows.

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

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

10. EMPLOYEE BENEFITS

	Note	2022	2021
		(Rupees in '000)	
Provision for post retirement medical and free gas supply facilities - executives		**6,818,810**	4,627,147
Provision for compensated absences - executives	10.1	**905,256**	975,958
		7,724,066	5,603,105

10.1 Provision for compensated absences - executives

	2022	2021
Balance as at July 1	**975,958**	828,345
Provision made during the year	**(70,702)**	147,613
Balance as at June 30	**905,256**	975,958

	Note	2022	2021
		(Rupees in '000)	

11. PAYABLE AGAINST TRANSFER OF PIPELINE

	Note	2022	2021
Principal payable	11.1	**755,645**	820,255
Less: Current portion of payable		**(70,664)**	(64,610)
		684,981	755,645

11.1 The Company entered into an agreement with Engro Elengy Terminal Limited (EETL) previously Engro Elengy Terminal (Private) Limited (EETL) under which the pipeline has been transferred to the Company from EETL and corresponding liability has been recognised using discounted cash flows using three months kibor rate at the time of inception.

12. DEFERRED CREDIT

	Note	2022	2021
		(Rupees in '000)	
Government of Pakistan contributions / grants			
Balance as at July 1		**2,968,896**	2,911,647
Additions / adjustment during the year		**95,527**	369,294
Transferred to unconsolidated statement of profit or loss	12.1	**(302,313)**	(312,045)
Balance as at June 30		**2,762,110**	2,968,896
Government of Sindh (Conversation of loan into grant)			
Balance as at July 01		**1,952,841**	1,995,985
Additions / adjustment during the year		**62,280**	78,250
Transferred to unconsolidated statement of profit or loss	8.3.2	**(125,190)**	(121,394)
Balance as at June 30		**1,889,931**	1,952,841
Government of Sindh grants			
Balance as at July 01		**113,200**	129,125
Transferred to unconsolidated statement of profit or loss	8.3.2	**(17,076)**	(15,925)
Balance as at June 30		**96,124**	113,200
Less: Current portion of deferred credit		**(443,575)**	(442,114)
		4,304,590	4,592,823

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

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

13. CONTRACT LIABILITIES

	Note	2022	2021
		(Rupees in '000)	
Contribution from customers	13.1 & 13.2	**2,975,653**	2,508,518
Advance received from customers for laying of mains, etc.	13.2	**6,541,603**	5,277,556
		9,517,256	7,786,074

13.1 Contribution from Customers

	2022	2021
Balance as at July 01	**2,740,870**	2,015,462
Addition during the year	**748,154**	935,231
Transferred to unconsolidated statement of profit or loss	**(250,490)**	(209,823)
	3,238,534	2,740,870
Less: Current portion of contributions from customers	**(262,881)**	(232,352)
Balance as at June 30	**2,975,653**	2,508,518

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

14. LEASE LIABILITIES

	2022	2021
	(Rupees in '000)	
Balance as on July 01	**127,278**	222,644
Additions during the year	**41,426**	50,056
Finance cost	**11,967**	18,065
	180,671	290,765
Payments made during the year	**(106,167)**	(163,487)
	74,504	127,278
Less: Current maturity	**(55,475)**	(84,384)
Balance as at June 30	**19,029**	42,894

The expected maturity analysis of lease payment is as follows:

	2022	2021
within one year	**55,475**	84,384
between 2 to 5 years	**19,029**	42,894
	74,504	127,278

15. LONG TERM ADVANCES

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

	Note	2022	2021
		(Rupees in '000)	
Long term advances			
Opening balance		**3,155,496**	2,968,518
Additions during the year		**973,420**	634,522
Transferred to deferred credit		**(157,806)**	(447,544)
Closing balance		**3,971,110**	3,155,496

16. CURRENT PORTION OF LONG TERM FINANCING

	Note	2022	2021
Loan from banking companies	8.1	**6,466,667**	7,875,000
Customer finance	8.2	**11,335**	18,995
Government of Sindh loans	8.3	**186,667**	186,667
		6,664,669	8,080,662

17. SHORT-TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 25,000 million (2021: Rs. 25,000 million) and carry mark-up ranging from 0.00% to 0.20% (2021: 0.20%) above the average one month KIBOR. These facilities are secured by first pari passu second amendment to the joint hypothecation agreement and ranking charge over present and future stock in trade and book debts of the Company.

17.1 As at June 30, 2022, the aggregate unavailed short term borrowing facilities amounting to Rs. 1,122 million (2021: Rs. 1,249 million).

18. TRADE AND OTHER PAYABLES

	Note	2022	2021
		(Rupees in '000)	
Creditors for:			
Indigenous gas	18.1	**511,835,476**	387,937,266
RLNG	18.2	**120,734,221**	112,319,360
		632,569,697	500,256,626
Tariff adjustment- RLNG payable to GoP	18.3	**28,923,211**	18,346,037
Service charges payable to EETL		**2,604,792**	1,776,953
Accrued liabilities / bills payable		**7,035,370**	5,492,219
Provision for compensated absences - non executives	18.4	**177,936**	239,113
Payable to gratuity fund		**2,545,198**	3,509,988
Payable to provident fund		**93,339**	62,335
Deposits and retention money		**757,997**	659,851
Advance for sharing right of way	18.5	**18,088**	18,088
Withholding tax payable		**22,687**	82,313
Sales tax and federal excise duty		**444,625**	354,379
Sindh sales tax payable		**76,188**	185,332
Gas infrastructure development cess payable	18.6	**6,876,666**	8,856,769
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Workers' profit participation fund	18.7	**315,979**	234,255
Others	18.8	**463,798**	471,986
		682,927,371	540,548,044

18.1 Creditors for gas supplies includes Rs. 424,267 million (2021: Rs. 327,858 million) payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (2021: Rs. 15,832 million) on their balances which have been presented in note 19.1 of these unconsolidated financial statements.

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

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

During the year, Company has recorded purchases of 37 BCF (2021: 53 BCF) from SNGPL amounting to Rs. 118,289 million (2021: Rs.77,561 million) based on OGRA's decision dated November 20, 2018.

Based on initialed agreement between the Company and SNGPL dated January 25, 2021 in which it was decided that from June 2020 onwards all the invoices will be settled on monthly basis, however, outstanding balances before June 2020 will be settled after finalization of OGRA consultant report.

	Note	2022	2021
		(Rupees in '000)	
18.3 Tariff adjustment - RLNG payable to			
Balance as at July 01		**18,346,037**	14,430,636
Recognized during the year	39.2	**10,577,174**	3,915,401
Balance as at June 30		**28,923,211**	18,346,037

18.4 Provision for compensated absences - non-executives

		2022	2021
Balance as at July 01		**239,113**	303,441
Reversal during the year		**(61,177)**	(64,328)
Balance as at June 30		**177,936**	239,113

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

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

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

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

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

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

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

On August 13, 2020, Supreme Court of Pakistan has upheld the promulgation of the GIDC Act and instructed that all arrears of GID ‘Cess’ that have become due up to July 31, 2020 shall be recovered by the Companies responsible under the GIDC Act, 2015 to recover from their end Customers.

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

	Note	2022	2021
		(Rupees in '000)	

18.7 Workers' profit participation fund

	Note	2022	2021
Balance as at July 01		**234,255**	174,515
Charge during the year	42	**-**	59,740
Interest on WPPF		**81,724**	-
Balance as at June 30		**315,979**	234,255

18.8 This includes Rs. 265 million (2021: Rs. 230 million) on account of amount payable to disconnected customers for gas supply deposits.

19. INTEREST ACCRUED

	Note	2022	2021
Long term financing - loans from banking companies		**823,749**	416,543
Long term deposits from customers		**681,113**	518,980
Short term borrowings		**520,928**	270,917
Late payment surcharge on processing charges		**99,283**	99,283
Late payment surcharge on tariff adjustment - indigenous gas		**-**	4,826
Late payment surcharge on gas supplies	19.1	**15,832,411**	15,832,411
		17,957,484	17,142,960

19.1 As disclosed in note 31.1 and 31.2, effective from July 1, 2012, the Company has been accounting for LPS from KE and PSML on receipt basis based on the opinions from the firms of Chartered Accountants. However, the Company continued recognition of the LPS expenses payable on outstanding payables of the Government Controlled E&P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of accounting and reporting standards as applicable in Pakistan, as such standards do not allow the Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Company has never paid such LPS to Government Controlled E&P Companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt. Management's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

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

Based on the aforesaid letter and legal opinion obtained by the Company, the aggregate unrecognized accrued markup up to June 30, 2022 stands at Rs. 131,988 million (June 2021: Rs.104,067 million)

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 Jamshoro Power Company Limited (JPCL) lodged an aggregate claim amounting to Rs. 144,120 million (June 2021: Rs.144,120 million) which includes Rs. 44,990 million on account of the short supply of gas and due to utilization of alternate fuel amounting to Rs. 99,130 million under the provisions of an agreement dated April 10, 1995, between the Company and JPCL and Rs. 5.79 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 Petroleum and Natural Resources (the ministry) vide its letter dated April 24, 2017 directed that the outstanding issues pertaining to the claims by JPCL shall be resolved and the Ministry has proposed that a committee be constituted comprising of members from two companies and the other concerned Ministries to resolve the matter as it involves parties who represent/relate to the Government of Pakistan. Furthermore, this matter was also pending in the Public Accounts Committee (PAC).

Pursuant to the directives of PAC, urgent meeting of the Secretaries Committee was held on 8 May 2023 and the Committee directed JPCL and the Company to submit data regarding actual loss suffered by the Companies.

Reports were submitted by both parties, wherein, JPCL reduced its claim from 144,000 million to 5,838 million and the Company revised its Take or Pay claim from 2,800 million (up to April 2023) to 2,100 million (considering the difference between industrial and Domestic Tariff) whereas the amount pertaining to gas bills and LPS remains the same i.e., to Rs. 2,778 million (up to April 2023) and Rs. 3,615 million (up to June 2022) respectively. As a result, the claims summary stands as follows:

JPCL claims = Rs 5,838 million
Company claims = Rs 4,892 million

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 the matter is decided against the Company, the entire amount will be claimed from OGRA in the determination of revenue requirements of the Company.

20.1.2 As disclosed in note 19.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021 and June 30, 2022 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million, Rs. 26,335 million, Rs 25,939 million and Rs. 27,921 million in these unconsolidated financial statements. The Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

20.1.3 As disclosed in note 35.4, 35.5 & 35.6, the Company had negative margins while doing business with Jamshoro Joint Venture Limited (JJVL) in financial year 2015-16 due to decline in oil prices and consequent decline in margins in LPG / NGL business. Consequently, the Company sent termination notices to JJVL dated May 4, 2016, against which JJVL obtained a stay order from the Sindh High Court.

The net receivable balance from JJVL amounts to Rs. 2,502 million other than interest accrued.

Due to ongoing freight case hearings by the Supreme Court of Pakistan (SCP), and keeping in view that there are certain matters under instant Arbitration which are also sub-judice at the Supreme Court of Pakistan (SCP) consequent upon the Termination of Memorandum of Understanding (MoUs) between the Company and JJVL the arbitration proceedings between the parties under the Pakistan Arbitration Act, 1940 as amended from time to time has been adjourned. All the disputed matters taken to arbitration would be finalized once SCP passes its order on freight charges and other matters. However, the Arbitration proceedings between the parties have now been resumed and in the first meeting dated 17 August 2023, it was decided that both the parties will file amended pleadings / claims & counter claims. the Company therefore filed its revised claims considering the revision in cut off dates which were earlier filed upto June 2016 have now been revised till June 2018 on account of principal amounts and August 2023 in respect of Markups.

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

Subsequently, SCP through its order dated November 16, 2018, based on the report by a firm of Chartered Accountants, determined that Rs. 1,500 million is the undisputed amount that shall be paid within 8 weeks by JJVL, which has been accordingly received by the Company along-with the interest accrued thereon. However, with respect to the GIDC, tax challans and other matters, SCP will settle the same and an appropriate order be passed in this regard. Management informed us that once the matter is finalized by the Court any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

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

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

Subsequently, the firm of Chartered Accountants after consultation with both parties came up with a mechanism of revenue sharing of 57% to the Company and 43% to JJVL on ad-hoc basis and an agreement was signed between the Company and JJVL and submitted to SCP for its approval and the same was validated by SCP in its order dated December 29, 2018. SCP also directed the Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement. The agreement is valid for 1.5 years from the date of agreement and unless renewed by the parties through mutual written consent it shall stand terminated automatically. Accordingly, in June 2020 the said agreement stands expired and since then no gas has been supplied to JJVL plant.

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

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

20.1.4 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 ended June 30, 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 provisions of Income Tax Ordinance, 2001.

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

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

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

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

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

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

Since the said issue has already been decided in favor of SNGPL by Lahore Bench of Appellate Tribunal Inland Revenue and thus a Legal Precedent is in field which has also been upheld by Commissioner (Appeals) in Company's case.

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

20.1.7 The Tax Authorities' passed Order for FY 2009-10 against the Company disallowing input Sales Tax credit on gas purchased but lost as Unaccounted for Gas (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 precedent of the matter so specified.

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

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

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

The Company and its legal advisor are of the opinion that the Company has a strong case on legal merits as well as on technical grounds since legal precedent 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 advisor is confident that the outcome of the cases will be in favor of the Company.

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

The High Court 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 advisor are confident that the outcome of the case will be in favor of the Company.

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

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

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

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

20.1.10 As disclosed in Note 31 to these unconsolidated financial statements – Trade debts, Interest income from K-Electric (KE) and Pakistan Steel (PSML) is not being recognized in the Financial Statements, in accordance with requirements of International Accounting Standards (IAS) as well as legal and accounting opinions obtained by the Company. However, Tax Authorities have passed Orders for FY 2014-15 to 2019-20, on said unrecognized Interest Income from K-Electric (KE) and Pakistan Steel (PSML). Appeal against the said Orders have been filed before Commissioner (Appeals), who decided the case against the Company upon which Company has filed appeal before Appellate Tribunal Inland Revenue.

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

20.1.11 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 Company while issue of supply of natural gas to customers was remanded back to Tax Officer.

Against Commissioner (Appeals) Order on RLNG, the 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 advisor are confident that the outcome of the case will be in favor of the Company.

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

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

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

20.1.13 Tax Authorities have passed Sales Tax Order for FY 2017-18 on issues of non-charging of Sales Tax on RLNG – Indigenous Gas Swap, Tariff Adjustments, RLNG Transportation Income among other observations.

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

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

20.1.14 The Company is subject to various other claims aggregate Rs. 15,815 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

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

	2022	2021
	(Rupees in '000)	
20.1.16 Claims against the Company not acknowledged as debt	**1,252,681**	1,252,603

The management is confident that ultimately these claims would not be payable.

		Note	2022	2021
			(Rupees in '000)	
20.2	**Commitments**			
20.2.1	Guarantees issued on behalf of the Company		**6,960,185**	7,386,119
20.2.2	Commitments for capital and other expenditure		**3,752,118**	5,921,855

21. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
Operating assets	21.1	**160,332,379**	124,449,028
Capital work in progress	21.7	**14,931,358**	11,538,498
		175,263,737	135,987,526

21.1 Operating assets

Description	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Roads, pavements and related infrastructures	Gas transmission pipeline	Gas distribution system	Compressors
	(Rupees in '000)							
Net carrying value basis								
year ended June 30, 2022								
Opening net book value (NBV)	12,339,027	12,698,111	-	956,753	350,209	41,828,280	46,052,352	7,035,242
Revaluation	26,804,763	2,955,358	-	-	-	-	-	-
Additions (at cost)	-	-	-	30,415	-	458,817	6,735,699	1,574,765
Disposals (NBV)	-	-	-	-	-	-	(93,899)	-
Transfers (NBV)	-	(1)	-	4	-	4,078	(4,212)	-
Change in estimate of useful life (Refer note 21.3)	-	-	-	-	-	-	6,048,548	-
Depreciation charge	-	-	-	(131,711)	(1,129)	(1,266,990)	(5,888,441)	(1,195,044)
Closing net book value	**39,143,790**	**15,653,468**	**-**	**855,461**	**349,080**	**41,024,185**	**52,850,047**	**7,414,963**
Gross carrying value basis								
year ended June 30, 2022								
Cost	39,143,790	15,653,468	324,492	2,843,192	797,026	62,190,540	104,421,867	13,826,440
Accumulated depreciation	-	-	(324,492)	(1,987,731)	(447,946)	(21,166,355)	(51,571,820)	(6,411,477)
Net book value	**39,143,790**	**15,653,468**	**-**	**855,461**	**349,080**	**41,024,185**	**52,850,047**	**7,414,963**
Net carrying value basis								
year ended June 30, 2021								
Opening net book value (NBV)	12,339,027	12,698,111	4,630	1,013,634	380,158	41,629,748	44,145,028	6,381,593
Additions (at cost)	-	-	-	40,920	-	1,456,222	7,858,207	1,440,801
Disposals (NBV)							(161,070)	-
Transfers (NBV)	-	-	-	(3)	-	(565)	3,656	(3,223)
Depreciation charge	-	-	(4,630)	(97,798)	(29,949)	(1,257,125)	(5,793,469)	(783,929)
Closing net book value	**12,339,027**	**12,698,111**	**-**	**956,753**	**350,209**	**41,828,280**	**46,052,352**	**7,035,242**
Gross carrying value basis								
year ended June 30, 2021								
Cost	12,339,027	12,698,111	324,492	2,812,773	797,026	61,733,682	98,440,278	12,251,675
Accumulated depreciation	-	-	(324,492)	(1,856,020)	(446,817)	(19,905,402)	(52,387,926)	(5,216,433)
Net book value	**12,339,027**	**12,698,111**	**-**	**956,753**	**350,209**	**41,828,280**	**46,052,352**	**7,035,242**
Depreciation rate	**0%**	**0%**	**5%**	**5%**	**5%**	**2.5%**	**5%**	**6% to 12.5%**

Telecommunication	Plant and machinery	Tools and equipment	Motor vehicles	Furniture and fixture	Office equipment	Computer and ancillary equipments	Supervisory control and data acquisition system	Construction equipment	Total
(Rupees in '000)									
172,574	1,258,431	13,730	918,631	25,724	77,956	200,723	188,135	333,150	124,449,028
-	-	-	-	-	-	-	-	-	29,760,121
1,449	194,582	47,889	158,710	19,202	52,658	156,357	-	-	9,430,543
(155)	(1,192)	-	(40,757)	1	1	-	-	(531)	(136,532)
(1)	14,118	972	74	55	(1,041)	79	-	(14,125)	-
-	-	-	-	-	-	-	-	-	6,048,548
(47,645)	(291,681)	(19,872)	(146,603)	(10,311)	(39,326)	(49,033)	(80,166)	(51,377)	(9,219,329)
126,222	**1,174,258**	**42,719**	**890,055**	**34,671**	**90,248**	**308,126**	**107,969**	**267,117**	**160,332,379**
1,078,605	4,450,375	540,806	3,265,723	542,042	653,399	1,492,970	1,228,136	3,156,490	255,609,361
(952,383)	(3,276,117)	(498,087)	(2,375,668)	(507,371)	(563,151)	(1,184,844)	(1,120,167)	(2,889,373)	(95,276,981)
126,222	**1,174,258**	**42,719**	**890,055**	**34,671**	**90,248**	**308,126**	**107,969**	**267,117**	**160,332,379**
				-					
171,983	1,384,370	19,699	1,130,473	32,872	88,422	133,157	268,302	662,625	122,483,832
62,166	131,491	7,127	53,853	2,925	35,842	99,274	-	-	11,188,828
(19)	(271)	-	(23,857)	-	-	-	-	-	(185,217)
18	(1,116)	868	64	(917)	1,059	225	-	(66)	-
(61,574)	(256,043)	(13,964)	(241,902)	(9,156)	(47,367)	(31,933)	(80,167)	(329,409)	(9,038,415)
172,574	**1,258,431**	**13,730**	**918,631**	**25,724**	**77,956**	**200,723**	**188,135**	**333,150**	**124,449,028**
1,082,851	4,121,759	495,558	3,271,896	544,787	643,128	1,368,259	1,228,136	3,171,146	217,324,584
(910,277)	(2,863,328)	(481,828)	(2,353,265)	(519,063)	(565,172)	(1,167,536)	(1,040,001)	(2,837,996)	(92,875,556)
172,574	**1,258,431**	**13,730**	**918,631**	**25,724**	**77,956**	**200,723**	**188,135**	**333,150**	**124,449,028**
15% to 50%	**10%**	**33%**	**20%**	**20%**	**20%**	**15% to 33.33%**	**15%**	**20%**	

	2022	2021
	(Rupees in '000)	

21.2 Details of depreciation for the year are as follows:

	2022	2021
Transmission and distribution costs	**2,816,262**	8,573,803
Administrative expenses	**205,096**	129,021
Selling expenses	**6,123**	16,042
	3,027,481	8,718,866
Meter manufacturing division	**23,705**	23,882
LPG air mix	**83,342**	93,282
Capitalised on projects	**36,253**	202,385
	3,170,781	9,038,415

21.3 Estimated useful life of fixed assets with respect to Gas Distribution System (Meters), Computers and Ancillary equipments have been increased from 10 years to 20 years and from 3 years to 3-6.67 years respectively as per the directives of OGRA for FY 2021-22 onwards. Accordingly, this change has been made, prospectively, in compliance with the requirment of IAS 8 "Accounting Policies, change in Accounting Estimates and Errors". Had the useful life of above mentioned fixed assets remained the same, the depreciation charge for the year would have increased from Rs.3,171 million to Rs. 9,220 million.

21.4 Disposal of property, plant and equipment

Details of disposal of operating assets are as follows:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
			(Rupees in '000)				
Items having book value exceeding Rs. five hundred thousand							
Motor Vehicle							
Honda Civic 1.8, VTI	2,640	1,848	792	2,205	1,413	Auction	Mr. Khadim Hussain
Hino Truck	3,474	2,779	695	3,610	2,915	Auction	Mr. Mubarak Hussain
Jeep Rexton 4x4 Xdi 270	2,505	2,004	501	770	269	Auction	Mr. Muhammad Atiq
Jeep Rexton 4x4 Xdi 270	2,505	2,004	501	1,450	949	Auction	Mr. Waseem Ahmed Siddique
Pick-up Double Cabin 4 x 4	2,726	2,181	545	1,200	655	Auction	Mr. Ali Ashjr
Pick-up Double Cabin 4 x 4	2,676	2,141	535	650	115	Auction	Mr. Saqib Nisar
Pick-up Double Cabin 4 x 4	2,671	2,137	534	1,015	481	Auction	Mr. Arshad
Pick-up Double Cabin 4 x 4	2,683	2,146	537	1,130	593	Auction	Mr. Ahmed Mustafa
Toyota Corolla 1800 CC	1,905	1,334	571	1,655	1,084	Auction	Mr. Rashid Ayub Khan
Toyota Corolla 1800 CC	1,875	1,312	563	1,540	977	Auction	Mr. Abdul Subhan
Pick-up Double Cabin 4 x 4	3,150	2,520	630	3,115	2,485	Auction	Mr. Zulfiqar
Toyota Corolla 1300 CC	1,756	1,229	527	1,710	1,183	Auction	Mr. Abdul Hameed
Toyota Corolla 1300 CC	1,850	1,295	555	139	(416)	Service Rule	Mr. Shoaib Ahmed
Toyota Corolla 1800 CC	2,758	1,964	794	207	(587)	Service Rule	Mr.. Muhammad Imran Farooki
Toyota Corolla 1300 CC	1,930	1,371	559	145	(414)	Service Rule	Mr. Syed Shehryar Kazmi
Suzuki Cultus 1000 CC, AGS	1,545	851	694	116	(578)	Service Rule	Mr Tariq Aslam
Suzuki Cultus 1000 CC, AGS	1,545	869	676	116	(560)	Service Rule	Mr. Muhammad Asghar Sehto
Toyota Corolla 1300 CC	2,374	980	1,394	841	(553)	Service Rule	Mr. Asif Fateh Shaikh
Honda Civic 1.8, VTI	3,116	1,454	1,662	518	(1,144)	Service Rule	Mr. Saeed Ahmed Larik
Honda Civic 1.8, VTI	3,953	1,151	2,802	2,112	(690)	Service Rule	Mr. Irfan Zafar
	49,637	33,570	16,067	24,244	8,177		
Items having book value upto Rs. five hundred thousand	983,554	863,089	120,465	111,208	(9,257)		
	1,033,191	896,659	136,532	135,452	(1,080)		

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

21.6 As at June 30, 2022, property, plant and equipment having gross carrying amount of Rs. 858,504 million (2021: Rs. 698,655 million) are fully depreciated.

21.7 Capital work in progress

	Note	2022	2021
		(Rupees in '000)	
Projects:			
Gas distribution system		**6,910,090**	5,260,335
Gas transmission system		**478,624**	482,546
Cost of buildings under construction and others		**218,825**	104,387
		7,607,539	5,847,268
Stores and spares held for capital projects	21.7.1	**7,358,306**	5,733,552
LPG air mix plant		**418,065**	410,230
		7,776,371	6,143,782
Impairment of capital work in progress		**(452,552)**	(452,552)
		14,931,358	11,538,498

21.7.1 Stores and spares held for capital projects

	2022	2021
	(Rupees in '000)	
Gas distribution and transmission	**7,710,181**	6,035,220
Provision for impaired stores and spares	**(351,875)**	(301,668)
	7,358,306	5,733,552

21.7.2 Borrowing costs capitalised during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 600 million (2021: Rs. 484 million). Borrowing costs related to general borrowings were capitalised at the rate of 11.29% (2021: 8.66%).

	2022	2021
	(Rupees in '000)	

22. INTANGIBLE ASSETS

Computer software	**226,209**	110,920

22.1 Net carrying value basis

Opening net book value	**110,920**	2,079
Additions (at cost)	**175,957**	130,600
Amortization charge	**(60,668)**	(21,759)
Closing net book value	**226,209**	110,920

Gross carrying value basis

Cost	**907,293**	731,336
Accumulated amortization	**(681,084)**	(620,416)
Net book value	**226,209**	110,920
Amortization rate % per annum	**33.33%**	33.33%

23. RIGHT-OF-USE ASSETS

Cost	**243,052**	346,255
Accumulated depreciation	**(158,001)**	(197,621)
Net book value	**85,051**	148,634
Cost		
Balance as at July 01	**346,255**	347,263
Additions during the year	**43,358**	50,056
Derecognition during the year	**(146,561)**	(51,064)
Balance as at June 30	**243,052**	346,255
Accumulated depreciation		
Balance as at July 01	**197,621**	125,911
Depreciation charge for the year	**105,246**	122,774
Derecognition during the year	**(144,866)**	(51,064)
Balance as at June 30	**158,001**	197,621

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

24. DEFERRED TAX

		2022					
		Opening	Charge/(reversal) to profit or loss		Reversal to OCI		Closing
		(Rupees in '000)					
Taxable temporary differences							
Accelerated tax depreciation		**11,891,881**	**2,415,498**		**-**		**14,307,379**
Net investment in finance lease		**38,029**	**(16,766)**		**-**		**21,263**
		11,929,910	**2,398,732**	**-**	**-**	**-**	**14,328,642**
Deductible temporary differences							**-**
Provision against employee benefits		**(1,601,975)**	**(349,087)**		**(231,333)**		**(2,182,395)**
Allowance for expected credit loss		**(6,975,366)**	**(615,094)**		**-**		**(7,590,460)**
Provision against impaired store and spares		**(128,300)**	**(11,278)**		**-**		**(139,578)**
Liability not paid within three years		**(20,014,692)**	**(8,753,134)**		**-**		**(28,767,826)**
Carry forward of tax losses		**(4,766,924)**	**(262,717)**		**-**		**(5,029,641)**
Minimum income tax		**(5,161,109)**	**(2,711,099)**		**-**		**(7,872,208)**
Others		**(1,088,269)**	**265,936**		**-**		**(822,333)**
		(39,736,635)	**(12,436,473)**	**-**	**(231,333)**	**-**	**(52,404,441)**
Sub total		**(27,806,725)**	**(10,037,741)**		**(231,333)**		**(38,075,799)**
Deferred tax asset not recognized	24.1	**25,214,643**	**10,037,741**		**-**		**35,252,384**
Total		**(2,592,082)**	**-**		**(231,333)**		**(2,823,415)**

		2021					
		Opening	Charge/(reversal) to profit or loss		Charge to OCI		Closing
		(Rupees in '000)					
Taxable temporary differences							
Accelerated tax depreciation		14,608,538	(2,716,657)		-		11,891,881
Net investment in finance lease		54,795	(16,766)		-		38,029
		14,663,333	(2,733,423)	-	-	-	11,929,910
Deductible temporary differences							
Provision against employee benefits		(1,515,457)	(574,680)		488,162		(1,601,975)
Allowance for expected credit loss		(6,328,788)	(646,578)		-		(6,975,366)
Provision against impaired store and spares		(115,611)	(12,689)		-		(128,300)
Liability not paid within three years		(13,695,953)	(6,318,739)		-		(20,014,692)
Carry forward of tax losses		(8,849,501)	4,082,577		-		(4,766,924)
Minimum income tax		(5,161,293)	184		-		(5,161,109)
Others		(1,309,719)	(111,538)		332,988		(1,088,269)
Sub total		(36,976,322)	(3,581,463)	-	821,150	-	(39,736,635)
Deferred tax asset not recognized	24.1	22,312,989	2,901,652		-		25,214,643
Total		-	(3,413,234)	-	821,150	-	(2,592,082)

24.1 As at June 30, 2022, the Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 52,404 million (2021:Rs. 39,736 million) out of which deferred tax asset amounting to Rs. 17,152 million (2021:Rs. 11,929 million) has been recognised and remaining balance of Rs 35,252 million (2021: Rs. 25,214) is unrecognised. As at year end, the Company's minimum tax credit amounted to Rs. 7,872 million (2021: Rs. 5,161 million) having expiry period ranging between 2023 and 2027.

	Note	Percentage of holding (if over 10%)	2022 (Rupees in '000)	2021

25. LONG TERM INVESTMENTS

	Note		2022	2021
Investment - at cost	25.1		**1,249,382**	1,249,382
Investment - at fair value through other comprehensive income	25.2		**152,363**	209,299
			1,401,745	1,458,681

25.1 Investment - at cost

	Note	Percentage of holding	2022	2021
Subsidiary - related parties				
SSGC LPG (Private) Limited				
100,000,000 (2021: 100,000,000) ordinary shares of Rs. 10 each (wholly owned subsidiary)		100%	**1,000,000**	1,000,000
Unwinding effect of interest free loan	25.1.1		**249,382**	249,382
			1,249,382	1,249,382

25.1.1 As per the requirements of IFRS 9 'Financial instruments' for interest free loan arrangements between related parties, the above amount has been measured at present value using discounted future cash flow techniques and the difference between the carrying amount of the loan and present value of the loan has been treated as investment in related party.

Subsequent to the year end, the Company has signed a restructuring agreement relating to above mentioned loan, with its Subsidiary Company, where by the terms of the previous agreement has been amended. Consequently, the said loan has become repayable on demand.

25.2 Investment - at fair value through other comprehensive income

	Note	2022 (Rupees in '000)	2021
Associates - Related parties			
Sui Northern Gas Pipelines Limited (SNGPL)			
2,414,174 (2021: 2,414,174) ordinary shares of Rs. 10 each	25.2.1	**82,589**	117,281
Other investments			
Pakistan Refinery Limited			
3,150,000 (2021: 3,150,000) ordinary shares of Rs. 10 each		**56,354**	77,522
United Bank Limited			
118,628 (2021: 118,628) ordinary shares of Rs. 10 each		**13,420**	14,496
		152,363	209,299

25.2.1 Investments in SNGPL with a shareholding of 0.38% (2021: 0.38%) represent investment in 'associated companies' in terms of provisions of Companies Act 2017. However, the Company has not accounted for this as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company does not have significant influence in the company. This investment is measured at fair value through other comprehensive income under IFRS 9.

26. NET INVESTMENT IN FINANCE LEASE

	Note	2022	2021
		(Rupees in '000)	
Gross investment in finance lease		**78,632**	152,372
Less: unearned finance income	26.1.1	**(5,311)**	(21,237)
Net investment in finance lease		**73,321**	131,135
Less current maturity		**(73,321)**	(57,814)
		-	73,321

26.1 Details of investment in finance lease

	2022		2021	
	Gross investment	Present value	Gross investment	Present value
	---Rupees in '000---			
Less than one year	**78,632**	**73,321**	73,740	57,814
One to five years	**-**	**-**	78,632	73,321
	78,632	**73,321**	152,372	131,135

26.1.1 The Company entered into agreements with Oil and Gas Development Company Limited (OGDCL), and Sui Northern Gas Pipelines Limited to use the Company's transmission pipelines for distribution of gas. The terms of the agreements entered into are for a substantial portion of the useful economic lives of the related assets. The agreement with OGDCL and SNGPL- Hassan (X-1) Block 22 expired on June 30, 2013 and June 30, 2017 respectively and management is negotiating for renewal of agreement with OGDCL. The interest rates used to discount future minimum lease payments under the leases are based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in finance leases.

27. LONG-TERM LOANS AND ADVANCES

	Note	2022	2021
		(Rupees in '000)	
Secured			
Due from executives	27.1 & 27.2	**81**	117
Less current maturity	32	**(35)**	(36)
		46	81
Due from other employees	27.1 & 27.2	**176,184**	216,109
Less current maturity	27	**(32,848)**	(40,851)
		143,336	175,258
		143,382	175,339
Unsecured			
Loan to related party		**700,000**	700,000
Deferred markup on loan to related party	25.1.1 & 27.3	**822,186**	936,336
Less current maturity		**(240,187)**	(114,150)
		1,425,381	1,697,525

27.1 Reconciliation of the carrying amount of loans:

	2022		2021	
	Executives	Other employees	Executives	Other employees
	(Rupees in '000)			
Balance as at July 01	**117**	**216,109**	344	213,262
Disbursements	**-**	**51,340**	-	56,670
Repayments	**(35)**	**(91,265)**	(227)	(53,823)
Balance as at June 30	**82**	**176,184**	117	216,109

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

27.3 On June 30, 2021, the Company entered into an agreement with SSGC LPG (Pvt) LTD a related party for restructuring of loan arrangement whereby the outstanding balance of accrued interest on loan to related party amounting Rs. 1,149 million and late payment of bills on sale of LPG amounting Rs. 36 million in total Rs. 1,185 million was freezed and treated as interest free loan. Repayments of this loan is being made in 20 quarterly equal installments commencing from October 4, 2021.

Subsequent to the year end, the Company has signed a restructuring agreement relating to above mentioned loan, with its Subsidiary Company, where by the terms of the previous agreement has been amended. Consequently, the said loan has become repayable on demand.

28. STORES, SPARES AND LOOSE TOOLS

	2022	2021
	(Rupees in '000)	
Stores	**496,507**	490,733
Spares	**3,231,000**	2,644,628
Stores and spares in transit	**363,218**	725,319
Loose tools	**1,286**	877
	4,092,011	3,861,557
Provision against impairment		
Balance as at July 1	**(406,855)**	(360,117)
Provision made during the year	**(39,210)**	(46,738)
	(446,065)	(406,855)
Balance as at June 30	**3,645,946**	3,454,702

	2022	2021
	(Rupees in '000)	

28.1 Stores, spares and loose tools are held for the following operations:

Transmission	**3,015,445**	3,081,624
Distribution	**630,501**	373,078
	3,645,946	3,454,702

29. STOCK-IN-TRADE

Gas		
Gas in pipelines	**1,285,915**	1,105,596
Stock of synthetic natural gas	**43,242**	12,301
Stock of gas condensate	**6,069**	63,154
	1,335,226	1,181,051
Gas meters		
Components	**828,289**	369,418
Work-in-process	**19,203**	39,700
Finished meters	**156,816**	21,015
	1,004,308	430,133
Provision against impaired inventory		
Balance as at July 1	**(35,561)**	(38,543)
Provision made during the year	**322**	2,982
Balance as at June 30	**(35,239)**	(35,561)
	2,304,295	1,575,623

30. CUSTOMERS' INSTALLATION WORK IN PROGRESS

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

31. TRADE DEBTS

	Note	2022	2021
		(Rupees in '000)	
Considered good			
Secured		**30,377,495**	31,104,435
Unsecured		**102,295,497**	82,494,935
	31.1 & 31.2	**132,672,992**	113,599,370
Less: Allowance for expected credit loss	31.4	**(23,587,126)**	(21,465,563)
		109,085,866	92,133,807

31.1 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 based on the opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 29,652 million (2021: Rs. 30,931 million) as at June 30, 2022 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,652 million (2021: Rs. 29,652 million) as at June 30, 2022 are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 151,293 million (2021: Rs. 132,424 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

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

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

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

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

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

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

31.2 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 based on the opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 25,312 million (2021: Rs. 24,699 million) including overdue balance of Rs.25,231 million (2021: Rs. 24,622 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 82,214 million (2021: Rs. 74,417 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

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

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

	Note	2022	2021
		(Rupees in '000)	
31.4 Allowance for expected credit loss			
Balance as at July 1		**21,465,563**	19,236,535
Provision for expected credit loss		**2,121,563**	2,229,028
Balance as at June 30		**23,587,126**	21,465,563

32. LOANS AND ADVANCES

	Note	2022	2021
Secured			
Advances to:			
Executives	32.1	**124,774**	135,600
Other employees	32.1	**166,936**	217,515
		291,710	353,115
Current portion of long term loans and advances			
Executives	27	**35**	36
Other employees	27	**32,848**	40,851
Accrued markup - related party loan	27	**240,187**	114,150
		273,070	155,037
		564,780	508,152

32.1 Advances represent interest free establishment advance and festival advance to the employees according to the terms of employment. These are repayable in ten equal instalments and are secured against the retirement benefit balances of the related employees.

33. ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2022	2021
		(Rupees in '000)	
Advances for goods and services - unsecured, considered good		**687,455**	922,742
Trade deposits - unsecured, considered good		**10,871**	10,371
Prepayments		**277,515**	197,635
		975,841	1,130,748

34. INTEREST ACCRUED

	Note	2022	2021
Interest accrued on late payment of bills / invoices from			
Water and Power Development Authority		**5,100,675**	4,717,577
Sui Northern Gas Piplines		**10,957,214**	9,821,347
Jamshoro Joint Venture limites		**239,689**	239,689
		16,297,578	14,778,613
Interest accrued on sales tax refund	6.6	**487,739**	487,739
Interest accrued on loan to SSGC LPG (Private) Limited		**19,213**	-
		16,804,530	15,266,352
Less: Allowance for expected credit loss		**(112,400)**	(112,400)
		16,692,130	15,153,952

35. OTHER RECEIVABLES

	Note	2022	2021
Tariff adjustment - indigenous gas receivable from GoP	35.1	**295,488,261**	207,762,067
Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
Receivable from HCPCL	35.2	**-**	4,157,839
Receivable from pension fund		**198,562**	79,052
Receivable for sale of gas condensate		**108,817**	42,949
Receivable from SNGPL	35.3	**110,629,326**	103,776,821
Receivable from JJVL	35.4, 35.5 & 35.6	**2,501,824**	2,501,824
Receivable from SSGC LPG (Private) Limited		**8,563**	7,463
Sales tax receivable	35.7	**50,773,703**	39,451,549
Sindh sales tax		**2,451**	112,976
Receivable against asset contribution	35.8	**337,266**	348,448
Miscellaneous receivables		**75,892**	29,758
		464,408,745	362,554,826
Less: Allowance for expected credit loss		**(2,586,874)**	(2,586,874)
		461,821,871	359,967,952

35.1 Tariff adjustment - indigenous gas receivable from GoP

	Note	2022	2021
		(Rupees in '000)	
Balance as at July 01		**207,762,067**	178,411,641
Recognized during the year	39.1	**86,507,711**	28,557,632
Subsidy for LPG air mix operations		**1,223,309**	792,794
Reversal of accrued interest on tariff adjustments		**(4,826)**	-
Balance as at June 30		**295,488,261**	207,762,067

35.1.1 This includes Rs. 390 million (2021: Rs. 390 million) recoverable from the Government of Pakistan (GoP) on account of remission of gas receivables from people of Ziarat under instructions from GoP. Although, management is confident that this amount is fully recoverable, being prudent full provision has already been recorded against the same in these unconsolidated financial statements.

35.2 Receivable from HCPCL

	2022	2021
	(Rupees in '000)	
Amount of LD charges as per arbitration award	-	3,938,382
Subsequent LDs raised by HCPCL on award principle	-	219,457
Total receivable	-	4,157,839

35.2.1 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.

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

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

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

Subsequent to the year end, upon pursuance from the Company, HCPCL informed in June 2023 that the referred matter remained in abeyance with the Power Division during which time HCPCL incurred administrative, insurance and other costs in order to maintain the assets as per good engineering practices. The current financial position of HCPCL and the overall economic conditions of Pakistan will not allow HCPCL to resume plant operations and accordingly is no longer interested in pursuing the LDs waiver / settlement arrangement. Furthermore, HCPCL has also applied for cancellation of its Power Generation License from NEPRA.

Hence in view of HCPCL withdrawl, the ECC waiver/settlement could not be resolved as this amount is considered irrecoverable and is being tranferred to other operating expense to claim tariff relief from OGRA. The Company is in the process of submitting the Motion for Review (MFR) before OGRA for FY 2021-22 to adjust this amount in tariff determination as admissible.

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

	2022	2021
	(Rupees in '000)	
Uniform cost of gas	**15,818,845**	15,818,845
Lease rentals	**1,228,430**	922,429
Contingent rent	**10,315**	10,405
Capacity and utilisation charges of RLNG	**55,656,646**	52,247,106
LSA margins of RLNG	**3,071,808**	2,945,502
RLNG transportation income	**34,843,282**	31,832,534
	110,629,326	103,776,821

35.3.1 At June 30, 2022, the Company has invoiced an amount of Rs. 161,860 million, including Sindh Sales Tax of Rs. 18,764 million, to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

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

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

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

Based on initialed agreement between the Company and SNGPL dated January 25, 2021 in which it was decided that from June 2020 onwards all the invoices will be paid on monthly basis by SNGPL, however, outstanding balances before June 2020 will be settled after finalization of OGRA consultant report.

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

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

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

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the termination by the Company and stated that the termination was validly done and the Company was within its legal and contractual right to do so and appointed a firm of Chartered Accountant to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the Company. Subsequently, JJVL paid Rs. 1,500 million as per SCP Order dated November 16, 2018 based on the report submitted by Chartered Accountant firm.

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

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

35.6 This amount comprises of receivable in respect of royalty income, sale of liquidified petroleum gas, sale of natural gas liquids, federal excise duty, Sindh sales tax on franchise services, fuel charges receivable against processing charges from JJVL and receivable from JJVL @ 57% value of LPG / NGL extraction as per new agreement signed between the Company and JJVL pursuant to SCP order dated December 04, 2018 amounting to Rs. (10) million (2021: Rs. (10) million), Rs. 160 million (2021: Rs. 160 million), Rs. 178 million (2021: Rs. 178 million), Rs. 1,070 million (2021: Rs. 1,070 million), Rs. 646 million (2021: Rs. 646 million), Rs. 32 million (2021: 32 million), Rs.6.6 million (2021:Rs.6.6 million) , Rs. 419 million (2021: Rs.419 million) respectively.

35.7 Sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Sales Tax refunds are processed through FBR's Sales Tax Automated Refund Repository (STARR) system. Due to several snags in the functioning of STARR, valid input sales tax claims of the Company are deferred. Realising the problems of STARR, in August 2010, dispensation from processing of sales tax refunds through the STARR system was allowed by FBR through a letter and substantial refunds were released after issuance of this letter under corporate guarantee (subject to post refund audit). However, such dispensation was also withdrawn by FBR in May 2012. After withdrawal of said dispensation, the deferred refunds are issued to the Company on the basis of manual verification of documents (third party vendor sales tax returns) by tax authorities. Management is making vigorous efforts for realisation of these refunds.

35.8 This represents receivable from Mari Gas Company Limited, Spud Energy Pty Limited, PKP Exploration Limited and Government Holdings (Private) Limited (referred as BJV); in respect of Zarghun gas transmission pipeline under pipeline contribution agreement. The receivable has been recognised using discounted cash flow technique.

	Note	2022	2021
		(Rupees in '000)	
36. TAXATION - NET			
Advance tax		**36,029,130**	33,850,775
Provision for tax		**(19,949,937)**	(16,241,307)
		16,079,192	17,609,468
37. CASH AND BANK BALANCES			
Cash at banks			
deposit accounts	37.1	**19,782**	2,976
current accounts		**3,050,874**	563,696
		3,070,656	566,672
Cash in hand	37.2	**7,574**	7,024
		3,078,230	573,696

37.1 Rate of return on bank deposits ranges from 4.50% to 10.67% (2021: 4.50% to 5.65%) per annum.

37.2 This includes foreign currency cash in hand amounting to Rs. 3,076 million (2021: Rs. 2,364 million).

38. REVENUE FROM CONTRACTS WITH CUSTOMERS - GAS SALES

	Note	2022	2021
		(Rupees in '000)	
Sales			
Indigenous gas		**201,178,699**	223,076,502
RLNG		**150,727,385**	94,324,539
		351,906,084	317,401,041
Less: Sales tax			
Indigenous gas		**(30,330,850)**	(33,137,629)
RLNG		**(21,946,723)**	(12,776,742)
		(52,277,573)	(45,914,371)
		299,628,511	271,486,670

39. TARIFF ADJUSTMENTS

	Note	2022	2021
Indigenous gas	39.1	**86,507,711**	28,557,632
RLNG	39.2	**(10,577,174)**	(3,915,401)
		75,930,537	24,642,231

39.1 Tariff adjustment - indigenous gas

	Note	2022	2021
Recovered during the year		**47,488,674**	32,468,143
Price increase adjustment		**40,242,346**	(3,117,717)
Subsidy for LPG air mix operations	43.2	**(1,223,309)**	(792,794)
		86,507,711	28,557,632

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

OGRA vide its decision dated June 21, 2018 on the Estimated Revenue Requirement (‘ERR’) of the Company for the year 2019 and in its letter dated June 01, 2018 "Tariff Regime for Regulated Natural Gas Sector" decided in consultation with the Federal Government and other licensees in the natural gas sector to revise the tariff regime including the rate of return which is to be based on Weighted Average Cost of Capital (‘WACC’) from the year 2019 in place of the existing rate of return of 17% of the average operating assets. Weighted Average Cost of Capital (‘WACC’) was computed at 16.60% for financial year ended June 2022 (June 2021: 17.43%) , however, the same will automatically reset if the WACC changes by ±2% from the reference figure. As per the revised tariff regime, the Company will earn an annual return calculated based on the Weighted Average Cost of Capital (‘WACC’) on the value of its average fixed assets in operation (net of deferred credit), before corporate income taxes and subject to efficiency benchmarks prescribed by OGRA. All prudently incurred expenses in the operation of the licensed regulated activities excluding financial charges on loans and debt servicing charges, taxes and dividend shall be treated as operating expenses.

39.1.2 This also includes am amount of Rs. 4,157 million relating to written off receivable from HCPCL , as disclosed in note 35.2 of these unconsolidated financial statements.

		Note	2022	2021
			(Rupees in '000)	
39.2	**Tariff adjustment -**			
	RLNG - OGRA	4.3	**(10,577,174)**	(3,915,401)
40.	**COST OF SALES**			
	Cost of gas	40.1	**352,353,928**	280,595,393
	Transmission and distribution costs	40.2	**15,486,577**	21,283,451
			367,840,505	301,878,844
40.1	**Cost of gas**			
	Gas in pipelines as at July 1		**1,105,599**	1,248,029
	RLNG purchases	40.1.1	**118,288,914**	77,651,482
	Indigenous gas purchases		**235,063,516**	203,792,893
			354,458,029	282,692,404
	Gas consumed internally		**(818,183)**	(991,412)
	Gas in pipelines as at June 30		**(1,285,918)**	(1,105,599)
			(2,104,101)	(2,097,011)
			352,353,928	280,595,393

40.1.1 During the year 2015, the Company started swapping of natural gas in lieu of RLNG, which it received from Engro Elengy Terminal Limited (EETL) and Pakistan Gasport Consortium Limited (PGPCL) transferred to SNGPL. However, the gas transferred to SNGPL in lieu of RLNG is not in accordance with the gas received from EETL due to the difference of Gas Colorific Value (GCV) in the gas volume received and transmitted to SNGPL. From March 2015 till June 30, 2022, the Company received 2,122,579,418 Million Metric British Thermal Units (MMBTUs) from EETL and PGPCL and supplied 1,927,230,840 MMBTUs to SNGPL with a short supply of 195,348,578 MMBTU.

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

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

During the year, the Company has recorded purchases of 37 BCF (2021: 53 BCF) from SNGPL amounting to Rs. 118,289 million (2021: Rs.77,651 million) based on OGRA's decision dated November 20, 2018.

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.

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

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

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

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

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

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

OGRA has determined UFG at 17.84% without considering RLNG volume handled. Although, the Company had claimed UFG at 7.48% based on the RLNG volume handled and transmitted RLNG to SNGPL. The matter of RLNG volume handling benefit to the Company is under review at ECC level.

As per the UFG study report finalized by a firm of Chartered Accountant, revised UFG allowance formula is gas volume available for sale X [5% + (2.6% X percentage of achievement of KMI's)]. OGRA has determined Benchmark with KMI achievement at 6.97% [5% + (1.97% based on KMI achievement)] as against the claim of the Company at 7.50% [5% + (2.46% based on KMI achievement)].

40.2 Transmission and distribution costs

	Note	2022	2021
		(Rupees in '000)	
Salaries, wages and benefits		**8,636,151**	8,932,312
Contribution / accruals in respect of staff retirement benefit schemes	40.2.1	**1,447,706**	1,528,995
Depreciation on operating assets	21.2	**2,816,262**	8,573,803
Depreciation - right of use		**49,873**	58,482
Repairs and maintenance		**1,571,502**	1,477,775
Stores, spares and supplies consumed		**675,266**	586,682
Gas consumed internally		**804,727**	861,762
Legal and professional charges		**60,591**	107,947
Software maintenance		**58,924**	66,792
Electricity		**154,587**	134,002
Security expenses		**844,297**	758,939
Insurance and royalty		**28,381**	108,361
Travelling		**56,386**	55,859
Material and labor used on consumers' installation		**31,938**	8,727
Postage and revenue stamps		**2,212**	2,122
Rent, rates and taxes		**74,478**	57,160
Others		**314,184**	295,973
		17,627,466	23,615,693
Recoveries / allocations to:			
Gas distribution system capital expenditure		**(1,676,064)**	(1,927,199)
Installation costs recovered from custom	30	**(115,093)**	(39,103)
		(1,791,157)	(1,966,302)
Recoveries of service cost from			
Sui Northern Gas Pipeline Limited - related party	40.2.2	**(339,185)**	(350,621)
Allocation to sale of gas condensate		**(10,547)**	(15,319)
		15,486,577	21,283,451

	Note	2022	2021
		(Rupees in '000)	

40.2.1 Contributions to / accrual in respect of staff retirement benefit schemes

		2022	2021
Contributions to the provident fund		**242,781**	267,644
Charge in respect of pension funds:			
executives		**228,405**	(19,084)
non executives		**170,762**	(69,886)
Charge in respect of gratuity funds:			
executives		**168,266**	403,337
non executives		**199,620**	382,450
Accrual in respect of unfunded post retirement Medical facility:		**569,751**	481,247
Accrual in respect of compensated absences			
Executives		**(70,702)**	147,614
Other employees		**(61,177)**	(64,327)
		1,447,706	1,528,995

40.2.2 This includes recovery in respect of obligation against pipeline transferred to the Company from Engro Elengy Terminal Limited amounting to Rs. 135.7 million (June 2021: Rs. 135.7 million).

41. ADMINISTRATIVE AND SELLING EXPENSES

	Note	2022	2021
Administrative expenses	41.1	**2,640,456**	2,524,997
Selling expenses	41.2	**2,444,157**	1,921,336
		5,084,613	4,446,333

41.1 ADMINISTRATIVE EXPENSES

	Note	2022	2021
Salaries, wages and benefits		**1,592,020**	1,622,793
Contribution / accruals in respect of staff retirement benefit schemes	41.1.1	**149,761**	158,391
Depreciation on operating assets	21.2	**205,096**	129,021
Depreciation - right of use		**2,128**	24,881
Amortisation of intangible assets	22	**60,668**	21,759
Repairs and maintenance		**190,167**	161,668
Stores, spares and supplies consumed		**42,209**	47,584
Legal and professional		**107,793**	78,804
Software maintenance		**103,832**	91,713
Electricity		**5,158**	4,712
Security expenses		**17,442**	15,524
Insurance and royalty		**13,122**	13,129
Travelling		**23,119**	28,618
Postage and revenue stamps		**8,867**	8,394
Rent, rates and taxes		**15,895**	7,394
Others		**118,106**	135,420
		2,655,383	2,549,805
Allocation to meter manufacturing division	43.1	**(14,927)**	(24,808)
		2,640,456	2,524,997

	Note	2022	2021
		(Rupees in '000)	

41.1.1 Contribution / accrual in respect of staff retirement

Contribution to the provident fund		**50,124**	53,547
Charge in respect of pension funds:			
executives		**21,345**	48,705
non-executives		**10,107**	9,577
Charge in respect of gratuity funds:			
executives		**30,440**	40,428
non-executives		**9,925**	5,490
Accrual / (reversal) in respect of unfunded post retirement:			
gas facility		**4,080**	(19,408)
medical facility		**23,740**	20,052
		149,761	158,391

41.2 SELLING EXPENSES

	Note	2022	2021
Salaries, wages and benefits		**1,524,315**	1,081,875
Contribution / accruals in respect of staff retirement benefit schemes	41.2.1	**215,692**	136,280
Depreciation on operating assets	21.2	**6,123**	16,042
Depreciation - right of use		**53,245**	39,411
Repairs and maintenance		**1,105**	2,673
Stores, spares and supplies consumed		**10,775**	16,322
Electricity		**80,265**	109,467
Insurance and royalty		**939**	899
Travelling		**541**	683
Gas bill and collection charges		**533,046**	504,877
Postage and revenue stamps		**438**	506
Rent, rates and taxes		**648**	1,219
Others		**17,025**	11,082
		2,444,157	1,921,336

41.2.1 Contribution / accrual in respect of staff retirement benefit schemes

Contribution to the provident fund		**48,069**	36,826
Charge in respect of pension funds:			
executives		**54,735**	22,424
non-executives		**39,481**	37,949
Charge in respect of gratuity funds:			
executives		**25,542**	18,556
non-executives		**47,865**	20,525
		215,692	136,280

42. OTHER OPERATING EXPENSES

	Note	2022	2021
		(Rupees in '000)	
Auditors' remuneration			
Statutory audit		**4,320**	4,329
Fee for other audit related services		**945**	945
Out of pocket expenses		**405**	507
		5,670	5,781
Workers' profit participation fund		**-**	59,740
Sports expenses		**61,584**	107,120
HCPC arbitration award	35.2	**4,157,839**	-
Corporate social responsibility		**7,099**	69,767
Provision against impaired stores and spares		**89,416**	87,738
Loss on disposal of property, plant and equipment		**3,094**	133,374
Exchange loss		**16,013,172**	-
		20,337,874	463,520

43. OTHER INCOME

	Note	2022	2021
Income from financial assets			
Income for receivable against asset contribution		**34,012**	37,186
Interest income on loan to related party		**131,482**	103,495
Late payment surcharge		**2,009,242**	1,935,745
Interest income on late payment of gas bills from SNGPL		**1,135,867**	1,135,867
Income from net investment in finance lease from SNGPL		**15,927**	26,547
Liquidated damages recovered		**84,374**	84,472
Return on saving bank account		**28,565**	28,854
		3,439,469	3,352,166
Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)		**383,098**	326,862
Dividend income		**23,086**	4,828
		3,845,653	3,683,856
Income from other than financial assets			
Sale of gas condensate - net		**5,371**	(57,903)
Meter manufacturing division profit - net		**4,820**	14,460
Meter rentals	43.1	**1,686,853**	1,377,415
RLNG transportation income		**9,726,000**	8,533,000
Recognition of income against deferred credit and contract liabilities		**650,591**	610,771
Income from LPG air mix distribution - net		**120,343**	129,937
Recoveries from customers	43.2	**129,608**	84,078
Income from sale of tender documents		**6,092**	5,489
Amortization of Government grant		**17,076**	15,925
Rental income from SSGC LPG (Private) Limited		**1,137**	1,223
Exchange gain		**-**	3,199,083
Income against LNG service agreement		**1,044,608**	919,628
Miscellaneous		**42,105**	126,260
		17,280,257	18,643,222

43.1 Meter manufacturing division profit - net

	Note	2022	2021
		(Rupees in '000)	
Gross Sale of gas meters:			
Company's consumption		**1,708,171**	2,033,136
Outside sales		**13,051**	20,910
		1,721,222	2,054,046
Sales tax		**(268,317)**	(325,218)
Net sales		**1,452,905**	1,728,828
Raw material consumed		**(968,629)**	(1,222,246)
Stores and spares		**(10,284)**	(8,250)
Fuel, power and electricity		**(17,564)**	(20,890)
Salaries wages and other benefits	43.1.2	**(406,995)**	(410,703)
Insurance		**(772)**	(858)
Repairs and maintenance		**(8,824)**	(9,882)
Depreciation	21.2	**(23,705)**	(23,882)
Transportation		**-**	(3)
Other expenses		**(1,783)**	(1,022)
Less; Cost of goods sold		**(1,438,556)**	(1,697,736)
Gross profit		**14,349**	31,092
Administrative expenses	41.1	**(14,927)**	(24,808)
Operating profit		**(578)**	6,284
Other income		**5,398**	8,176
Net profit		**4,820**	14,460

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

		2022	2021
43.1.2	Salaries, wages and other benefits	**379,126**	394,332
	Provident fund contribution	**6,356**	6,592
	Pension fund	**12,649**	5,818
	Gratuity	**8,864**	3,961
		406,995	410,703

	Note	2022	2021
		(Rupees in '000)	

43.2 Income from LPG air mix distribution - net

	Note	2022	2021
Sales		**70,391**	66,231
Cross subsidy		**1,223,309**	792,794
Cost of sales		**(918,263)**	(518,096)
Gross profit		**375,437**	340,929
Distribution, selling and administrative expenses			
Salaries, wages and other benefits		**(73,080)**	(57,058)
Depreciation expenses	21.2	**(83,342)**	(93,282)
Other operating expenses		**(135,808)**	(100,850)
		(292,230)	(251,190)
Amortisation of deferred credit		**27,534**	32,578
Other income		**9,602**	7,620
Profit for the year		**120,343**	129,937

44. FINANCE COST

	2022	2021
Mark-up on:		
Loan from banking companies	**2,870,066**	3,031,788
Short term borrowings	**2,023,737**	1,386,695
Customer deposits	**684,157**	540,385
Customer finance	**673**	1,208
Government of Sindh loans	**26,853**	29,866
Payable against transfer of pipeline	**71,122**	76,657
Finance cost of lease liability	**11,729**	18,065
Interest on WPPF	**81,722**	-
Markup up on petroleum development levy	**12,274**	-
Others	**8,425**	18,766
	5,790,758	5,103,430
Less: Finance cost capitalised during the year	**(600,523)**	(484,101)
	5,190,235	4,619,329

	2022	2021
	(Rupees in '000)	

45. TAXATION

Current year	**(3,708,630)**	(2,592,789)
Deferred tax	**-**	3,413,234
	(3,708,630)	820,445

45.1 Relationship between unconsolidated accounting profit and tax expense for the year is as follows:

Accounting profit / (loss) for the year	**(7,735,485)**	1,135,069
Tax rate	**29%**	29%
Tax charge @ 29% (2020: 29%)	**(2,243,291)**	329,170
Super Tax @ 4%	**740,782**	-
Effect of lower tax rate on dividend income	**3,232**	676
Effect of prior year tax	**-**	-
Effect of deferred tax not recognised	**-**	2,901,654
Minimum income tax u/s 153 (1) (b)	**-**	2,129
Others	**5,207,907**	(4,054,074)
	3,708,630	(820,445)

46. STAFF RETIREMENT BENEFITS

46.1 Funded post retirement pension and gratuity schemes

As mentioned in note 4.20 to these unconsolidated financial statements, the Company operates approved funded pension and gratuity schemes for all employees. Contributions are made to these schemes based on actuarial valuation. Latest actuarial valuations were carried out as at June 30, 2022 under the projected unit credit method for both non-executive and executive staff members.

Fair Value of Plan assets and present value of obligations

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

Liability / (Asset) in unconsolidated statement of financial position

	2022			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
Fair value of plan assets	(1,306,941)	(5,679,801)	(328,683)	(3,677,152)
Present value of defined benefit obligation	1,426,643	6,806,183	10,418	5,095,968
	119,702	1,126,382	(318,265)	1,418,816

Movement in present value of defined benefit obligation

Obligation as at July 01, 2021	1,409,118	6,622,845	15,354	5,621,826
Current service cost	45,545	357,210	-	262,966
Interest cost	140,912	662,285	1,535	562,183
Remeasurement	(95,153)	(74,520)	(4,708)	(896,428)
Benefits paid	(73,779)	(761,637)	(1,763)	(454,579)
Obligation as at June 30, 2022	1,426,643	6,806,183	10,418	5,095,968

Movement in fair value of plan assets

Fair value as at July 01, 2021	1,137,931	5,352,923	254,205	3,412,945
Expected return on plan assets	(216,956)	(761,637)	(1,763)	(454,579)
Remeasurement	(68,136)	216,956	(19,529)	(36,954)
Benefits paid	383,533	296,497	318,126	159,503
Contribution to the fund	144,348	548,019	25,420	348,461
Amount transferred in / (out)	(73,779)	27,043	(247,776)	247,776
Fair value as at June 30, 2022	1,306,941	5,679,801	328,683	3,677,152

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

liability / (Asset) as at July 01, 2021	271,187	1,269,922	(238,851)	2,208,881
Expense recognised for the year	259,065	254,520	223,891	228,912
Remeasurement	(27,017)	(101,563)	14,821	(859,474)
Contribution to the fund	(383,533)	(296,497)	(318,126)	(159,503)
Liability / (Asset) as at June 30, 2022	119,702	1,126,382	(318,265)	1,418,816

Expense recognised in the unconsolidated statement of profit or loss

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

	2022			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
Current service cost	45,545	357,210	-	262,966
Interest cost	140,912	662,285	1,535	562,183
Interest income	(144,348)	(548,019)	(25,420)	(348,461)
Amount transferred out / (in)	216,956	(216,956)	247,776	(247,776)
	259,065	254,520	223,891	228,912
Total remeasurements recognised in unconsolidated statement of comprehensive income				
Remeasurement on obligation arising on				
Financial assumptions	(93,035)	392,872	(573)	(471,070)
Demographic assumptions	(1,136)	(3,921)	-	-
Experience adjustments	(982)	(463,471)	(4,135)	(425,358)
	(95,153)	(74,520)	(4,708)	(896,428)
Remeasurement on plan assets arising on				
Actual return on plan assets	(61,602)	(498,713)	(5,876)	(275,728)
Expected return on plan assets	144,348	548,019	25,420	348,461
Net return on plan assets over interest income	82,746	49,306	19,544	72,733
Difference in opening fair value of assets after audit	(14,610)	(76,349)	(15)	(35,779)
	68,136	(27,043)	19,529	36,954
	(27,017)	(101,563)	14,821	(859,474)

Composition / fair value of plan assets used by the fund

	2022			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
Quoted Shares	3.95%	0.94%	9.31%	2.05%
Debt instruments	84.42%	92.16%	41.00%	89.93%
Mutual funds	5.91%	2.13%	21.60%	6.04%
Others including cash & cash equivalents	5.73%	4.77%	28.08%	1.99%
Total	100%	100%	100%	100%
Quoted Shares	51,604	53,377	30,616	75,369
Debt instruments	1,103,305	5,234,607	134,761	3,306,735
Mutual funds	77,193	121,001	71,000	221,984
Others including cash & cash equivalents	74,839	270,816	92,306	73,064
Total	1,306,941	5,679,801	328,683	3,677,152

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2022

	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Total number of employees	**2,154**	**2,154**	**-**	**4,447**
Total monthly salaries	**228,921**	**228,921**	**-**	**129,057**
Total number of pensioner	**151**	**-**	**16**	**-**
Total monthly pension	**3,235**	**-**	**120**	**-**

(Asset)/ Liability in unconsolidated statement of financial position

	2021			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Fair value of plan assets	(1,137,931)	(5,352,923)	(254,205)	(3,412,945)
Present value of defined benefit obligation	1,409,118	6,622,845	15,354	5,621,826
	271,187	1,269,922	(238,851)	2,208,881
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2020	1,296,098	6,752,619	14,787	5,192,580
Current service cost	40,628	336,422	-	252,262
Past Service cost	-	-	-	-
Interest cost	106,092	545,911	1,163	422,531
Remeasurement	62,222	(351,822)	1,602	197,702
Benefits paid	(95,922)	(660,285)	(2,198)	(443,249)
Obligation as at June 30, 2021	1,409,118	6,622,845	15,354	5,621,826
Movement in fair value of plan assets				
Fair value as at July 01, 2020	868,076	4,706,318	77,945	3,082,206
Expected return on plan assets	81,989	409,303	13,719	261,157
Remeasurement	(8,379)	229,521	(4,251)	69,115
Benefits paid	(95,922)	(660,285)	(2,198)	(443,249)
Contribution to the fund	534,503	425,730	435,780	176,926
Amount transferred in / (out)	(242,336)	242,336	(266,790)	266,790
Fair value as at June 30, 2021	1,137,931	5,352,923	254,205	3,412,945

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

	2021			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
liability / (Asset) as at July 01, 2020	428,022	2,046,301	(63,158)	2,110,374
Expense recognised for the year	64,731	473,030	(12,556)	413,636
Remeasurement	70,601	(581,343)	5,853	128,587
Contribution to the fund	(534,503)	(425,730)	(435,780)	(176,926)
Amount transferred in / (out)	242,336	(242,336)	266,790	(266,790)
Liability / (Asset) as at June 30, 2021	271,187	1,269,922	(238,851)	2,208,881

Expense recognised in the unconsolidated statement of profit or loss

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

	2021			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	-----------------------------(Rupees in '000)-------------------------------			
Current service cost	40,628	336,422		252,262
Interest cost	106,092	136,608	12,556	161,374
Past service cost			-	-
Interest income	(81,989)	-	-	-
Amount transferred out / (in)	-	-	-	
	64,731	473,030	12,556	413,636
Remeasurement on obligation arising on				
Financial assumptions	88,796	(470,682)	1,000	149,752
Experience adjustments	(26,574)	118,860	602	47,950
	62,222	(351,822)	1,602	197,702
Remeasurement on plan assets arising on				
Actual return on plan assets	8,379	(229,521)	4,251	(69,115)
Expected return on plan assets	-	-	-	-
Net return on plan assets over interest income	8,379	(229,521)	4,251	(69,115)
Difference in opening fair value of assets after audit				
Adjustment for previous amount	-	-		
	8,379	(229,521)	4,251	(69,115)
	70,601	(581,343)	5,853	128,587

Composition / fair value of plan assets used by the fund

	2021			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
Quoted Shares	6.61%	1.44%	18.20%	3.15%
Debt instruments	51.79%	81.32%	29.71%	70.53%
Mutual funds	11.10%	2.67%	0.00%	10.30%
Others including cash & cash equivalents	30.50%	14.57%	52.09%	16.02%
Total	100%	100%	100%	100%
Quoted Shares	76,429	77,906	45,334	110,459
Debt instruments	598,836	4,407,358	74,015	2,470,980
Mutual funds	128,302	144,924	-	360,849
Others including cash & cash equivalents	352,701	789,713	129,768	561,074
Total	1,137,931	5,352,923	254,205	3,412,945

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2021

	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
Total number of employees	2,325	2,325	-	4,430
Total monthly salaries	254,622	254,622	-	130,337
Total number of pensioner	146	-	23	-
Total monthly pension	3,030	-	169	-

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

	Executives and Non-executives	
	2022	2021
	(%)	(%)
Discount rate	**13.25**	10.00
Salary increase rate in the first year	**16% wef. 01-07-2022**	0.00
	14% wef. 01-01-2023	0.00
Expected rate of increase in salary level	**11.25**	8.00
Increase in pension	**5.00**	5.00
Mortality rates	**SLIC (2001-05)-1**	SLIC (2001-05)-1
Rates of employee turnover	**Ultra - light**	Moderate

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

Change in assumption			Impact of change in assumptions in present value of defined benefit obligation			
			Executives		Non-Executives	
			Pension	Gratuity	Pension	Gratuity
			(Rupees in '000)			
Discount rate	1%	Increase in assumption	1,305,171	6,500,147	9,844	4,822,482
Salary increase rate	1%		1,472,244	7,111,464	-	5,373,756
Pension increase rate	1%		1,522,256	-	11,095	-
Discount rate	1%	Decrease in assumption	1,570,189	7,140,241	11,064	5,395,065
Salary growth rate	1%		1,384,233	6,521,554	-	4,837,159
Pension increase rate	1%		1,343,800	-	9,808	-

The expected pension and gratuity expense for the next one year from July 01, 2022 is as follows:

	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees'000)			
Current service cost	41,655	358,465	-	219,927
Interest cost	(190,311)	(822,853)	1,281	663,206
Interest income on plan assets	173,398	730,035	(40,908)	(486,552)
Interest cost	(16,913)	(92,818)	(39,627)	176,654
Amount transferred out / (in)	45,756	(45,756)	271,090	(271,090)
	70,498	219,891	231,463	125,491

46.2 Unfunded post retirement medical benefit and gas supply facilities

The Company provides free medical and gas supply facilities to its retired executive employees. The free gas supply facility has been discontinued for employees who had retired after December 31, 2000. The latest actuarial valuations of the liability under these schemes were carried out as at June 30, 2022 under the projected unit credit method, results of which are as follows:

	2022		
	Post retirement medical facility	Post retirement gas facility	Total
	--------------------(Rupees in '000)--------------------		
Liability in unconsolidated statement of financial position			
Present value of defined benefit obligation	**6,805,549**	**13,261**	**6,818,810**
Movement in present value of defined benefit obligation			
Liability as at July 01, 2021	**4,591,004**	**32,444**	**4,623,448**
Expense / (income) recognised for the year	**615,021**	**3,244**	**618,265**
Payments during the year	**(192,673)**	**(1,164)**	**(193,837)**
Remeasurement	**1,792,197**	**(21,263)**	**1,770,934**
Liability as at June 30, 2022	**6,805,549**	**13,261**	**6,818,810**
Expense recognised in the unconsolidated statement of profit or loss			
Current service cost	**173,584**	**-**	**173,584**
Interest cost	**441,437**	**3,244**	**444,681**
	615,021	**3,244**	**618,265**
Total remeasurements recognised in unconsolidated statement of comprehensive income			
Remeasurement on obligation arising on			
financial assumptions	**1,635,680**	**-**	**1,635,680**
demographic assumption	**1,207**	**-**	**1,207**
experience adjustments	**155,310**	**(21,263)**	**134,047**
	1,792,197	**(21,263)**	**1,770,934**

Detail of employee related

Detail of employee related to above scheme are as follows for the year ended June 30, 2022.

Total number of actives	**1,982**	**-**	
Total number of beneficiaries	**2,788**	**41**	

	2021		
	Post retirement medical facility	Post retirement gas facility	Total
	--------------------(Rupees in '000)--------------------		
Liability in unconsolidated statement of financial position			
Present value of defined benefit obligation	4,591,004	32,444	4,623,448
Movement in present value of defined benefit obligation			
Liability as at July 01, 2020	4,215,314	52,959	4,268,273
Expense / (Income) recognised for the year	501,299	(19,409)	481,890
Payments during the year	(145,006)	(2,585)	(147,591)
Remeasurement	19,397	1,479	20,876
Liability as at June 30, 2021	4,591,004	32,444	4,623,448
Expense recognised in the unconsolidated statement of profit or loss			
Current service cost	149,160	-	149,160
Interest cost	352,139	4,392	356,531
Curtailment gain	-	(23,801)	
	501,299	(19,409)	481,890
Total remeasurements recognised in unconsolidated statement of comprehensive income			
Remeasurement on obligation arising on			
experience adjustments	19,397	1,479	20,876
	19,397	1,479	20,876

Detail of employee valued

Detail of employee related to above scheme are as follows for the year ended June 30, 2021.

Total number of active employees	2,216	-
Total number of beneficiaries	2,682	103

46.3 Number of employees under the scheme

The number of employees covered under the following defined benefit plans are 1,982 (2021: 2,216) and 41 (2021: 103) for medical and gas facility respectively.

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

	Executives	
	2022	**2021**
	(%)	**(%)**
Discount rate	**13.25%**	10.00%
Medical inflation rate - (Post-Retirement)	**11.25%**	8.00%
Medical inflation rate - (Pre-Retirement)	**11.25%**	8.00%
Gas inflation rate	**13.25%**	10.00%
Benefit limit - Gas	**28,500**	25,100
Expected medical expense for adult - retires and deceased staff	**74,500**	53,100
Expected medical expense for adult - active (family of two)	**149,000**	106,200
Expected medical expense for children	**10,000**	10,000
Mortality rates (for death in service & post retirement mortality)	**SLIC (2001-05)**	SLIC (2001-05)
Rate of employees turnover	**Ultra - light**	Moderate

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

		Impact of change in assumptions in present value of defined benefit obligation	
	Change in assumption	Post retirement medical facility	Post retirement gas facility
		---------(Rupees in '000)--------	
Discount rate	Increase in assumption	**4,483,127**	**12,449**
Medical inflation rate (Pre retirement)		**6,961,056**	**-**
Medical inflation rate (Post retirement)		**5,975,328**	**-**
Gas inflation rate		**-**	**14,162**
Discount rate	Decrease in assumption	**5,985,102**	**14,170**
Medical inflation rate (Pre retirement)		**6,660,788**	**-**
Medical inflation rate (Post retirement)		**4,611,716**	**-**
Gas inflation rate		**-**	**12,442**

The expected medical and gas expense for the next one year from July 01, 2022 is as follows:

	Post retirement medical facility	Post retirement gas facility
	---------(Rupees in '000)--------	
Current service cost	**210,015**	-
Net interest cost	**901,401**	1,682
	1,111,416	1,682

46.5 Defined contribution plan - recognized provident fund

The information related to the provident funds established by the Company based on management records are as follows:

	Executives		Non-Executives	
	2022	2021	2022	2021
	(Audited)			
	(Rupees in '000)			
Size of provident fund	**5,072,234**	5,062,876	**4,834,195**	4,581,439
Cost of investments made	**4,090,738**	4,307,868	**3,744,163**	3,819,492
Percentage of investments made	**80.6%**	85.1%	**77.5%**	83.4%
Fair value of investment	**4,760,510**	4,789,145	**4,599,023**	4,376,621
Break-up of investments:				
- Balance in savings accounts				
Amount of investment	**59,445**	104,103	**136,099**	102,531
Percentage of investment as size of the fund	**1.2%**	2.0%	**2.8%**	2.2%
- Term deposit receipts				
Amount of investment	**375,286**	789,041	**183,291**	627,595
Percentage of investment as size of the fund	**7.4%**	15.6%	**3.8%**	13.7%
- Units of mutual fund				
Amount of investment	**574,259**	490,871	**418,900**	389,254
Percentage of investment as size of the fund	**11.3%**	9.7%	**8.7%**	8.5%
- Special savings certificate				
Amount of investment	**2,134,192**	1,884,386	**2,549,530**	2,251,109
Percentage of investment as size of the fund	**42.1%**	37.2%	**52.7%**	49.1%
- Treasury bills				
Amount of investment	**163,991**	30,649	**356,295**	-
Percentage of investment as size of the fund	**3.2%**	0.6%	**7.4%**	0.0%
- Pakistan Investment Bonds (PIBs)				
Amount of investment	**1,402,058**	1,419,498	**908,746**	941,995
Percentage of investment as size of the fund	**27.6%**	28.0%	**18.8%**	20.6%
- Term Finance Certificates (TFCs)				
Amount of investment	-	-	-	-
Percentage of investment as size of the fund	**0.0%**	0.0%	**0.0%**	0.0%
- Quoted shares				
Amount of investment	**51,279**	70,597	**46,162**	64,137
Percentage of investment as size of the fund	**1.0%**	1.4%	**1.0%**	1.4%

46.6 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

47. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

		2022	2021
(Loss) / profit for the year	(Rupees in '000)	**(11,444,115)**	1,955,514
Average number of ordinary shares	(Number of shares)	**880,916,309**	880,916,309
(Loss) / earnings per share - basic and diluted	(Rupees)	**(12.99)**	2.22

48. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

	2022	2021
	(Rupees in '000)	
Provisions	**3,723,195**	3,817,801
Depreciation on owned assets	**3,134,528**	8,836,030
Depreciation on right of use assets	**105,246**	122,774
Amortization of intangibles	**60,668**	21,759
Finance cost	**4,937,750**	4,477,657
Amortization of transaction cost	**169,634**	46,950
Recognition of income against deferred credit	**(677,993)**	(643,262)
Amortization of government grant	**(17,076)**	(15,925)
Dividend income	**(23,086)**	(4,828)
Interest income	**(1,679,012)**	(1,595,078)
Income from net investment in finance lease	**(15,927)**	(26,547)
Loss on disposal of property plant and equipment	**1,080**	133,374
Decrease in long term advances	**815,614**	186,978
Increase in deferred credit and contract liability	**2,152,932**	2,270,167
Finance cost on lease liability	**11,729**	18,065
Increase in net investment in finance lease	**73,741**	84,361
Increase in payable against transfer of pipeline	**71,122**	76,657
	12,844,145	17,806,933

	Note	2022	2021
		(Rupees in '000)	

48.1 Provisions

		2022	2021
Provision against slow moving / obsolete stores		**89,095**	84,756
Allowance for expected credit loss		**2,121,563**	2,229,028
Provision for compensated absences		**(131,879)**	83,286
Provision for post retirement medical and free gas supply facilities		**597,571**	481,890
Provision for retirement benefits		**1,046,845**	938,841
		3,723,195	3,817,801

49. WORKING CAPITAL CHANGES

		2022	2021
Increase in current assets			
Store, spares and loose tools		**(230,454)**	(784,469)
Stock-in-trade		**(728,350)**	533,237
Customers' installation work-in-progress		**5,273**	(8,012)
Trade debts		**(19,073,622)**	(2,553,931)
Advances, deposits and short term prepayments		**154,907**	(431,556)
Other receivables		**(101,734,408)**	(22,106,732)
		(121,606,654)	(25,351,463)
Increase in current liabilities			
Trade and other payables		**143,405,294**	19,920,301
		21,798,640	(5,431,162)

49.1 Cash and cash equivalent at the end of the year

		2022	2021
Cash and bank balances	37	**3,078,230**	573,696
Short term borrowings	17	**(23,878,298)**	(23,750,594)
		(20,800,068)	(23,176,898)

	2022	2021
	(Rupees in '000)	

50. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2022	2021
Balance as at July 01	**29,467,441**	37,396,243
Proceed from long term loan	**21,131,970**	60,881
Repayment of long term loan	**(26,767,807)**	(7,894,317)
Addition in lease	**41,426**	50,056
Repayment of lease liability	**(106,167)**	(163,487)
Others	**11,967**	18,065
Balance as at June 30	**23,778,830**	29,467,441

51. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the unconsolidated financial statements for remuneration, including all benefits, to Managing Director, Directors and Executives of the Company are given below:

	2022			2021		
	Managing Director	Directors	Executives	Managing Director	Directors	Executives
	(Rupees in 000)					
Managerial remuneration	**25,908**	-	**2,048,139**	19,592	-	2,268,377
Housing	**11,151**	-	**832,202**	8,202	-	927,331
Utilities	**2,478**	-	**184,933**	1,823	-	206,073
Retirement benefits	**2**	-	**363,046**	753	-	395,422
	39,538	-	**3,428,320**	30,370	-	3,797,203
Number	**1**	**14**	**907**	2	15	996

Executive means any employee whose basic salary exceeds Rs.1.2 million per year.

The Chairperson, Managing Director and certain executives are also provided the Company maintained vehicles in accordance with their entitlement. In addition, the Chairperson of the Company was paid Rs. 1.99 million (2021: Rs.1.99 million) as Honorarium. Executives are also provided medical facilities in accordance with their entitlement.

Aggregate amount charged in these unconsolidated financial statements in respect of meeting fee paid to 14 directors was Rs. 28 million (2021: Rs. 33 million for 15 directors).

52. CAPACITY AND ACTUAL PERFORMANCE

52.1 Natural gas transmission

	2022		2021	
	MMCF	HM3	MMCF	HM3
Transmission operation				
Capacity - annual rated capacity at 100% load factor with compression	**990,610**	**279,092,975**	990,610	279,092,975
Utilisation - volume of gas transmitted	**701,649**	**197,681,555**	751,112	211,617,256
Capacity utilisation factor (%)	**70.83%**	**70.83%**	75.82%	75.82%

52.2 Natural gas distribution

The Company has no control over the rate of utilisation of its capacity as the use of available capacity is dependent on off-takes by the customers.

52.3 Meter manufacturing division

During the year meter manufacturing division produced and assembled 430,908 meters (2021: 453,014 meters) against an annual capacity of 356,000 meters on a single shift basis.

53. TRANSACTIONS WITH RELATED PARTIES

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

The details of transactions with related parties not disclosed else where in these unconsolidated financial statements are as follows:

Government related entities - various	Basis of Relationship	2022	2021
		--------- (Rupees in '000) --------	
- Purchase of fuel and lubricant		**55,763**	79,684
- Sale of gas		**142,733,163**	95,467,069
- Mark-up expense on short term finance		**134,331**	57,150
- Markup expense on long term finance		**266,103**	344,741
- Income from net investment in finance lease		**15,927**	26,547
- Gas purchases - Indigenous gas		**125,941,054**	108,725,454
- Gas purchases - RLNG		**118,288,914**	77,651,480
- Sale of gas meter spare parts		**8,700**	12,142
- Rent of premises		**18,316**	19,550
- Insurance premium		**186,236**	184,135
- Royalty		**1,768**	19,825
- Telecommunication		**1,156**	1,168
- Electricity expense		**206,124**	176,945
- Interest income		**1,518,965**	1,462,729
- Professional charges		**-**	40
- Subscription		**2,052**	-
- RLNG transportation income		**9,726,000**	8,533,000
- LPG Purchases		**1,005,970**	531,130
- Income against LNG service agreement		**1,044,608**	919,628
- Dividend income		**14,485**	4,828
Karachi Grammar School	Associated undertaking		
- Sale of gas		**59**	45
Key management personnel			
- Remuneration		**187,901**	196,871
* **Engro Fertilizers Limited**	Associated company		
- Sale of gas		**34,706**	-
Pakistan Institute of Corporate Governance	Associated undertaking		
- Subscription / Trainings		**284**	998
* **Indus Hospital**	Associated company		
- Sale of gas		**3,627**	-
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Interest Income on loan		**131,482**	103,495
- Rent on premises		**1,137**	1,223

	Basis of Relationship	2022	2021
		--------- (Rupees in '000) --------	
Staff Retirement Benefit Plans	Employee benefit plan		
- Contribution to provident fund		**355,097**	372,282
- Contribution to pension fund		**538,646**	52,175
- Contribution to gratuity fund		**508,199**	886,666

Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice. Balance payable to / receivable from these employees benefit plans are disclosed in notes 10, 18, 35 and 46 to these unconsolidated financial statements.

Remuneration to the executive officers of the Company (disclosed in note 51 to these unconsolidated financial statements) and loans and advances to them (disclosed in notes 27 and 32 to these unconsolidated financial statements) are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Company is received at rates prescribed by the Government of Pakistan.

The details of amount due (to) / from related parties not disclosed elsewhere in these unconsolidated financial statements are as follows:

	2022	2021
	--------- (Rupees in '000) --------	
Government related entities - various		
- Sale of gas	**76,775,417**	58,695,306
- Investment	**56,354**	77,522
- Mark up accrued on borrowings	**(1,653,309)**	(4,782,380)
- Net investment in finance lease	**1,228,430**	922,429
- Gas purchases - Indigenous gas	**(433,823,800)**	(337,994,554)
- Gas purchases - RLNG	**(120,734,221)**	(107,573,790)
- Gas meters and spare parts	**35,709**	38,157
- Uniform cost of gas	**15,818,845**	15,818,845
- Cash at bank	**35,011**	6,942
- Stock loan	**1,740**	3,898
- Payable to insurance	**(1,899)**	(2,244)
- Gas supply deposit	**(51,263)**	(51,263)
- Interest expense accrued - late payment surcharge on gas bills	**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills	**16,057,889**	14,538,924
- Contingent rent	**10,315**	10,405
- Capacity and utilisation charges of RLNG	**55,656,646**	52,247,106
- RLNG transportation income	**34,843,282**	31,832,534
- LSA margins	**3,071,808**	2,945,502
- Advance for sharing right of way	**(18,088)**	(18,088)

	Basis of Relationship	2022	2021
		--------- (Rupees in '000) --------	
- Professional Charges		**57**	57
- LPG purchases		**-**	(55,190)
Karachi Grammar School	Associated undertaking		
- Sale of gas		**5**	5
- Gas supply deposit		**(22)**	(22)
* **Engro Fertilizers Limited**	Associated company		
- Sale of gas		**2,748**	-
- Gas supply deposit		**(2,851)**	-
* **Indus Hospital**	Associated company		
- Sale of gas		**352**	-
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Long term investment		**1,249,382**	1,249,382
- Interest on loan		**19,213**	-
- Long term loan		**700,000**	700,000
- Deferred markup on loan		**581,999**	822,185
- Current portion of deferred markup		**240,187**	114,150
- LPG sales		**5,698**	5,698
- Rent on premises		**1,457**	358
- Receivable against management fees		**1,408**	1,408

53.1 Maximum aggregate outstanding balance from related parties at the end of any month is as below:

	2022	2021
Included in Trade Debts	--------- (Rupees in '000) --------	
Government related entities		
- K - Electric	**48,060,474**	36,487,431
- WAPDA	**3,195,441**	3,892,001
- Pakistan State Oil Co. Limited	**1,102**	2,186
- Pakistan International Airlines	**1,834**	2,146
- Pakistan Steel Mills Corporation Limited	**25,311,722**	24,858,461
- National Bank of Pakistan	**7,711**	7,745
- State Bank of Pakistan	**2,168**	3,097
- State Life Insurance Corporation	**30**	32
- Pakistan National Shipping Corporation	**1,210**	2,444
- Pakistan Machine Tools	**15,156**	18,305
- Pakistan Railway	**516**	2,206
- Pakistan Navy	**189,356**	224,664
- Pakistan Engineering	**8**	15

		2022	2021
		--------- (Rupees in '000) --------	
	Pakistan Security Printing Corporation (Pvt) Limited	**18,184**	19,197
-	National Investment Trust Limited	**12**	29
-	Hydrocarbon Development Institute of Pakistan	**162**	335
-	Security Papers Limited	**30,519**	34,722
-	Pakistan Stock Exchange	**39**	10
-	PERAC Research & Development	**-**	162
-	Mari Petroleum Company Limited	**25**	26
-	National Insurance Company	**516**	438
-	Airport Manager	**1,392**	
Other Associated Companies			
-	Karachi Grammar School	**5**	5
-	Pakistan Refinery Limited	**131,626**	47,514
-	Engro Fertilzers Limited	**3,565**	-
-	Indus Hospital & Health Network	**672**	-
Included in Loans and Advances			
-	SSGC LPG (Private) Limited	**1,636,336**	2,720,820

54. FINANCIAL RISK MANAGEMENT

The objective of Company's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work and policies.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

54.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Credit risk arises from trade debts, net investment in finance lease, loans and advances, trade deposits, bank balances, interest accrued and other receivables. To reduce the exposure toward the credit risk, comprehensive customer category wise credit limits and terms have been established. Gas supply deposits of industrial, commercial and domestic customers equivalent of three months estimated gas consumption as per the OGRA notification are taken to reduce credit exposure. The Company continuously monitors the credit given to customers and interest accrued thereon and has established a dedicated recovery department for follow-up, recovery or disconnection of gas supply as the case may be. Loans and advances given to employees are secured against retirement benefits of the employees and title deed of properties of employees. Balances are maintained with banks of sound credit rating. The Company attempts to control credit risk in respect of other receivables by monitoring credit exposures of counterparties.

The maximum exposure to credit risk before any credit enhancement at year end is the carrying amount of the financial assets as set out below:

	2022	2021
	--------- (Rupees in '000) --------	
Trade debts	**109,085,866**	92,133,807
Net investment in finance lease	**73,321**	131,135
Loans and advances	**1,990,161**	2,205,677
Deposits	**29,503**	29,104
Bank balances	**3,070,656**	566,672
Interest accrued	**16,204,391**	14,666,213
Other receivables	**115,443,944**	112,647,358
	245,897,842	222,379,966

54.1.1 Collateral and other credit enhancements obtained

Security against supply of gas to industrial, commercial and domestic customers is taken on the basis of average three months gas consumption as per OGRA notification. These collaterals are adjusted / called following on disconnection of gas supply. Details of security held at year end is as follows:

	2022	2021
	--------- (Rupees in '000) --------	
Cash deposits	**24,403,923**	22,777,015
Bank guarantee / irrevocable letter of credit	**53,026,883**	42,276,338

54.1.2 Credit Quality

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of all financial assets which are neither past due nor impaired are given in the note 54.1.3 to these unconsolidated financial statements.

The credit quality of the Company's major bank accounts is assessed with reference to external credit ratings which are as follows:

		Rating	
Bank	**Rating Agency**	**Short Term**	**Long Term**
National Bank of Pakistan	PACRA- VIS	A-1+	AAA
Allied Bank Limited	PACRA	A-1+	AAA
Bank Alfalah Limited	PACRA	A-1+	AA+
Dubai Islamic Bank (Pakistan) Limited	VIS	A-1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Faysal Bank Limited	PACRA - VIS	A-1+	AA
MCB Bank Limited	PACRA	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
Habib Bank Limited	VIS	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+
The Bank of Punjab	PACRA	A-1+	AA+
First Women Bank Limited	PACRA	A-2	A-
Summit Bank Limited	VIS	A-3	BBB-
Bank Al-Habib Limited	PACRA	A-1+	AAA
Bank Islami Pakistan Limited	PACRA	A-1	A+
Al Baraka Bank (Pakistan) Limited	PACRA-VIS	A-1	A+
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
Meezan Bank Limited	VIS	A-1+	AAA
Samba Bank Limited	VIS	A-1	AA
Silk Bank Limited	VIS	A-2	A-
Soneri Bank Limited	PACRA	A-1+	AA-
Telenor Micro Finance Bank Limited	PACRA- VIS	A-1	A
Citi Bank N. A.	Moody's	F-1	Aa3
Deutsche Bank A.G,	Moody's - S & P -Fitch	A-2, F-2	A-2,A-,BBB+
Industrial and Commercial Bank of China	Moody's - S & P	P-1	A-2

54.1.3 Past due and impaired financial assets

Industrial and commercial customers

The age analysis of trade debt balances relating to industrial and commercial customers at year end is as follows:

	2022		2021	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	**31,717,674**	**-**	24,910,210	-
Past due but not impaired	**65,384,557**	**-**	55,472,345	-
Past due and impaired	**4,680,882**	**4,346,509**	4,505,191	4,170,818
Disconnected customers	**1,774,937**	**1,774,934**	1,645,425	1,645,425
Total	**103,558,050**	**6,121,443**	86,533,171	5,816,243

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 58,078 million and are subject to inter corporate circular debt of government entities and K-Electric.

The Company has collateral / security against industrial and commercial customers amounting to Rs. 64,525 million (2021: Rs. 53,189 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due. In case of past due balances, the Company starts recovery process through recovery department and where the amount is in excess of collateral and is not recovered by recovery department, then disconnection of meter (disconnected customers) is considered. Receivables which are past due and against which recoveries are not made or which are disconnected are considered as impaired debts.

Domestic customers

The age analysis of trade debt balances relating to domestic customers at year end is as follows:

	2022		2021	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	**2,584,022**	**-**	2,990,607	-
Past due but not impaired:				
Past due 1 - 3 month	**1,873,211**	**-**	2,241,021	-
Past due and impaired:				
Past due 4 - 6 months	**2,590,805**	**779,630**	3,378,682	779,630
Past due 7 - 9 months	**1,620,905**	**492,000**	1,411,531	492,000
Past due 10 - 12 months	**1,052,234**	**519,000**	907,466	519,000
Over 12 months	**6,593,714**	**2,875,000**	5,153,201	2,875,000
	11,857,657	**4,665,630**	10,850,880	4,665,630
Disconnected customers	**12,800,053**	**12,800,053**	10,983,690	10,983,689
Total	**29,114,942**	**17,465,683**	27,066,198	15,649,319

The Company has collateral / security against domestic customers amounting to Rs. 12,906 million (2021: Rs. 11,864 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due.

Interest accrued

As at June 30, 2022, interest accrued net of provision was Rs. 16,692 million (2021: Rs. 15,154 million). Interest is mainly accrued on customer balances which are past due. Interest on past due balances includes receivable from WAPDA and SNGPL amounting to Rs. 16,058 million (2021: 14,539 million), recovery of which is subject to inter corporate circular debt of Government entities.

Other receivables

As at June 30, 2022, other receivable financial assets amounted to Rs. 115,444 million (2021: Rs. 112,647 million). Past due other receivables amounting to Rs. 107,893 million (2021: Rs. 76,408 million) include over due balances of SNGPL amounting to Rs. 105,382 million (2021: Rs. 73,899 million), JJVL amounting to Rs. 2,502 million (2021: Rs. 2,502 million) and of SSGC LPG amounting to Rs. 9 million (2021: Rs. 7 million).

54.1.4 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. Concentration of credit risk is determined with references to the individual customers / counter parties, type as well as geographical distribution of customers / counterparties. Concentration of credit risk in financial assets of the Company is as follows:

Trade debts

Customer category wise concentration of credit risk in respect of trade debts at year end is as follows:

	2022	2021
	--------- (Rupees in '000)	--------
Power generation companies	**52,732,877**	37,130,000
Cement industries	**1,057,654**	443,796
Fertilizer and steel industries	**25,842,662**	25,170,830
Other industries	**15,762,297**	16,213,582
Total industrial customers	**95,395,490**	78,958,208
Commercial customers	**2,040,643**	1,758,721
Domestic customers	**11,649,733**	11,416,878
	109,085,866	92,133,807

At year end the Company's most significant receivable balances were K-Electric, PSML, and WAPDA which amounted to Rs. 48,060 million (2021: Rs. 32,580 million), Rs. 25,312 million (2021: Rs.24,699 million), and Rs. 3,195 million (2021: Rs. 3,194 million) respectively. These balances have aggregated due to inter corporate circular debt.

Geographical region wise concentration of credit risk in respect of trade debts at year end is as follows:

	2022	2021
	--------- (Rupees in '000)	--------
Karachi	**90,308,678**	75,195,889
Sindh (excluding Karachi)	**13,208,574**	12,255,796
Balochistan	**5,568,614**	4,682,122
	109,085,866	92,133,807

Net investment in finance lease

The Company's most significant investment in finance lease amounted to Rs. 73,321 million (2021: Rs. 131,135 million) in respect of SNGPL

Interest accrued

Most significant counter parties of the Company in respect of interest accrued are disclosed in note 34 to these unconsolidated financial statements.

Other receivables

Most significant other receivables of the Company are in respect of lease rental, lease service cost, contingent rent and uniform cost of gas agreement with SNGPL as disclosed in note 35 to these unconsolidated financial statements. These balances are subject to inter corporate circular debt.

54.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
	(Rupees in '000)					
As at June 30, 2022						
Long term finance	**23,680,374**	**(30,060,503)**	**(5,599,823)**	**(3,603,260)**	**(12,871,744)**	**(7,985,677)**
Payable against transfer of pipeline	**755,645**	**(1,051,922)**	**(67,866)**	**(67,866)**	**(135,732)**	**(780,458)**
Short term borrowings	**23,878,298**	**(23,878,298)**	**(23,878,298)**	-	-	-
Trade and other payables	**643,433,454**	**(643,433,454)**	**(643,433,454)**	-	-	-
Interest accrued	**17,957,484**	**(17,957,484)**	**(17,957,484)**	-	-	-
Deposits	**24,506,273**	**(53,026,883)**	-	-	-	**(53,026,883)**
Lease liability	**74,504**	**(74,504)**	-	**(55,475)**		**(19,029)**
	734,286,032	**(769,483,048)**	**(690,936,925)**	**(3,726,601)**	**(13,007,476)**	**(61,812,047)**

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
	(Rupees in '000)					
As at June 30, 2021						
Long term finance	29,340,161	(35,458,411)	(5,451,011)	(5,296,655)	(8,233,379)	(16,477,366)
Payable against transfer of pipeline	820,255	(1,187,654)	(67,866)	(67,866)	(135,732)	(916,190)
Short term borrowings	23,750,594	(23,750,594)	(23,750,594)	-	-	-
Trade and other payables	508,659,435	(508,635,485)	(508,635,485)	-	-	-
Interest accrued	17,142,960	(17,482,069)	(17,482,069)	-	-	-
Deposits	22,871,737	(42,276,338)	-	-	-	(42,276,338)
Lease liability	127,278	(127,278)		(84,384)		(42,894)
	602,712,420	(628,917,829)	(555,387,025)	(5,448,905)	(8,369,111)	(59,712,788)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of latest available market rates. The rates of mark-up have been disclosed in notes 8 and 9 to these unconsolidated financial statements. Contractual cash flows of the long term deposits are determined on the assumption that adjusted / refund of these deposits will not be required before expiry of 40 years from reporting date.

54.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The market risk comprises of currency risk, interest rate risk and other price risk (equity price risk).

54.3.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on creditors for gas that are denominated in a currency other than functional currency of the Company. The currency in which these transactions primarily are denominated is US Dollars. The Company's exposure to foreign currency risk is as follows:

	2022		2021	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Creditors for gas	**68,461,531**	**332,338**	40,183,605	253,845
Estimated forecast gas purchases	**164,928,840**	**574,465**	67,783,762	380,915
	233,390,371	**906,803**	107,967,367	634,760

Above net exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtain forward cover against the gross exposure as exchange loss / gain on purchases of gas and supplies is recovered from / paid to Government of Pakistan as part of guaranteed return.

The following significant exchange rates applied during the year:

Average rates		Reporting date rate	
2022	2021	2022	2021
287.10	**177.95**	206.00	158.30

Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2022 would have (decreased) / increased trade creditors by Rs. 6,846 million (2021: Rs. 4,018 million). There is no effect of strengthening / (weakening) of US dollar on unconsolidated equity and unconsolidated statement of profit or loss of the Company as exchange loss / gain on purchases of gas and store and supplies is recovered from / paid to Government of Pakistan as part of tariff adjustments. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2021.

54.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were as follows:

	2022	2021
	--------- (Rupees in '000) ---------	
Fixed rate instruments		
Financial assets		
Net investment in finance lease	**73,321**	131,135
Loan and advances	**81**	117
Trade debts	**30,377,495**	31,104,435
Cash and bank balances	**19,782**	2,976
Receivable against asset contribution	**337,266**	348,448
	30,807,945	31,587,111
Financial liabilities		
Long term deposits	**(11,959,002)**	(11,213,027)
Government of Sindh loan	**(793,549)**	(782,653)
Payable against transfer of pipeline	**(755,645)**	(820,255)
Lease liability	**(74,504)**	(127,278)
	(13,582,700)	(12,943,213)
Variable rate instruments		
Financial assets		
Other receivables	**18,320,669**	18,320,669
Loan to related party	**700,000**	700,000
	19,020,669	19,020,669
Financial liabilities		
Long term loan except Government of Sindh loan	**(16,408,823)**	(20,639,563)
Short term borrowings	**(23,878,298)**	(23,750,594)
Trade and other payables	**(424,266,938)**	(327,857,910)
	(464,554,059)	(372,248,067)
	(445,533,390)	(353,227,398)

Fixed rate instruments bear fixed interest rate while all other borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs. The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through unconsolidated statement of profit or loss. Therefore, a change in interest rates at the reporting date would not affect the unconsolidated statement of profit or loss and the equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased or (net decreased) the unconsolidated statement of profit or loss of the Company as at June 30, 2022 by Rs. 4,456 million (2021: Rs.3,533 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2021.

54.3.3 Equity price risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in listed equity securities. This arises from investments held by the Company for which prices in the future are uncertain. The fair value of listed equity investments of the Company that are exposed to price risk as at June 30, 2022 is Rs. 152 million (2021: Rs. 209 million).

A ten percent increase / decrease in the prices of listed equity securities of the Company at the reporting date would have increased / (decreased) long term investment and unconsolidated equity by Rs. 15.2 million (2021: Rs. 20.9 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

54.4 Fair value of financial assets and liabilities

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

The carrying values of all financial instruments reflected in these unconsolidated financial statements approximate their fair values except for investment in unquoted companies which are reflected at cost less impairment losses.

54.4.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets

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

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

	2022			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Assets				
Fair Value through OCI Financials assets				
Quoted equity securities	**152,363**			**152,363**

	2021			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Assets				
Fair Value through OCI Financials assets				
Quoted equity securities	209,299			209,299

There have been no transfers during the year (2021: no transfers in either direction).

Financial instruments by categories

	Financial assets		
	Amortized cost	FVTOCI	Total
	(Rupees in '000)		
As at June 30, 2022			
Trade debts	**109,085,866**	**-**	**109,085,866**
Net investment in finance lease	**73,321**	**-**	**73,321**
Loans and advances	**1,990,161**	**-**	**1,990,161**
Deposits	**29,503**	**-**	**29,503**
Cash and bank balances	**3,078,230**	**-**	**3,078,230**
Interest accrued	**16,204,391**	**-**	**16,204,391**
Other receivables	**115,443,944**	**-**	**115,443,944**
Long term investments	**-**	**152,363**	**152,363**
	245,905,416	**152,363**	**246,057,779**

	Financial assets		
	Amortized cost	FVTOCI	Total
	---------------------- (Rupees in '000) ----------------------		
As at June 30, 2021			
Trade debts	92,133,807	-	92,133,807
Net investment in finance lease	131,135	-	131,135
Loans and advances	2,205,677	-	2,205,677
Deposits	29,104	-	29,104
Cash and bank balances	573,696	-	573,696
Interest accrued	14,666,213	-	14,666,213
Other receivables	112,647,358	-	112,647,358
Long term investments	-	209,299	209,299
	222,386,990	209,299	222,596,289

	Financial liabilities at amortised cost	
	2022	2021
	--------- (Rupees in '000) ---------	
Long term finance	**23,680,374**	29,316,211
Payable against transfer of pipeline	**755,645**	820,255
Short term borrowings	**23,878,298**	23,750,594
Trade and other payables	**643,433,454**	508,659,435
Interest accrued	**17,957,484**	17,142,960
Long term deposits	**24,506,273**	22,871,737
Lease liability	**74,504**	127,278
	734,286,032	602,688,470

54.5 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

The Company is not subject to externally imposed regulatory capital requirements.

	2022	2021
	--------- (Rupees in '000) ----------	
The gearing ratio as at June 30 is as follows:		
Total borrowings		
Long term finance	**17,015,705**	21,235,549
Short term borrowings	**23,878,298**	23,750,594
Current portion of long term finance	**6,664,669**	8,080,662
	47,558,672	53,066,805
Less: Cash and bank balances	**(3,078,230)**	(573,696)
Net debts	**44,480,442**	52,493,109
Capital employed	**43,079,819**	30,895,250
Gearing ratio	**1.03**	1.70

55. OPERATING SEGMENTS

IFRS 8 - Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief operating decision maker in order to allocate resources to segments and to 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)

55.1 Segment revenue and results

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

	2022	2021
	----------- (Rupees in '000) ------------	
	Segment profit / (loss)	
Return on Assets net of UFG disallowance		
Gas transmission	**8,486,570**	8,903,074
Gas distribution and marketing		
- Lower Sindh	**(2,097,342)**	1,335,526
- Upper Sindh	**(1,453,603)**	(257,677)
- Balochistan	**(13,057,012)**	(9,619,798)
Meter Manufacturing	**7,891**	9,786
Total segment results	**(8,113,496)**	370,911
Unallocated		
Finance cost	**(5,190,235)**	(4,619,329)
Other income - net	**5,568,246**	5,383,487
(Loss) / profit before tax	**(7,735,485)**	1,135,069

The accounting policies of the reportable segments are same as disclosed in note 4.23 to these unconsolidated financial statements.

	2022	2021
	--------- (Rupees in '000) ----------	
Segment assets and liabilities		
Segment assets		
Gas transmission	**211,254,930**	169,432,915
Gas distribution and marketing		
- Lower Sindh	**428,321,706**	333,114,389
- Upper Sindh	**84,625,629**	65,427,291
- Balochistan	**48,864,236**	45,099,478
Meter manufacturing	**1,108,124**	552,261
Total segment assets	**774,174,625**	613,626,334
Unallocated		
- Loans and advances	**1,990,161**	2,205,677
- Taxation - net	**16,079,192**	17,609,468
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**3,078,230**	573,696
	21,635,322	20,876,580
Total assets as per unconsolidated statement of financial position	**795,809,947**	634,502,914
Segment Liabilities		
Gas transmission	**120,648,252**	104,007,215
Gas distribution and marketing		
- Lower Sindh	**460,918,599**	375,788,173
- Upper Sindh	**90,537,349**	72,135,606
- Balochistan	**127,923,669**	104,733,573
Meter manufacturing	**260,931**	9,902
Total liabilities as per unconsolidated statement of financial position	**800,288,800**	656,674,469

56. ACCOUNTING ESTIMATES AND JUDGMENTS

56.1 Income tax

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

56.2 Staff retirement and other service benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 46 to the financial statements for valuation of these obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

56.3 Property, plant and equipment

In accordance with the accounting policy, the management carries out an annual assessment of depreciable amount and useful lives of property, plant and equipment. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

56.4 Trade debts and other receivables

The Company reviews its receivable against provision required there against on a ongoing basis and appropriate provision is made against outstanding receivable based on systematic basis as approved by the Board of Directors.

56.5 Stock in trade and stores, spares and loose tools

The management continuously reviews its inventory for existence of any items which may have become obsolete. The estimates against slow moving and obsolete items are made based on systematic basis as approved by the Board of Directors.

56.6 Fair value of investments

Management has determined fair value of certain investments by using quotations from active market of the financial instruments.

56.7 Recognition of income from sale of Natural Gas Liquid (NGL) and Liquefied Petroleum Gas (LPG)

Income from sale of NGL to Jamshoro Joint Venture Limited is recognized based on provisional invoice price / quantity being the best estimate available. Any change in provisional price / quantity will be accounted for prospectively in the year in which there is change in price / quantity.

56.8 Recognition of tariff adjustments

Management has recognised income from tariff adjustments according to Final Revenue Requirement (FRR) issued by OGRA for FY 2022.

56.9 Purchases of gas

Company records purchases of gas at the rates notified by Oil and Gas Regulatory Authority. Effect of adjustments, if any, arising from revision in purchase price is reflected as and when the prices are approved by OGRA.

57. EVENTS AFTER THE REPORTING DATE

There were no events occurred after the reporting date, other than disclosed, which requires disclosure and adjustments in the financial statements.

58. NUMBER OF EMPLOYEES

	2022	2021
Total number of employees as at the reporting	**6,796**	6,871
Average number of employees during the year	**6,834**	6,791

59. CORRESPONDING FIGURES

Corresponding figures have been reclassified and rearranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However there is no material reclassification or rearrangement at reporting date.

60. GENERAL

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

61. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue by the Board of Directors meeting held on November 18, 2023.

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

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUI SOUTHERN GAS COMPANY LIMITED
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified opinion

We have audited the annexed consolidated financial statements of Sui Southern Gas Company Limited (the Holding Company) and its subsidiary (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at June 30, 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Group's affairs as at June 30, 2022 and of the loss and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Qualified Opinion

1. As disclosed in notes 31.1 and 31.2 to the consolidated financial statements, trade debts include receivables of Rs. 29,652 million and Rs. 25,312 million from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML), respectively. Significant portion of such receivables include overdue amounts, which have been considered good by management and classified as current assets in the consolidated financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances due to which management has decided to recognize LPS on a receipt basis from the aforesaid entities effective from July 01, 2012.

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

2. As disclosed in note 34 to the consolidated financial statements, interest accrued includes interest receivable of Rs. 10,957 million and Rs. 5,101 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA), respectively. These have been accounted for in line with Holding Company's policy of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to dispute with WAPDA and SNGPL, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered including the timeframe over which such recovery will be made.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's

Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to the following:

1. Note 1.4 to the consolidated financial statements which states that in view of the financial position of the Holding Company, the Government of Pakistan (Finance Division) has confirmed to extend necessary financial support to the Holding Company for the foreseeable future to maintain its going concern status. Hence, the sustainability of the future operations of the Holding Company is dependent on the said support;

2. Note 19.1 to the consolidated financial statements which describes that the Holding Company has not recognized the accrued markup up to June 30, 2022 amounting to Rs. 131,988 million relating to Government Controlled E&P Companies based on government advise and a legal opinion;

3. Note 20 to the consolidated financial statements which inter alia describe that the Group is subject to various material litigations and claims pending adjudication in different courts. The outcome of these cases is uncertain and beyond management's control; and

4. Note 35.2 to the consolidated financial statements which describes that the adjustment / realisability of receivable of the Holding Company from Habibullah Coastal Power Company (Private) Limited (HCPCL) amounting to Rs. 4,157 million is no longer possible and accordingly is recognized as other operating expense as at the reporting date. The Holding Company is in the process of filing the motion for review for FY 2021-22 and included the amount so charged in the tariff determination before OGRA.

Our opinion is not modified in respect of above matters.

Key Audit Matters

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

Following are the key audit matters:

S. No	Key Audit Matter	How matter was addressed in our audit
1	**REVENUE** The Group's total revenue is amounting to Rs. 375,559 million, which is predominantly generated from sales of indigenous gas, representing a significant element of the consolidated financial statements as disclosed in note 39 and 40.	We performed a range of audit procedures in relation to revenue including the following: • Obtained understanding of the process for recognition of revenue and considered the appropriateness of the Holding Company's revenue recognition accounting policies as

S. No	Key Audit Matter	How matter was addressed in our audit
	Revenue includes sales of indigenous and RLNG gas to the customers under an agreement based on single performance obligation satisfied over time, whereas progress of the performance obligation is measured using the output method, by an amount representing volume of gas delivered as metered monthly in arrears, that may include estimates for provisional billing and passing-unregistered-gas, at the various rates prescribed by the OGRA and Tariff adjustments which are calculated as per OGRA Ordinance, 2002 and Final Revenue Requirement determined by the OGRA. The risk of material misstatement was considered significant due to high inherent and control risk on completeness, existence and accuracy of revenue. In view of the significance of revenue and high assessed risk of material misstatement, revenue is considered as key audit matter.	per requirement of applicable financial reporting framework; • Tested the design and operating effectiveness of key controls in relation to the recognition of revenue; Performed test of details on revenue recognized during the year, on a sample basis, inspected meter reading documents, sales agreement, gas bills and rates from Oil and Gas Regulatory Authority (OGRA) notification; • Obtained and examined the Final Revenue Requirement (FRR) determined by the OGRA and checked that the tariff adjustment is as per the revenue requirement; and • Assessed the adequacy of the disclosures made in respect of revenue in accordance with the financial reporting standards.
2	**EMPLOYEE BENEFITS OBLIGATION** As disclosed in note 10, 18 and 35 to the consolidated financial statements, the Group operates various Employee benefit plans. The Holding Company's net obligation in respect of these plans as at June 30, 2022 aggregated to Rs. 10,258 million. Valuation of these plans requires significant level of judgment and technical expertise to select appropriate valuation assumptions. Changes in the key assumptions (discount rate, salary increase and retirement age etc.) may have a material impact on the calculation of these obligations, under the plans. We identified this area as a key audit matter because of significant estimation, uncertainty and use of management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.	Our audit procedures included the following: • Assessed competence and objectivity of the actuaries engaged by the Holding Company to value obligations under the plans and reviewed the actuarial valuation reports to understand the basis and methodology used for such valuation. • Tested data provided by the Holding Company to actuaries for the purpose of valuation. • Reviewed the adequacy of the related disclosures in the consolidated financial statements in accordance with applicable financial reporting framework.

S. No	Key Audit Matter	How matter was addressed in our audit
3	**REVALUATION OF FREEHOLD AND LEASE HOLD LAND** The freehold and leasehold land of the Group amounts to Rs. 39,539 million and Rs. 16,315 million respectively, as disclosed in note 7 of the consolidated financial statements. During the year the Group has revalued its freehold and leasehold land, resulting in recognition of a surplus on revaluation amounting to Rs. 29,760 million. Significant judgement is involved in estimating the fair values, including the appropriateness of valuation techniques used in assessing the fair values of the properties. In view of this significant current year's event, we have considered this to be a key audit matter.	Our audit work includes a number of procedures, among others: • We obtained the external valuer's report and understood the key estimates considered by the valuer in assessing the fair value of assets revalued; • We assessed the competency, capability and objectivity of the external valuer engaged by the Company; • We assessed the reasonableness of the significant judgments, estimates & and assumptions made by the valuer including the appropriateness of valuation techniques; • We verified the source data provided to the external valuer by the company on test basis and checked the legal documentation evidencing the title of the related properties. • We evaluated the adequacy of the disclosures presented in the financial statements regarding property, plant, and equipment by the applicable financial reporting framework.

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

BDO Ebrahim & Co.

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

Place: Karachi

Date: November 18, 2023

UDIN: AR2022101665pbJNWn9M

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
EQUITY			
Share capital and reserves			
Share Capital	5	**8,809,163**	8,809,163
Reserves	6	**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI securities		**115,836**	172,772
Surplus on revaluation of property, plant and equipment	7	**55,014,936**	25,254,815
Accumulated loss		**(72,421,784)**	(60,441,466)
		(3,574,448)	(21,297,315)
LIABILITIES			
Non-current liabilities			
Long term financing	8	**17,015,705**	21,235,549
Long term deposits	9	**24,915,225**	23,241,015
Employee benefits	10	**7,724,066**	5,603,105
Payable against transfer of pipeline	11	**684,981**	755,645
Deferred credit	12	**4,304,590**	4,592,822
Contract liabilities	13	**9,517,256**	7,786,074
Lease liability	14	**39,568**	63,845
Long term advances	15	**3,971,110**	3,155,496
Total non-current liabilities		**68,172,501**	66,433,551
Current liabilities			
Current portion of long term financing	16	**6,664,669**	8,080,662
Short term borrowings	17	**23,878,298**	23,750,594
Trade and other payables	18	**683,461,751**	540,806,723
Short term deposits		**45,540**	39,249
Current portion of payable against transfer of pipeline	11	**70,664**	64,610
Current portion of deferred credit	12	**443,575**	442,114
Current portion of contract liabilities	13	**262,881**	232,352
Current portion lease liability	14	**55,887**	84,493
Unclaimed dividend		**285,373**	285,426
Interest accrued	19	**17,957,484**	17,142,960
Total current liabilities		**733,126,122**	590,929,183
Total liabilities		**801,298,623**	657,362,734
Contingencies and commitments	20		
TOTAL EQUITY AND LIABILITIES		**797,724,175**	636,065,419

The annexed notes 1 to 62 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	21	**178,290,263**	139,097,127
Intangible assets	22	**226,754**	114,435
Right of use assets	23	**100,320**	165,466
Deferred tax asset	24	**2,973,990**	2,721,666
Long term investments	25	**152,363**	209,299
Net investment in finance lease	26	**-**	73,321
Long term loans and advances	27	**143,382**	175,339
Long term deposits		**19,640**	19,740
Total non-current assets		**181,906,712**	142,576,393
Current assets			
Stores, spares and loose tools	28	**3,651,684**	3,457,965
Stock-in-trade	29	**2,575,577**	1,602,452
Current portion of net investment in finance lease	26	**73,321**	57,814
Customers' installation work-in-progress	30	**244,305**	249,578
Trade debts	31	**109,096,530**	92,141,613
Loans and advances	32	**324,593**	394,002
Advances, deposits, and short term prepayments	33	**1,160,835**	1,231,858
Interest accrued	34	**16,672,917**	15,153,952
Other receivables	35	**462,003,401**	360,062,870
Taxation - net	36	**16,600,280**	17,890,333
Other financial assets	37	**129,223**	479,223
Cash and bank balances	38	**3,284,797**	767,366
Total current assets		**615,817,463**	493,489,026
TOTAL ASSETS		**797,724,175**	636,065,419

The annexed notes 1 to 62 form an integral part of these consolidated financial statements.

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

SSGC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Revenue from contracts with customers - Gas sales	39	**299,628,511**	271,486,670
Tariff adjustments	40	**75,930,537**	24,642,231
		375,559,048	296,128,901
Cost of sales	41	**(367,840,505)**	(301,878,844)
Gross profit / (loss)		**7,718,543**	(5,749,943)
Administrative and selling expenses	42	**(5,251,848)**	(4,615,028)
Other operating expenses	43	**(20,420,074)**	(464,150)
Allowance for expected credit loss		**(2,121,563)**	(2,229,028)
		(27,793,485)	(7,308,206)
		(20,074,942)	(13,058,149)
Other income	44	**17,629,800**	19,259,385
(Loss) / profit before interest and taxation		**(2,445,142)**	6,201,236
Finance cost	45	**(5,196,036)**	(4,625,606)
(Loss) / profit before taxation		**(7,641,178)**	1,575,630
Taxation	46	**(3,770,841)**	687,661
(Loss) / profit for the year		**(11,412,019)**	2,263,291
		(Rupees)	
(Loss) / earning per share - basic and diluted	48	**(12.95)**	2.57

The annexed notes 1 to 62 form an integral part of these consolidated financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended June 30, 2022

	2022	2021
	(Rupees in '000)	
(Loss) / profit for the year	**(11,412,019)**	2,263,291
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement of post retirement benefit obligation - net	**(568,299)**	(461,968)
Unrealised (loss) / profit on re-measurement of fair value through other comprehensive income.	**(56,936)**	29,282
	(625,235)	(432,686)
Surplus on revaluation of property, plant and equipment	**29,760,121**	-
Other comprehensive income / (loss) for the year	**29,134,886**	(432,686)
Total comprehensive income for the year	**17,722,867**	1,830,605

The annexed notes 1 to 62 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		**(7,641,178)**	1,575,630
Adjustments for non-cash and other items	49	**13,247,738**	18,095,312
Working capital changes	50	**21,646,666**	(5,228,662)
Financial charges paid		**(5,084,637)**	(6,936,712)
Employee benefits paid		**(179,942)**	(143,758)
Payment for retirement benefits		**(1,157,912)**	(1,385,856)
Long term deposits received - net		**1,680,575**	2,571,091
Deposits received- net		**101**	371
Loans and advances to employee - net		**215,516**	2,536,653
Interest income received		**9,996**	368,091
Income taxes paid		**(2,500,973)**	(1,152,920)
Net cash flows from operating activities		**20,235,950**	10,299,240
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(12,479,795)**	(10,587,317)
Proceeds from sale of property, plant and equipment		**138,385**	51,918
Payment for payable against transfer of pipeline		**(135,733)**	(135,733)
Other financial assets		**-**	(223)
Dividend received		**23,086**	4,828
Net cash used in investing activities		**(12,454,057)**	(10,666,527)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		**21,131,970**	60,881
Repayments of local currency loans		**(26,750,000)**	(8,710,101)
Repayment of customer finance		**(17,807)**	(19,318)
Repayment of lease liability		**(106,276)**	(168,530)
Dividend paid		**(53)**	(4)
Net cash used in financing activities		**(5,742,166)**	(8,837,072)
Net increase / (decrease) in cash and cash equivalents		**2,039,727**	(9,204,359)
Cash and cash equivalents at beginning of the year		**(22,633,228)**	(13,428,869)
Cash and cash equivalents at end of the year	50.1	**(20,593,501)**	(22,633,228)

The annexed notes 1 to 62 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2022

	Issued, subscribed and paid-up capital (Note 5)	Capital reserves (Note 6)	Revenue reserves (Note 6)	Surplus on remeasurement of FVTOCI investments	Surplus on revaluation of property, plant and equipment (Note 7)	Accumulated (loss) / profit	Total
	(Rupees in '000)						
Balance as at June 30, 2020	8,809,163	234,868	4,672,533	143,490	25,254,815	(62,242,789)	(23,127,920)
Total comprehensive income for the year ended June 30, 2021							
Profit for the year	-	-	-	-	-	2,263,291	2,263,291
Other comprehensive income / (loss) for the year	-	-	-	29,282	-	(461,968)	(432,686)
Total comprehensive income for the year	-	-	-	29,282	-	1,801,323	1,830,605
Balance as at June 30, 2021	8,809,163	234,868	4,672,533	172,772	25,254,815	(60,441,466)	(21,297,315)
Total comprehensive income for the year ended June 30, 2022							
Loss for the year	-	-	-	-	-	**(11,412,019)**	**(11,412,019)**
Other comprehensive (loss) / income for the year	-	-	-	**(56,936)**	**29,760,121**	**(568,299)**	**29,134,886**
Total comprehensive income for the year	-	-	-	**(56,936)**	**29,760,121**	**(11,980,318)**	**17,722,867**
Balance as at June 30, 2022	**8,809,163**	**234,868**	**4,672,533**	**115,836**	**55,014,936**	**(72,421,784)**	**(3,574,448)**

The annexed notes 1 to 62 form an integral part of these consolidated financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended June 30, 2022

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company
- Sui Southern Gas Company Limited

	Percentage of holding 2022	2021
Subsidiary Company	%	%
- SSGC LPG (Private) Limited	**100**	100

Sui Southern Gas Company Limited

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

The registered office of the 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.

Region	Address
Karachi West	SITE office, Karachi, Plot No. F/36 & F/37 SITE Area Karachi.
Karachi East	Plot # 21/1, Sector 22, Korangi Industrial Area, Karachi.
Karachi Central	SSGC Karachi Terminal opposite Safari Park Main University Road, Karachi.
Hyderabad	SSGC Regional Office, Opposite New Eidgah, National Highway Qasimabad, Hyderabad.
Nawabshah	SSGC Regional Office, Near Sikandar Art Gallery Housing Society, Nawabshah.
Sukkur	SSGC Regional Office, Golimar Road, SITE Area Sukkur.
Larkana	SSGC Regional Office, Near Shaikh Zaid Women Hospital, Larkana.
Quetta	SSGC Office, Samungli Road, Quetta.

SSGC LPG (Private) Limited

SSGC LPG (Private) Limited ("the Subsidiary Company") is a wholly owned subsidiary of Sui Southern Gas Company Limited. The registered office of the Subsidiary Company is situated at the LDC building Karachi Terminal Main University Road, Karachi and its main activity is supply of liquefied petroleum gas and provision of terminal and storage services.

The Subsidiary Company acquired the assets including:

- LPG import terminal, bulk storage at North West Industrial Zone, Port Qasim, Karachi and
- Bottling plants at Sara-e-Gadai Stop, Kot Najeebullah Road, Industrial Estate Hattar-22610 Haripur, KPK and Sheikhhupura Bedad Road, Muridke Panjab through the High Court of Sindh auction during October 2011.

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

1.2 Basis of consolidation

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

1.3 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA), the Holding Company is provided with a minimum annual return before taxation i.e. 16.60% (June 2021: 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).

1.4 Status of the Group's Operations - Financial Performance

During the year, the Group has suffered loss after tax of Rs. 11,412 million (2021: Profit after tax of Rs. 2,263 million) resulting in increase in its accumulated losses by Rs. 11,980 million. As at reporting date, current liabilities exceeded its current asset by Rs. 117,309 million (2021: Rs. 97,440 million).

Below enumerated matters are emphasising the financial performance and sustainability of the Holding company:

- 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 Unaccounted For Gas (UFG) based on Regassified Liquefied Natural Gas (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 of Final Revenue Requirement (FRR) for FY 2017-18 and there after till June 30, 2022, carrying financial impact aggregating to Rs 70,217 million as of the reporting date, OGRA did not consider implementing the aforementioned decision and advised to take up the matter with Sui Northern Gas Pipelines Limited (SNGPL) in consultation with Ministry of Energy (Petroleum Division). The Holding Company has reiterated its earlier position of higher UFG due to RLNG, thus to sort out this issue, ECC constituted a Committee comprising Secretaries of Petroleum & Finance division. In line with Committee recommendations and having an independent view as requested by the Holding Company, OGRA hired the services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of indigenous gas as well as imported RLNG.
- The Holding Company has undertaken actions for reduction in UFG / enhancement of UFG benchmark based on Key Monitoring Indicators (KMI) as well as implementation of ECC decision on RLNG volume handling which will help in significant reduction in UFG disallowances.
- The Holding Company has devised a strategy to control UFG, duly approved by the board of directors and the same is under implementation.
- Government of Pakistan (Finance Division) in its letter dated July 06, 2020, being majority shareholder has acknowledged the funding requirements of the Holding Company and has shown commitment to extend all support to maintain the going concern status of the Holding Company.
- Banks have allowed waiver from the compliance of debt-to-equity covenants up to June 30, 2022. However, subsequent to year end, the Holding Company has never defaulted in payment of any installment of principal and interest thereon.

The management believes that, in view of the above mentioned factors, the Holding Company's profitability and financial position will improve in the next few years. Accordingly, no material uncertainty exist relating to going concern status of the Holding Company.

2. BASIS FOR PREPARATION

2.1 Statement of compliance

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

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

- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except otherwise disclosed in notes to the consolidated financial statements.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of these consolidated financial statements, in conformity with accounting and reporting standards, as applicable in Pakistan, requires the Group to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including reasonable expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. Revision to accounting estimates are recognised prospectively, commencing from the period of revision.

The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements, as disclosed in note 57 of these consolidated financial statements are as follows:

i) Employee benefits - note 4.19, 10 and 47
ii) Provision for taxation - note 4.18 and 46
iii) Useful life and residual values of property, plant and equipment - note 4.5 and 21.1
iv) Right-of-use assets and corresponding lease liability - note 4.7, 14 and 23
v) Impairment of financial assets - note 4.4.7, 31, 34 and 35
vi) Impairment of non-financial assets - note 4.12, 21, 22 and 23
vii) Tariff adjustment - recognition of disallowances determined by the OGRA - note 4.2, 4.3, 18, 35 and 40.

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

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

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Group's operations or did not have significant impact on the consolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

3.2 New accounting standards, amendments and interpretations that are not yet effective

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

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

	Effective date (annual periods beginning on or after)
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards
IFRS 17 Insurance Contracts

3.3 Exemptions from applicability of certain standards and interpretations to standards

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

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

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

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

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

3.3.2 The Securities and Exchange Commission of Pakistan (SECP) vide its Notification S.R.O. 67 (I) / 2023 dated January 20, 2023 in partial modification of its previous S.R.O. 1177 (1) / 2021, dated September 13, 2021 has exempted the Holding Company from application of IFRS 9 with respect to recognition requirements of Expected Credit Losses on financial assets due from GoP or ultimately due from the GoP (including receivables in context of circular debt) till December 31, 2024, provided that the Holding Company shall follow relevant requirements of IAS 39, in respect of such financial assets.

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

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

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

	2022	2021
	(Rupees in '000)	
Effect on consolidated statement of profit or loss		
Increase in:		
Tariff Adjustments	**(77,149,020)**	(24,642,231)
Net movement in regulatory deferral account balances	**77,149,020**	24,642,231
Loss for the year before net movement in regulatory deferral account would have been	**(87,982,421)**	(22,194,124)
Effect on (loss) / earning per share - (Rs.)		
basic and diluted	**(99.88)**	(25.19)
basic and diluted including net movement in regulatory deferral account	**(12.95)**	2.57
Effect on consolidated statement of financial position		
Decrease in:		
Other receivable	**(295,488,261)**	(207,762,067)
Trade and other payable	**28,923,211**	18,346,037
Regulatory deferral account	**(266,565,050)**	(189,416,030)
Decrease in:		
Deferred tax	**(3,413,234)**	(3,413,234)
Trade and other payable - WPPF	**59,740**	59,740
Increase in:		
Taxation net	**975,425**	396,807

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

4.1 Revenue recognition

The Group recognises revenue in accordance with IFRS 15 'Revenue From Contract With Customers':

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

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

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

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

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

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

- Revenue from gas sales is recognized on the basis of gas supplied to customers at the rates notified by the Oil and Gas Regulatory Authority (OGRA). The revenue for the Holding Company is recognized on point in time basis as the Holding Company has determined that there is a single performance obligation i.e. supply of gas.

- Meter rentals are recognized on a monthly basis, at specified rates by the OGRA for various categories of customers. All the revenue for the Holding Company in this category, is recognized at point in time basis as the Holding Company has determined that there is a single performance obligation i.e. availability of meters to the customers.

- Revenue from sale of meters, Liquefied Petroleum Gas (LPG) and gas condensate is recognised on delivery to the customers.

- Deferred credit from Government is amortized and related income is recognised in the consolidated statement of profit or loss over the useful lives on commissioning of the related assets.

- The Holding Company has recognised contract liabilities which represents contribution received from the customers towards the cost of supplying and laying transmission, service and main lines as per requirements of IFRS 15, these contributions are being amortized over the useful lives of the related assets as laying of the pipelines is not a distinct performance obligation, instead is considered a part of the Holding Company's only performance obligation to deliver gas to the customers.

- Income from new service connections is amortized in consolidated statement of profit or loss over the useful lives of related assets.

- Dividend income on equity investments is recognised when right to receive the payment is established.

- Late payment surcharge on gas sales arrears is calculated from the date the billed amount is overdue and recognized when it is probable that economic benefits will flow to the entity. All the revenue for the Group in this category, is recognized on over the time basis, unless otherwise stated.

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

4.2 Tariff adjustment - indigenous gas

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

4.3 Tariff adjustment - RLNG

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

4.4 Financial Instruments

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

4.4.1 Financial assets

Classification and measurement of financial assets

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

Specifically:

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

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite that, the Holding Company may make the following irrevocable election / designation at initial recognition of a financial asset;

- the Holding Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

- the Holding Company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch.

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

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

4.4.2 Financial liabilities

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

4.4.3 Recognition and measurement

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

4.4.4 Derecognition

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

4.4.5 Derivative financial instruments

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

4.4.6 Off-setting

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

4.4.7 Impairment of financial assets

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

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

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

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

(I) Significant increase in credit risk

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

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

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

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

(1) The financial instrument has a low risk of default,

(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(II) Definition of default

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

(III) Credit-impaired financial assets

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

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

(IV) Measurement and recognition of ECL

SECP through S.R.O. 67 (I)/2023 dated January 20, 2023 issued by the Securities and Exchange Commission of Pakistan (SECP) in partial modification of its S.R.O. 1177 (I)/2021, dated September 13, 2021, which notify that in respect of companies holding financial assets due from Government of Pakistan in respect of circular debt, the requirements contained in IFRS 9 (Financial Instruments) with respect to application of expected credit losses (ECL) method on its financial assets shall not be applicable till 31 December 2024, provided that such Companies shall follow the relevant requirement of IAS 39 – Financial Instruments : Recognition and measurement, in respect of above referred financial assets during the exemption period. Accordingly, financial assets due from the Government of Pakistan, in respect of circular debt. i.e., trade debts and certain other receivable are assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

The Group recognizes loss allowance for Expected Credit Losses (ECLs) on other financial assets measured at amortized cost.

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

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

4.5 Property, plant and equipment

Initial recognition

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

Measurement

The cost of the property, plant and equipment includes:

(a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates; and

(b) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Group.

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

Subsequent measurement

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

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

Subsequent expenditure (including normal repairs and maintenance)

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

Capital work in progress

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

Depreciation

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

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

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

4.6 Intangible assets

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

Definite Life

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

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

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

4.7 Right-of-use assets and corresponding lease liability

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

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

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

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

4.8 Borrowing costs

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

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

All other borrowing costs are charged to consolidated statement of profit or loss as finance cost.

Gains and losses on disposal are taken to consolidated statement of profit or loss.

4.9 Net investment in finance lease

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

4.10 Stores, spares and loose tools

These are valued at lower of cost and net realisable value less impairment loss, if any. Cost is determined under the moving average basis. Goods-in-transit are valued at cost comprising invoice value plus other charges paid there on till the reporting date.

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

4.11 Stock-in-trade

Gas in pipelines

Stock of gas in transmission pipelines is valued at the lower of cost, determined on weighted average basis, and net realisable value. Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

Meter manufacturing division

Components (materials) are valued at lower of moving average cost and net realisable value less impairment loss, if any. Work-in-process includes the cost of components only (determined on a moving average basis). Finished goods are stated at the lower of cost, determined on an average basis, and net realisable value and includes appropriate portion of labour and production overheads. Components in transit are stated at cost incurred up to the reporting date less impairment losses, if any. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.12 Impairment of non-financial assets

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

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

4.13 Trade debts and other receivables

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

4.14 Trade and other payables

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

4.15 Mark-up bearing borrowings

Long term financing

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

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

4.16 Provisions

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

4.17 Contingencies

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability and where the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably measured, a provision is recognized in the financial statements.

4.18 Taxation

Current

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

Deferred

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

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

4.19 Staff retirement benefits

In respect of Holding Company

The Company operates the following retirement schemes for its employees:

- Approved funded pension and gratuity schemes for all employees

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

Actuarial gains and losses arising from the actuarial valuation are recognised immediately and presented in statement of comprehensive income.

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

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

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

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

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

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

In respect of Subsidiary Company

- Approved gratuity schemes for all employees

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

  Actuarial gains and losses arising from the actuarial valuation are recognised immediately and presented in statement of comprehensive income.

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

4.20 Compensated absences

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

4.21 Foreign currency translation

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

4.22 Segment reporting

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

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

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

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

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

4.23 Cash and cash equivalents

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

4.24 Earnings per share

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

4.25 Dividend and reserves appropriation

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

4.26 Share Capital

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

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

5.1. Authorized Share Capital

2022	2021		2022	2021
(Numbers of shares)			(Rupees in '000)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000	10,000,000

5.2. Issued Subscribed and Paid up capital

2022	2021		2022	2021
(Numbers of shares)			(Rupees in '000)	
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	**2,195,666**	2,195,666
661,349,755	661,349,755	Bonus shares	**6,613,497**	6,613,497
880,916,309	880,916,309		**8,809,163**	8,809,163

5.2.1 The Holding Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders. All shares rank equally with regard to the Holding Company's residual assets. Currently Government of Pakistan (GoP) holds 53.18% (2021: 53.18%) paid up capital of the Holding Company.

5.2.2 Ordinary shares of the Holding Company held by associated undertaking by virtue of common directorship are as following:

	2022	2021
	(Number of Shares)	
B.R.R Guardian Modaraba	**223,500**	223,500
National Insurance Company limited	**745,500**	745,500
	969,000	969,000

6. RESERVES

	Note	2022	2021
		(Rupees in '000)	
Capital reserves			
Share capital restructuring reserve	6.1	**146,868**	146,868
Fixed assets replacement reserve	6.2	**88,000**	88,000
		234,868	234,868
Revenue reserves			
Dividend equalisation reserve		**36,000**	36,000
Special reserve I	6.3	**333,141**	333,141
Special reserve II	6.4	**1,800,000**	1,800,000
General reserve	6.5	**2,015,653**	2,015,653
Reserve for interest on sales tax refund	6.6	**487,739**	487,739
		4,672,533	4,672,533
		4,907,401	4,907,401

6.1 Share capital restructuring reserve

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

6.2 Fixed assets replacement reserve

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

6.3 Special reserve I

This represents accumulated balance arising on a price increase of Rs. 4.10 per MCF granted to the Holding Company by the Government of Pakistan in January 1987 retrospectively from July 1, 1985 to enable the Holding Company to meet the requirements of Asian Development Bank regarding debt / equity ratio and other financial covenants specified in loan agreements with them.

6.4 Special reserve II

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

6.5 General reserve

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

6.6 Reserve for interest on sales tax refund

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

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book values resulting from the revaluation of the Group's freehold and leasehold land carried out by an independent valuer M.J.Surveyors (Private) Limited to determine the fair value as of June 30, 2022. The fair value of the freehold and leasehold land of the Company were determined with reference to comparable market values of similar types of properties to estimate the relative value of the specific properties, which approximates to their open market values.

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

	2022	2021
	(Rupees in '000)	
Freehold land	**517,627**	517,627
Leasehold land	**320,610**	320,610
	838,237	838,237

7.1 Details of the Group's freehold and leasehold land and information about fair value hierarchy, as at June 30, 2022 are as follows.

	Level 1	Level 2	Level 3	Total
	----------------------Rupees in '000----------------------			
Freehold land	-	**39,538,556**	-	**39,538,556**
Leasehold land	-	**16,314,617**	-	**16,314,617**

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

7.2 Forced sale values of freehold land and leasehold land is Rs. 33,272 million and Rs. 13,305 million respectively.

	Note	2022	2021
		(Rupees in '000)	

8. LONG TERM FINANCING

	Note	2022	2021
Secured			
Loans from banking companies	8.1	**16,286,678**	20,507,272
Unsecured			
Customer finance	8.2	**122,145**	132,291
Government of Sindh loans	8.3	**606,882**	595,986
		729,027	728,277
		17,015,705	21,235,549

8.1 Loans from banking companies

	Installment payable	Repayment period	Mark-up rate p.a. (above 3 months and 6 months KIBOR)	Note	2022	2021
					(Rupees in '000)	
Faysal Bank Limited - Led Consortium	semi- annually	2022-2026	0.10%	8.1.1 & 8.1.5	**20,962,335**	-
Habib Bank Limited - Led Consortium	semi- annually	2018-2022	1.10%	8.1.2	**-**	23,150,000
United Bank Limited - Led Consortium	semi- annually	2018-2022	0.50%	8.1.3 & 8.1.5	**1,500,000**	4,500,000
Habib Bank Limited	quarterly	2018-2022	0.50%	8.1.4 & 8.1.5	**300,000**	900,000
Unamortised transaction cost					**(8,990)**	(167,728)
					22,753,345	28,382,272
Less: Current portion shown under current liabilities				16	**(6,466,667)**	(7,875,000)
					16,286,678	20,507,272

8.1.1 A long term finance facility amounting to Rs. 21,000 million was sanctioned in March 2022 from a syndicate of banks. The financial arrangements have been secured by GoP guarantee.

8.1.2 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at June 30, 2022, the Holding Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the year, repayment of Rs. 23,150 million has been made. The financial arrangements have been secured by GoP guarantee and first pari passu charge by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Holding Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipment.

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

8.1.4 A long term finance facility amounting to Rs. 3,000 million was sanctioned in August 2015 . During the year, repayment of Rs. 600 million has been made.

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

8.2 Customer finance

	Note	2022	2021
		(Rupees in '000)	
Customer finance	8.2.1	**133,480**	151,286
Less: Current portion shown under current liabilities	16	**(11,335)**	(18,995)
		122,145	132,291

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

8.3 Government of Sindh loans

	Instalment payable	Principal repayment period	Mark up rate p.a.	Note	2022	2021
					(Rupees in '000)	
Government of Sindh loan - III	yearly	2012 - 2021	4%	8.3.1	**80,000**	80,000
Government of Sindh loan - IV	yearly	2014 - 2023	4%	8.3.1	**500,000**	500,000
Government of Sindh loan - V	yearly	2015 - 2024	4%	8.3.1	**360,000**	360,000
Less impact of discounting of Government of Sindh loan				8.3.2	**(146,451)**	(157,347)
					793,549	782,653
Less: Current portion shown under current liabilities				16	**(186,667)**	(186,667)
					606,882	595,986

8.3.1 The Holding company has obtained unsecured development loans from Government of Sindh for supply of gas to various districts and areas of Sindh.

8.3.2 This represents the benefit of lower interest rate on Government of Sindh Loan III, IV and V, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan III, IV and V and its initial fair value. The amount of Government of Sindh loan after conversion amounts to Rs 940 million and subsequently it is measured at its initial fair value of Rs. 170 million based on net of waiver as disclosed in note 8.3.3. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in consolidated statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

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

9. LONG TERM DEPOSITS

	Note	2022	2021
		(Rupees in '000)	
Security deposits from:			
Gas customers	9.1	**24,812,875**	23,146,293
Gas contractors	9.2	**102,350**	94,722
		24,915,225	23,241,015

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

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

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

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

	Note	2022	2021
		(Rupees in '000)	

10. EMPLOYEE BENEFITS

	Note	2022	2021
Provision for post retirement medical and free gas supply facilities - executives		**6,818,810**	4,627,147
Provision for compensated absences - executives	10.1	**905,256**	975,958
		7,724,066	5,603,105

10.1 Provision for compensated absences - executives

		2022	2021
Balance as at July 1		**975,958**	828,345
Provision made during the year		**(70,702)**	147,613
Balance as at June 30		**905,256**	975,958

11. PAYABLE AGAINST TRANSFER OF PIPELINE

	Note	2022	2021
Principal payable	11.1	**755,645**	820,255
Less: Current portion of payable		**(70,664)**	(64,610)
		684,981	755,645

11.1 The Holding Company entered into an agreement with Engro Elengy Terminal Limited (EETL) previously Engro Elengy Terminal (Private) Limited (EETL) under which the pipeline has been transferred to the Holding Company from EETL and corresponding liability has been recognised using discounted cash flows using three months kibor rate at the time of inception.

12. DEFERRED CREDIT

	Note	2022	2021
		(Rupees in '000)	
Government of Pakistan contributions / grants			
Balance as at July 1		**2,968,896**	2,911,647
Additions / adjustment during the year		**95,527**	369,294
Transferred to consolidated statement of profit or loss	12.1	**(302,313)**	(312,045)
Balance as at June 30		**2,762,110**	2,968,896
Government of Sindh (Conversation of loan into grant)			
Balance as at July 01		**1,952,840**	1,995,985
Additions / adjustment during the year		**62,281**	78,249
Transferred to consolidated statement of profit or loss		**(125,190)**	(121,394)
Balance as at June 30		**1,889,931**	1,952,840
Government of Sindh grants			
Balance as at July 01		**113,200**	129,125
Transferred to consolidated statement of profit or loss	8.3.2	**(17,076)**	(15,925)
Balance as at June 30		**96,124**	113,200
Less: Current portion of deferred credit		**(443,575)**	(442,114)
		4,304,590	4,592,822

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

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

13. CONTRACT LIABILITIES

	Note	2022	2021
		(Rupees in '000)	
Contribution from customers	13.1	**2,975,653**	2,508,518
Advance received from customers for laying of mains, etc.	13.2	**6,541,603**	5,277,556
		9,517,256	7,786,074

13.1 Contribution from customers

	2022	2021
Balance as at July 01	**2,740,870**	2,015,462
Addition during the year	**748,154**	935,231
Transferred to consolidated statement of profit or loss	**(250,490)**	(209,823)
	3,238,534	2,740,870
Less: Current portion of contributions from customers	**(262,881)**	(232,352)
Balance as at June 30	**2,975,653**	2,508,518

13.2 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.

14. LEASE LIABILITIES

	2022	2021
	(Rupees in '000)	
Balance as on July 01	**148,338**	245,250
Additions during the year	**41,426**	50,055
Finance cost	**15,458**	21,563
	205,222	316,868
Payments made during the year	**(109,767)**	(168,530)
	95,455	148,338
Less: Current maturity	**(55,887)**	(84,493)
Balance as at June 30	**39,568**	63,845

The expected maturity analysis of lease payment is as follows:

	2022	2021
within one year	**59,301**	87,983
between 2 to 5 years	**31,567**	56,162
after 5 years	**4,587**	4,193
	95,455	148,338

15. LONG TERM ADVANCES

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

	Note	2022	2021
		(Rupees in '000)	
Long term advances			
Opening balance		**3,155,496**	2,968,518
Additions during the year		**973,420**	634,522
Transferred to deferred credit		**(157,806)**	(447,544)
Closing Balance		**3,971,110**	3,155,496

16. CURRENT PORTION OF LONG TERM FINANCING

	Note	2022	2021
Loan from banking companies	8.1	**6,466,667**	7,875,000
Customer finance	8.2	**11,335**	18,995
Government of Sindh loans	8.3	**186,667**	186,667
		6,664,669	8,080,662

17. SHORT-TERM BORROWINGS

These represents facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 25,000 million (2021: Rs. 25,000 million) and carry mark-up ranging from 0.00% to 0.20% (2021: 0.20%) above the average one month KIBOR. These facilities are secured by first pari passu second amendment to the joint hypothecation agreement and ranking charge over present and future stock in trade and book debts of the Holding Company.

17.1 As at June 30, 2022, the aggregate unavailed short term borrowing facilities amounting to Rs. 1,122 million (2021: Rs. 1,249 million).

18. TRADE AND OTHER PAYABLES	Note	2022	2021
		(Rupees in '000)	
Creditors for:			
Indigenous gas	18.1	**511,835,476**	387,937,266
RLNG	18.2	**120,734,221**	112,319,360
		632,569,697	500,256,626
Tariff adjustment- RLNG payable to GoP	18.3	**28,923,211**	18,346,037
Service charges payable to EETL		**2,604,792**	1,776,953
Accrued liabilities / Bills payable		**7,363,321**	5,610,706
Provision for compensated absences - non executives	18.4	**177,936**	239,113
Payable to gratuity fund		**2,555,006**	3,509,988
Payable to provident fund		**93,339**	62,335
Deposits / retention money		**762,085**	659,851
Advance for sharing right of way	18.5	**18,088**	18,088
Withholding tax payable		**26,940**	83,168
Sales tax and federal excise duty		**447,837**	360,133
Sindh sales tax		**79,910**	190,875
Gas infrastructure development cess payable	18.6	**6,876,666**	8,856,769
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Advance from customers and distributors		**146,036**	94,571
Transport and advertisement services		**19,724**	13,607
Workers' profit participation fund	18.7	**315,979**	234,255
Provision		**12,366**	14,933
Others	18.8	**467,018**	476,915
		683,461,751	540,806,723

18.1 Creditors for gas supplies includes Rs. 424,267 million (2021: Rs. 327,858 million) payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (2021: Rs. 15,832 million) on their balances which have been presented in note 19.1 of these consolidated financial statements.

18.2 On December 12, 2017, the Ministry of Energy (MOE) in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Holding company and thereafter, allocated further 37 BCF. The ECC in it's decision dated March 03, 2020 has allocated 71 BCF (in total to the Holding company) in order to resolve the matter of short supply with the direction to enter into an agreement with Sui Northern Gas Pipelines Limited (SNGPL).

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

During the year, Holding company has recorded purchases of 37 BCF (2021: 53 BCF) from SNGPL amounting to Rs. 118,289 million (2021: Rs.77,561 million) based on OGRA's decision dated November 20, 2018.

Based on initialed agreement between the Holding company and SNGPL dated January 25, 2021 in which it was decided that from June 2020 onwards all the invoices will be paid on monthly basis by SNGPL, however, outstanding balances before June 2020 will be settled after finalization of OGRA consultant report.

	Note	2022	2021
		(Rupees in '000)	
18.3 Tariff adjustment - RLNG payable to GoP			
Balance as at July 01		**18,346,037**	14,430,636
Recognized during the year	40.2	**10,577,174**	3,915,401
Balance as at June 30		**28,923,211**	18,346,037
18.4 Provision for compensated absences - non-executives			
Balance as at July 01		**239,113**	303,441
Reversal during the year		**(61,177)**	(64,328)
Balance as at June 30		**177,936**	239,113

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

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

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

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

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

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

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

On August 13, 2020, Supreme Court of Pakistan has upheld the promulgation of the GIDC Act and instructed that all arrears of GID 'Cess' that have become due up to July 31, 2020 shall be recovered by the Companies responsible under the GIDC Act, 2015 to recover from their end customers.

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

	18.7 Workers' profit participation fund	Note	2022	2021
			(Rupees in '000)	
	Balance as at July 01		**234,255**	174,515
	Charge during the year	43	**-**	59,740
	Interest on WPPF		**81,724**	-
	Balance as at June 30		**315,979**	234,255

18.8 This includes Rs. 265 million (2021: Rs. 230 million) on account of amount payable to disconnected customers for gas supply deposits.

	Note	2022	2021
		(Rupees in '000)	

19. INTEREST ACCRUED

	Note	2022	2021
Long term financing - loans from banking companies		**823,749**	416,543
Long term deposits from customers		**681,113**	518,980
Short term borrowings		**520,928**	270,917
Late payment surcharge on processing charges		**99,283**	99,283
Late payment surcharge on tariff adjustment - indigenous gas		**-**	4,826
Late payment surcharge on gas supplies	19.1	**15,832,411**	15,832,411
		17,957,484	17,142,960

19.1 As disclosed in note 31.1 and 31.2, effective from July 1, 2012, the Holding Company has been accounting for LPS from KE and PSML on receipt basis based on the opinions from the firms of Chartered Accountants. However, the Holding Company continued recognition of the LPS expenses payable on outstanding payables of the Government Controlled E&P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of accounting and reporting standards as applicable in Pakistan, as such standards do not allow the Holding Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Holding Company has never paid such LPS to Government Controlled E&P Companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt. Management's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

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

Based on the aforesaid letter and legal opinion obtained by the Holding Company, the aggregate unrecognized accrued markup up to June 30, 2022 stands at Rs. 131,988 million (June 30, 2021: Rs.104,067 million)

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 In respect of the Holding Company

Jamshoro Power Company Limited (JPCL) lodged an aggregate claim amounting to Rs. 144,120 million (June 30, 2021: Rs.144,120 million) which includes Rs. 44,990 million on account of the short supply of gas and due to utilization of alternate fuel amounting to Rs. 99,130 million under the provisions of an agreement dated April 10, 1995, between the Company and JPCL and Rs. 5.79 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 Petroleum and Natural Resources (the ministry) vide its letter dated April 24, 2017 directed that the outstanding issues pertaining to the claims by JPCL shall be resolved and the Ministry has proposed that a committee be constituted comprising of members from two companies and the other concerned Ministries to resolve the matter as it involves parties who represent/relate to the Government of Pakistan. Furthermore, this matter was also pending in the Public Accounts Committee (PAC).

Pursuant to the directives of PAC, urgent meeting of the Secretaries Committee was held on 8 May 2023 and the Committee directed JPCL and Company to submit data regarding actual loss suffered by the Companies.

Reports were submitted by both parties, wherein, JPCL reduced its claim from 144,000 million to 5,838 million and the Holding Company revised its Take or Pay claim from 2,800 million (up to April 2023) to 2,100 million (considering the difference between industrial and Domestic Tariff) whereas the amount pertaining to gas bills and LPS remains the same i.e., to Rs. 2,778 million (up to April 2023) and Rs. 3,615 million (up to June 2022) respectively. As a result, the claims summary stands as follows:

JPCL claims = Rs 5,838 million
Company claims = Rs 4,892 million

No provision has been made against the said claims as Company is confident that ultimately these claims will not be payable. Further, Company believes that in case the matter is decided against the Company, the entire amount will be claimed from OGRA in the determination of revenue requirements of the Company.

20.1.2 As disclosed in note 19.1, the Company has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021 and June 30, 2022 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million, Rs. 26,335 million, Rs 25,939 million and Rs. 27,921 million in these Consolidated financial statements. The Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

20.1.3 As disclosed in note 35.4, 35.5 & 35.6, the Company had negative margins while doing business with Jamshoro Joint Venture Limited (JJVL) in financial year 2015-16 due to decline in oil prices and consequent decline in margins in LPG / NGL business. Consequently, the Company sent termination notices to JJVL dated May 4, 2016, against which JJVL obtained a stay order from the Sindh High Court.

The net receivable balance from JJVL amounts to Rs. 2,502 million other than interest accrued.

Due to ongoing freight case hearings by the Supreme Court of Pakistan (SCP), and keeping in view that there are certain matters under instant Arbitration which are also sub-judice at the Supreme Court of Pakistan (SCP) consequent upon the termination of Memorandum of Understanding (MoUs) between Company and JJVL the arbitration proceedings between the parties under the Pakistan Arbitration Act, 1940 as amended from time to time has been adjourned. All the disputed matters taken to arbitration would be finalized once SCP passes its order on freight charges and other matters. However, the Arbitration proceedings between the parties have now been resumed and in the first meeting dated 17 August 2023, it was decided that both the parties will file amended pleadings / claims & counter claims. Company therefore filed its revised claims considering the revision in cut off dates which were earlier filed upto June 2016 have now been revised till June 2018 on account of principal amounts and August 2023 in respect of markups.

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

Subsequently, SCP through its order dated November 16, 2018, based on the report by a firm of Chartered Accountants, determined that Rs. 1,500 million is the undisputed amount that shall be paid within 8 weeks by JJVL, which has been accordingly received by the Company along-with the interest accrued thereon. However, with respect to the GIDC, tax challans and other matters, SCP will settle the same and an appropriate order be passed in this regard. Company informed us that once the matter is finalized by the Court any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

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

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

Subsequently, the firm of Chartered Accountants after consultation with both parties came up with a mechanism of revenue sharing of 57% to the Company and 43% to JJVL on ad-hoc basis and an agreement was signed between the Company and JJVL and submitted to SCP for its approval and the same was validated by SCP in its order dated December 29, 2018. SCP also directed the Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement. The agreement is valid for 1.5 years from the date of agreement and unless renewed by the parties through mutual written consent it shall stand terminated automatically. Accordingly, in June 2020 the said agreement stands expired and since then no gas has been supplied to JJVL plant.

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

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

20.1.4 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 ended June 30, 2001 resulting in tax impact of Rs. 143 million. Company has filed an appeal before Honorable High Court. The Company is of the view that sale of LPG business being in nature of slump transaction was not chargeable to tax under the provisions of Income Tax Ordinance, 2001.

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

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

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

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

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

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

Since the said issue has already been decided in favor of SNGPL by Lahore Bench of Appellate Tribunal Inland Revenue and thus a Legal Precedent is in field which has also been upheld by Commissioner (Appeals) in Company’s case.

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

20.1.7 The Tax Authorities’ passed Order for FY 2009-10 against the Company disallowing input Sales Tax credit on gas purchased but lost as Unaccounted for Gas (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 precedent of the matter so specified.

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

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

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

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

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

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

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

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

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

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

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

20.1.10 As disclosed in Note 31 to these Consolidated financial statements – Trade debts, Interest income from K-Electric (KE) and Pakistan Steel (PSML) is not being recognized in the Financial Statements, in accordance with requirements of International Accounting Standards (IAS) as well as legal and accounting opinions obtained by the Company. However, Tax Authorities have passed Orders for FY 2014-15 to 2019-20, on said unrecognized Interest Income from K-Electric (KE) and Pakistan Steel (PSML). Appeal against the said Orders have been filed before Commissioner (Appeals), who decided the case against the Company upon which Company has filed appeal before Appellate Tribunal Inland Revenue.

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

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

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

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

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

20.1.13 Tax Authorities have passed Sales Tax Order for FY 2017-18 on issues of non-charging of Sales Tax on RLNG – Indigenous Gas Swap, Tariff Adjustments, RLNG Transportation Income among other observations.

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

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

345.14 The Company is subject to various other claims aggregate Rs. 15,815 million by income tax and sales tax authorities. The Company is confident that ultimately these claims would not be payable.

20.1.15 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 Company is confident that the outcome of these cases will be in favor of the Holding Company. Accordingly, no provision has been made in respect of those cases in these consolidated financial statements.

		2022	2021
		(Rupees in '000)	
20.1.16	**Other contingencies:**		
	Claims against the Holding Company not acknowledged as debt	**1,252,681**	1,252,604

The Company is confident that ultimately these claims would not be payable.

20.2	**Commitments**		
20.2.1	**Guarantees issued on behalf of the Company**	**7,077,158**	7,503,092
20.2.2	Commitments for capital and other expenditure	**3,752,118**	5,921,855

20.3 In respect of the Subsidiary

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

The ATIR in its order dated 23-06-2021 held that the Company LPG is not a manufacturer and upheld the order of the department, however the ATIR remanded back the issue with department and CIR(A) for detail findings after giving fair opportunity of being heard to the taxpayer. The department issued fresh order without giving fair opportunity of being heard to the taxpayer and created demand amount of Rs.46.2 million irrespective of the fact that main issue was whether chargeability of FTR is applicable on complete sale or otherwise. The taxpayer being aggrieved with in impugned order preferred an appeal before CIR (A) and hearing was fixed on 14-12-2021. On the day of hearing before learned CIR (A), the appellant submitted written arguments and argued about the scope of chargeability of FTR and NTR on the appellant.

The CIR(A) in its order dated 29-12-2021 remanded back the case to the department with directions to bifurcate sale revenue into FTR and NTR and allocation of expenses accordingly. No provision has been made due to the fact that CIR(A) has remanded back the case to the department with further directions to follow the order of the learned ATIR on "Manufacturer Status" of the Company.

Meanwhile, the Company has filed rectification application before the learned ATIR on ground that in Case Reference No. ITA 890/KB/2015: the Company LPG Vs ACIR for TY 2013, the learned ATIR did not consider or overlooked case reference number PTD 2018 of Hazara Efficient Gas which was binding on the learned ATIR while disposing off the case of the appellant. The ATIR has accepted the miscellaneous application and moved the application to larger bench. The ATIR has also granted stay against recovery of demand for tax year 2013 till the order of learned ATIR in miscellaneous application filed by the appellant. However the ACIR passed the fresh order on 15-06-2022 by ignoring the directions of the learned ATIR where it had been directed to the department to stop any proceedings or recover till the decision of the larger bench. The company being aggrieved against the impugned order preferred an appeal before the learned CIR(A) and waiting for the hearing of the same. The Company is confident based on its legal opinion that decision will come in its favour, hence no provision has been recorded in consolidated financial statements for the period ended 30 June,2022.

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

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

20.3.3 The ACIR passed the order dated July 11, 2014 and created sales tax demand of Rs. 5.91 million on account of input tax disallowed pertaining to the tax year 2013 and 2014. The Company has filed an appeal before the Commissioner Appeals. During the process of appeal, the tax department issued a recovery notice and recovered demand amount from the Company's bank account. The Company based on legal opinion confident that the case will be decided in favor of the Company and recovered amount will be refunded to the Company.

20.3.4 The Inland Revenue Department has also issued a show cause notice u/s 122(9) for amendment of assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2015 & 2016 on January 13, 2017 and required the Company to submit necessary documents for reassessment of tax liability. Against the said notice the Company filed petition in Sindh High Court (SHC). The SHC granted stay to the Company and link the case with the decision of Tribunal for tax period 2013.

However after decision of ATIR dated 23-06-2021 regarding manufacturing status of the company, upheld the order of the department and remanded back the some issues to the department and CIR(A) for further findings. However,after the order of the learned ATIR, the ACIR issued fresh show cause notices to the company for TY 2015-2021 and subsequently passed order u/s 122(5A) of the Income Tax Ordinance ,2001 and raised demand amount of PKR 1,351.687 million for TY 2015-2021.The Company being aggrieved with the impugned order passed by the learned ACIR preferred an appeal before learned CIR(A) for TY 2015-2021.

The Learned CIR(A) remanded back the impugned orders TY 2015 - 2020 and annulled order TY 2021 with directions to bifurcate the sales revenue into FTR and NTR and allocation of expenses for TY 2015-2020 and for TY 2021 on the basis of clause 46AA of part IV of second schedule of the Income Tax Ordinance, 2001 introduced through Finance Act, 2020 being exempt from applicability of withholding of the income tax u/s 153 of the Income Tax Ordinance, 2001 .The Company has not record any provision as these orders have been set aside from CIR(A) and department has not issued fresh order under the direction of CIR(A), furthermore because of the fact that learned ATIR has accepted the rectification application u/s 221 of the Income Tax Ordinance, 2001 for TY 2013 and issue for TY 2015-2020 are connected with TY 2013.

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

20.3.6 During 2020, SRB has issued notice regarding payment of Sindh Workers Profit Participation Fund contribution. According to said notice, the Company fall under the definition of "Industrial Undertaking" mentioned in Sindh Workers Profit Participation Act, 2015. As a result of which the WPPF contribution of amounting Rs. 2.78 million and Rs. 9.24 million has been claimed by SRB for two immediate profitable years of 2017 and 2018 respectively.

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

20.3.7 On August 05, 2020, the Company has received a legal notice and summon through the Bailiff of the Sindh High Court against a suit filed by one of the importers M/s Cress LPG (Private) Limited against their claim of Rs. 265.5 million. The Company is of the opinion that the case will be decided in favor of the Company.

The Inland Revenue Department also issued notice on selection in audit u/s 25 of the Sales Tax Act, 1990 and subsequent to the issuance of show cause notice and passed an order u/s 11 of the Sales Tax Act, 1990 and raised impugned demand amount of Rs. 55.23 million. The Company being aggrieved with the impugned order preferred an appeal before the learned CIR(A) u/s 45 of the Sales Tax Act,1990.The CIR(A) has partially upheld the order of the department and partially annulled the demand raised by the department. Being aggrieved with the order of the Commissioner(A),the company has filed appeal before the ATIR.

No Provision has been made in the consolidated financial statements as the Company is confident, based on legal opinion, that the outcome of the case will be in favor of the Company.

20.3.8 The Sindh Revenue Board passed an order amount Rs. 24.41 million on alleged violation of section 15, 15A(1)(a) of the Sindh Sales Tax on Services Act, 2011 on account of inadmissible input tax for tax periods December 2016, February 2017, March 2017, April 2017, August 2017, November 2017, December 2017, January 2018 to May 2019 and July 2019.

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

No provision has been made in the consolidated financial statements as the Company is confident based on legal opinion that the outcome of the case will be in favor of the Company.

		Note	2022	2021
			(Rupees in '000)	
20.3.9	**Contracts for capital and other expenditure**		**2,829,152**	77,813
	-LPG purchase		**2,678,435**	-
	-Opex		**18,129**	20,098
	-Capex		**132,588**	57,715

20.3.9.1 The Subsidiary Company has obtained funded and unfunded facilities amounting to Rs. 525 million including letters of credit and import murabaha from Al Baraka Bank (Pakistan) Limited which is subject to flat markup of 0.15% per annum on letter of credit and 1.5% per annum above three month KIBOR on Import Murabaha. This facility is secured by parri passu charge over the Subsidiary Company's all present and future current assets including but not limited to stock in trade, trade debts, store & spares, loose tools etc. amounting to Rs. 700 million with 25% margin. The Subsidiary Company has tijarah funded facility of Rs. 300 million which is subjected to floating markup rate of 3-month KIBOR + 1.5% per annum and letter of guarantee of Rs. 200 million which is subject to flat rate of 0.15% per quarter.

20.3.9.2 The Subsidiary Company has cash back letter of credit facility amounting to Rs. 300 million from Sindh Bank Limited for purchase of LPG, machinery, LPG cylinders from various suppliers and letter of guarantee amounting to Rs. 110 million.

20.3.9.3 The Company acquired funded and unfunded facilities from HBL amounting to Rs. 500 million that includes letter of credit, FATR, invoice discounting and letter of guarantees. Since, charge registration is in process, the Company can avail unfunded facilities from HBL.

20.3.9.4 The above facilities are unutilized except for letter of guarantee from Sindh Bank which is fully utilized at the reporting period.

21. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
Operating assets	21.1	**163,318,855**	127,408,805
Capital work in progress	21.8	**14,971,408**	11,688,322
		178,290,263	139,097,127

21.1 Operating assets

Description	Freehold land	Leasehold land	Leasehold land-Terminal QP-5	Civil structure on leasehold land - Trestle and Jetty	Buildings on freehold land	Buildings on leasehold land	Roads, pavements and related infrastructures	Gas transmission pipeline	Gas distribution system	Compressors
	(Rupees in '000)									
Net carrying value basis year ended June 30, 2022										
Opening net book value (NBV)	12,733,793	12,844,231	504,674	716,636	-	987,311	350,616	41,828,280	46,105,072	7,035,242
Revaluation	26,804,763	2,955,358	-	-		-	-	-	-	-
Additions	-	-	-	61,744	-	30,415	-	458,817	6,741,229	1,574,765
Disposals (NBV)	-	-	-	-	-	-	-	-	(93,899)	-
Transfers (NBV)	-	(1)	-	-	-	4	-	4,078	(4,212)	-
Change in estimate of useful life (Refer note 21.3)		-	-	-	-	-	-	-	6,048,548	-
Depreciation charge	-	-	(1,413)	(53,481)	-	(135,162)	(40)	(1,266,990)	(5,891,267)	(1,195,044)
Closing net book value	**39,538,556**	**15,799,588**	**503,261**	**724,899**	**-**	**882,568**	**350,576**	**41,024,185**	**52,905,471**	**7,414,963**
Gross carrying value basis year ended June 30, 2022										
Cost	39,538,556	15,799,588	518,451	1,263,694	324,492	2,890,447	797,820	62,196,577	111,206,606	13,826,440
Accumulated depreciation	-	-	(15,190)	(538,795)	(324,492)	(2,007,879)	(447,244)	(21,172,392)	(58,301,135)	(6,411,477)
Net book value	**39,538,556**	**15,799,588**	**503,261**	**724,899**	**-**	**882,568**	**350,576**	**41,024,185**	**52,905,471**	**7,414,963**
Net carrying value basis year ended June 30, 2021										
Opening net book value (NBV)	12,733,792	12,844,231	506,087	735,358	4,630	1,041,797	380,605	41,629,748	44,200,367	6,381,593
Additions (at cost)	-	-	-	32,734	-	45,451	-	1,456,222	7,858,207	1,440,801
Disposals (NBV)	-	-	-	-	-	-	-	-	(161,070)	-
Transfers (NBV)	-	-	-	-	-	(3)	-	(565)	3,656	(3,223)
Depreciation charge	-	-	(1,413)	(51,456)	(4,630)	(99,934)	(29,989)	(1,257,125)	(5,796,088)	(783,929)
Closing net book value	**12,733,792**	**12,844,231**	**504,674**	**716,636**	**-**	**987,311**	**350,616**	**41,828,280**	**46,105,072**	**7,035,242**
Gross carrying value basis year ended June 30, 2021										
Cost	12,733,792	12,844,231	518,451	1,201,950	324,492	2,860,028	797,820	61,733,682	98,514,940	12,251,675
Accumulated depreciation	-	-	(13,777)	(485,314)	(324,492)	(1,872,717)	(447,204)	(19,905,402)	(52,409,868)	(5,216,433)
Net book value	**12,733,792**	**12,844,231**	**504,674**	**716,636**	**-**	**987,311**	**350,616**	**41,828,280**	**46,105,072**	**7,035,242**
Depreciation rate	**0%**	**0%**	**4.35%**	**4.35%**	**5%**	**5%**	**5%**	**2.5%**	**5%**	**6% to 12.5%**

Telecommunication	Cylinders	Spherical tanks	Plant and machinery	Tools and equipment	Motor vehicles	Bowsers and bobtails	Furniture and fixture	Office equipment	Computer and ancillary equipments	Supervisory control and data acquisition system	Construction equipment	Total
						(Rupees in '000)						
172,965	234,212	613,364	1,375,803	27,779	952,893	91,957	27,017	81,314	204,362	188,135	333,150	127,408,805
-	-	-	-	-	-	-	-	-	-	-	-	29,760,121
1,449	45,093	-	251,747	47,889	166,995	-	20,004	55,559	158,297	-	-	9,614,003
(244)	-	-	(1,192)	-	(42,598)	-	1	(230)	(9)	-	(531)	(138,702)
(1)	-	-	14,118	972	74	-	55	(1,041)	79	-	(14,125)	-
-	-	-	-	-	-	-	-	-	-	-	-	6,048,548
(47,680)	(28,810)	(32,387)	(304,370)	(22,449)	(152,775)	(7,103)	(10,766)	(41,149)	(51,491)	(80,166)	(51,377)	(9,373,920)
126,489	**250,495**	**580,977**	**1,336,106**	**54,191**	**924,589**	**84,854**	**36,311**	**94,453**	**311,238**	**107,969**	**267,117**	**163,318,855**
1,084,690	423,807	1,018,116	4,610,856	583,908	3,444,699	148,536	569,667	708,543	1,541,489	1,228,136	3,156,490	266,881,608
(958,201)	(173,312)	(437,139)	(3,274,750)	(529,717)	(2,520,110)	(63,682)	(533,356)	(614,090)	(1,230,251)	(1,120,167)	(2,889,373)	(103,562,752)
126,489	**250,495**	**580,977**	**1,336,106**	**54,191**	**924,589**	**84,854**	**36,311**	**94,453**	**311,238**	**107,969**	**267,117**	**163,318,855**
172,445	200,705	632,078	1,494,184	35,715	1,159,031	99,062	34,292	91,470	136,920	268,302	662,625	125,445,037
62,166	57,722	13,398	152,729	8,282	63,898	-	3,140	38,034	101,608	-	-	11,334,392
(19)	-	-	(271)	-	(23,857)	-	-	-	(9)	-	-	(185,226)
18	-	-	(1,116)	868	64	-	(917)	1,059	225	-	(66)	-
(61,645)	(24,215)	(32,112)	(269,723)	(17,086)	(246,243)	(7,105)	(9,498)	(49,249)	(34,382)	(80,167)	(329,409)	(9,185,398)
172,965	**234,212**	**613,364**	**1,375,803**	**27,779**	**952,893**	**91,957**	**27,017**	**81,314**	**204,362**	**188,135**	**333,151**	**127,408,805**
1,083,486	378,714	1,018,116	4,346,183	535,047	3,320,228	148,536	549,607	654,255	1,383,122	1,228,136	3,171,146	221,597,637
(910,521)	(144,502)	(404,752)	(2,970,380)	(507,268)	(2,367,335)	(56,579)	(522,590)	(572,941)	(1,178,760)	(1,040,001)	(2,837,996)	(94,188,832)
172,965	**234,212**	**613,364**	**1,375,803**	**27,779**	**952,893**	**91,957**	**27,017**	**81,314**	**204,362**	**188,135**	**333,150**	**127,408,805**
15% to 50%	**10%**	**5%**	**10%**	**33%**	**20%**	**10%**	**20%**	**20%**	**15% to 33.33%**	**15%**	**20%**	

		2022	2021
		(Rupees in '000)	
21.2	Details of depreciation for the year are as follows:		
	Transmission and distribution costs	**2,816,262**	8,573,803
	Administrative expenses	**210,255**	133,596
	Selling expenses	**6,714**	16,584
		3,033,231	8,723,983
	Meter manufacturing division	**23,705**	23,882
	LPG air mix	**83,342**	93,282
	Capitalised on projects	**36,253**	202,385
	Income from LPG NGL	**148,841**	141,866
		3,325,372	9,185,398

21.3 Estimated useful life of fixed assets with respect to Gas Distribution System (Meters), Computers and Ancillary equipments have been increased from 10 years to 20 years and from 3 years to 3-6.67 years respectively as per the directives of OGRA for FY 2021-22 onwards. Accordingly, this change has been made prospectively in accordance with IAS 8 "Accounting Policies, change in Accounting Estimates and Errors". Had the useful life of above mentioned fixed assets remained the same, the depreciation charge for the year would have increased from Rs.3,325 million to Rs. 9,374 million.

21.4 Disposal of property, plant and equipment

Details of disposal of operating assets are as follows:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
				(Rupees in '000)			
Items having book value exceeding five hundred thousand							
Motor Vehicle							
Honda Civic 1.8, VTI	2,640	1,848	792	2,205	1,413	Auction	Mr. Khadim Hussain
Hino Truck	3,474	2,779	695	3,610	2,915	Auction	Mr. Mubarak Hussain
Jeep Rexton 4x4 Xdi 270	2,505	2,004	501	770	269	Auction	Mr. Muhammad Atiq
Jeep Rexton 4x4 Xdi 270	2,505	2,004	501	1,450	949	Auction	Mr. Waseem Ahmed Siddique
Pick-up Double Cabin 4 x 4	2,726	2,181	545	1,200	655	Auction	Mr. Ali Ashjr
Pick-up Double Cabin 4 x 4	2,676	2,141	535	650	115	Auction	Mr. Saqib Nisar
Pick-up Double Cabin 4 x 4	2,671	2,137	534	1,015	481	Auction	Mr. Arshad
Pick-up Double Cabin 4 x 4	2,683	2,146	537	1,130	593	Auction	Mr. Ahmed Mustafa
Toyota Corolla 1800 CC	1,905	1,334	571	1,655	1,084	Auction	Mr. Rashid Ayub Khar
Toyota Corolla 1800 CC	1,875	1,312	563	1,540	977	Auction	Mr. Abdul Subhan
Pick-up Double Cabin 4 x 4	3,150	2,520	630	3,115	2,485	Auction	Mr. Zulfiqar
Toyota Corolla 1300 CC	1,756	1,229	527	1,710	1,183	Auction	Mr. Abdul Hameed
Toyota Corolla 1300 CC	1,850	1,295	555	139	(416)	Service Rule	Mr. Shoaib Ahmed
Toyota Corolla 1800 CC	2,758	1,964	794	207	(587)	Service Rule	Mr.Muhammad Imran Farooki
Toyota Corolla 1300 CC	1,930	1,371	559	145	(414)	Service Rule	Mr. Syed Shehryar Kazmi
Suzuki Cultus 1000 CC, AGS	1,545	851	694	116	(578)	Service Rule	Mr. Tariq Aslam
Suzuki Cultus 1000 CC, AGS	1,545	869	676	116	(560)	Service Rule	Mr. Muhammad Asghar Sehto
Toyota Corolla 1300 CC	2,374	980	1,394	841	(553)	Service Rule	Mr. Asif Fateh Shaikh
Honda Civic 1.8, VTI	3,116	1,454	1,662	518	(1,144)	Service Rule	Mr. Saeed Ahmed Larik
Honda Civic 1.8, VTI	3,953	1,151	2,802	2,112	(690)	Service Rule	Mr. Irfan Zafar
	49,637	33,570	16,067	24,244	8,177		
Items having book value upto five hundred thousand	985,724	863,089	122,635	114,141	(8,494)		
	1,035,361	896,659	138,702	138,385	(317)		

21.5 Particulars of Land and Building

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

21.6 As at June 30, 2022, property, plant and equipment having gross carrying amount of Rs. 858,504 million (2021: Rs. 698,655 million) are fully depreciated.

21.7 Borrowing costs capitalised during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 600 million (2021: Rs. 484 million). Borrowing costs related to general borrowings were capitalised at the rate of 11.29% (2021: 8.66%).

21.8 Capital work in progress

	Note	2022	2021
		(Rupees in '000)	
Projects:			
Gas distribution system		**6,930,961**	5,285,268
Gas transmission system		**478,624**	457,613
Cost of buildings under construction and Others		**227,465**	231,004
		7,637,050	5,973,885
Stores and spares held for capital projects	21.8.1	**7,368,845**	5,756,759
LPG air mix plant		**418,065**	410,230
		7,786,910	6,166,989
Impairment of capital work in progress		**(452,552)**	(452,552)
		14,971,408	11,688,322

	Note	2022	2021
		(Rupees in '000)	

21.8.1 Stores and spares held for capital projects

Gas distribution and transmission		**7,720,720**	6,058,427
Provision for impaired stores and spares		**(351,875)**	(301,668)
		7,368,845	5,756,759

22. INTANGIBLE ASSETS

Intangible assets	22.1	**226,654**	113,835
Advances		**100**	600
		226,754	114,435

22.1 Net carrying value basis

Opening net book value	**113,835**	9,147
Additions (at cost)	**175,957**	131,637
Amortization charge	**(63,138)**	(26,949)
Closing net book value	**226,654**	113,835

Gross carrying value basis

Cost	**917,746**	741,789
Accumulated amortization	**(691,092)**	(627,954)
Net book value	**226,654**	113,835
Amortization rate % per annum	**33.33%**	33.33%

23. RIGHT-OF-USE ASSETS

Cost	**264,249**	367,452
Accumulated depreciation	**(163,929)**	(201,986)
Net book value	**100,320**	165,466
Cost		
Balance as at July 01	**367,452**	369,281
Additions during the year	**43,358**	50,055
Derecognition during the year	**(146,561)**	(51,884)
Balance as at June 30	**264,249**	367,452
Accumulated depreciation		
Balance as at July 01	**201,986**	128,161
Depreciation charge for the year	**106,809**	124,889
Derecognition during the year	**(144,866)**	(51,064)
Balance as at June 30	**163,929**	201,986

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

24. DEFERRED TAX

	Note	2022 Opening	2022 Charge/(reversal) to profit or loss	2022 Charge / (reversal) to OCI	2022 Closing
		(Rupees in '000)			
Taxable temporary differences					
Accelerated tax depreciation		12,203,404	2,417,296	-	14,620,700
Net investment in finance lease		38,029	(16,766)	-	21,263
					-
Deductible temporary differences					-
Provision against employee benefits		(1,600,440)	(352,676)	(232,122)	(2,185,238)
Allowance for expected credit loss		(6,985,980)	(615,094)	-	(7,601,074)
Provision against impaired store and spares		(128,300)	(11,278)	-	(139,578)
Liability not paid within three years		(20,014,692)	(8,753,134)	-	(28,767,826)
Carry forward of tax losses		(5,008,439)	(213,244)	-	(5,221,683)
Minimum Income Tax		(5,349,595)	(2,711,099)	-	(8,060,694)
Others		(1,090,296)	198,052	-	(892,244)
Sub total		(27,936,309)	(10,057,943)	(232,122)	(38,226,374)
Deferred Tax Asset not recognized	24.1	25,214,643	10,037,741	-	35,252,384
Total		(2,721,666)	(20,202)	(232,122)	(2,973,990)

	Note	2021 Opening	2021 Charge/(reversal) to profit or loss	2021 Charge / (reversal) to OCI	2021 Closing
		(Rupees in '000)			
Taxable temporary differences					
Accelerated tax depreciation		14,919,946	(2,716,542)	-	12,203,404
Net investment in finance lease		54,795	(16,766)	-	38,029
Deductible temporary differences					
Provision against employee benefits		(1,526,943)	(563,196)	489,699	(1,600,440)
Allowance for expected credit loss		(6,339,402)	(646,578)	-	(6,985,980)
Provision against impaired store and spares		(115,611)	(12,689)	-	(128,300)
Liability not paid within three years		(13,695,953)	(6,318,739)	-	(20,014,692)
Carry forward of tax losses		(9,210,093)	4,201,654	-	(5,008,439)
Minimum Income Tax		(5,274,862)	(74,733)	-	(5,349,595)
Others		(1,312,443)	(110,841)	332,988	(1,090,296)
Sub total		(22,500,566)	(6,258,430)	822,687	(27,936,309)
Deferred Tax Asset not recognized	24.1	22,312,989	2,901,654	-	25,214,643
Total		(187,577)	(3,356,776)	822,687	(2,721,666)

24.1 As at June 30, 2022, aggregate deferred tax asset on deductible temporary differences amounting to Rs. 52,868 million (2021:Rs. 40,177 million) out of which deferred tax asset amounting to Rs. 17,616 million (2021:Rs. 14,962 million) has been recognised and remaining balance of Rs 35,252 million (2021: Rs. 27,807) is unrecognised. As at year end, the minimum tax credit amounted to Rs. 8,061 million (2021: Rs. 5,350 million) lying unadjusted having expiry period ranging between 2023 and 2027.

	Note	2022	2021
		(Rupees in '000)	

25. LONG TERM INVESTMENTS

Investment - at fair value through other comprehensive income

	Note	2022	2021
Associates - Related parties			
Sui Northern Gas Pipelines Limited (SNGPL)			
2,414,174 (2021: 2,414,174) ordinary shares of Rs. 10 each	25.1	**82,589**	117,281
Other investments			
Pakistan Refinery Limited			
3,150,000 (2021: 3,150,000) ordinary shares of Rs. 10 each		**56,354**	77,522
United Bank Limited			
118,628 (2021: 118,628) ordinary shares of Rs. 10 each		**13,420**	14,496
		152,363	209,299

25.1 Investments in SNGPL with a shareholding of 0.38% (2021: 0.38%) represent investment in 'associated companies' in terms of provisions of Companies Act 2017. However, the Holding Company has not accounted for this as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Holding Company does not have significant influence in the Holding Company. This investment is measured at fair value through other comprehensive income under IFRS 9.

26. NET INVESTMENT IN FINANCE LEASE

	2022	2021
	(Rupees in '000)	
Gross investment in finance lease	**78,632**	152,372
Less: Unearned finance income	**(5,311)**	(21,237)
Present value of investment in finance lease	**73,321**	131,135
Less: Current maturity	**(73,321)**	(57,814)
	-	73,321

26.1 Details of investment in finance lease

	2022		2021	
	Gross investment	Present value	Gross investment	Present value
	--------------------------Rupees in '000	--------------------------		
Less than one year	**78,632**	**73,321**	73,740	57,814
One to five years	**-**	**-**	78,632	73,321
	78,632	**73,321**	152,372	131,135

26.1.1 The Holding Company entered into agreements with Oil and Gas Development Company Limited (OGDCL), and Sui Northern Gas Pipelines Limited to use the Holding Company's transmission pipelines for distribution of gas. The terms of the agreements entered into are for a substantial portion of the useful economic lives of the related assets. The agreement with OGDCL and SNGPL- Hassan (X-1) Block 22 expired on June 30, 2013 and June 30, 2017 respectively and management is negotiating for renewal of agreement with OGDCL. The interest rates used to discount future minimum lease payments under the leases are based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in finance leases.

27. LONG-TERM LOANS AND ADVANCES

	Note	2022	2021
		(Rupees in '000)	
Secured			
Due from executives	27.1 & 27.2	**81**	117
Less: receivable within one year	32	**(35)**	(36)
		46	81
Due from other employees	27.1 & 27.2	**176,184**	216,109
Less: receivable within one year	32	**(32,848)**	(40,851)
		143,336	175,258
		143,382	175,339

27.1 Reconciliation of the carrying amount of loans:

	2022		2021	
	Executives	Other employees	Executives	Other employees
	-----------------------(Rupees in '000)-----------------------			
Balance as at July 01	**117**	**216,109**	344	213,262
Disbursements	**-**	**51,340**	-	56,670
Repayments	**(35)**	**(91,265)**	(227)	(53,823)
Balance as at June 30	**82**	**176,184**	117	216,109

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

	2022	2021
	(Rupees in '000)	

28. STORES, SPARES AND LOOSE TOOLS

	2022	2021
Stores	**502,245**	493,996
Spares	**3,231,000**	2,644,628
Stores and spares in transit	**363,218**	725,319
Loose tools	**1,286**	877
	4,097,749	3,864,820
Provision against impairment		
Balance as at July 1	**(406,855)**	(360,117)
Provision made during the year	**(39,210)**	(46,738)
	(446,065)	(406,855)
Balance as at June 30	**3,651,684**	3,457,965

28.1 Stores, spares and loose tools are held for the following operations:

	2022	2021
Transmission	**3,015,446**	3,081,624
Distribution	**636,238**	376,341
	3,651,684	3,457,965

29. STOCK-IN-TRADE

	2022	2021
Gas		
Gas in pipelines	**1,285,915**	1,105,596
Stock of synthetic natural gas	**43,242**	12,301
Stock of gas condensate	**6,069**	63,154
Stock of liquefied petroleum gas	**197,831**	17,943
LPG stock in transit	**73,451**	8,886
	1,606,508	1,207,880
Gas meters		
Components	**828,289**	369,418
Work-in-process	**19,203**	39,700
Finished meters	**156,816**	21,015
	1,004,308	430,133
Provision against impaired inventory		
Balance as at July 1	**(35,561)**	(38,543)
Provision made during the year	**322**	2,982
Balance as at June 30	**(35,239)**	(35,561)
	2,575,577	1,602,452

30. CUSTOMERS' INSTALLATION WORK IN PROGRESS

This represents cost of work carried out by the Holding Company on behalf of the customers at their premises. Upon completion of work, the cost thereof is transferred to transmission and distribution cost and recoveries from such customers are shown as deduction there from as reflected in note 41.2 of the financial statements.

31. TRADE DEBTS

	Note	2022	2021
		(Rupees in '000)	
Considered good			
Secured		**30,384,173**	31,108,796
Unsecured		**102,372,681**	82,534,979
	31.1, 31.2 & 31.3	**132,756,854**	113,643,775
Less: Allowance for expected credit loss	31.4	**(23,660,324)**	(21,502,162)
		109,096,530	92,141,613

31.1 As K-Electric Limited (KE) has been defaulting and not making payment of Late Payment Surcharge (LPS) and the Holding Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, the Holding Company effective from July 01, 2012 decided to account for LPS from KE on receipt basis based on the opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 29,652 million (2021: Rs. 30,931 million) as at June 30, 2022 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,652 million (2021: Rs. 29,652 million) as at June 30, 2020 are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 151,293 million (2021: Rs. 132,424 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

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

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

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

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

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

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

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

31.2 As Pakistan Steel Mills Corporation (Private) Limited (PSML) has been defaulting and not making payment of Late Payment Surcharge (LPS), the Holding Company effective from July 01, 2012 decided to account for LPS from PSML on receipt basis based on the opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 25,312 million (2021: Rs. 24,699 million) including overdue balance of Rs.25,231 million (2021: Rs. 24,622 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 82,214 million (2021: Rs. 74,417 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

PSML has filed its counter claim approximately of Rs. 38,660 million on account of losses due to low gas pressure provided to PSML from March 2015 to December 2016. Legal 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 as the PSML is a Government-owned entity and is continuously being supported by the Government of Pakistan.

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

	Note	2022	2021
		(Rupees in '000)	
31.4 Allowance for expected credit loss			
Balance as at July 1		**21,502,162**	19,273,134
Provision for expected credit loss		**2,121,563**	2,229,028
Balance as at June 30		**23,623,725**	21,502,162
32. LOANS AND ADVANCES			
Secured			
Advances to:			
Executives	32.1	**124,774**	135,600
Other employees	32.1	**166,936**	217,515
		291,710	353,115
Current portion of long term loans and advances			
Executives	27	**35**	36
Other employees	27	**32,848**	40,851
		32,883	40,887
		324,593	394,002

32.1 Advances represent interest free establishment advance and festival advance to the employees according to the terms of employment. These are repayable in ten equal instalments and are secured against the retirement benefit balances of the related employees.

33. ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2022	2021
		(Rupees in '000)	
Advances for goods and services - unsecured, considered good		**866,321**	1,019,820
Trade deposits - unsecured, considered good		**14,235**	12,670
Prepayments		**280,279**	199,368
		1,160,835	1,231,858

34. INTEREST ACCRUED

	Note	2022	2021
Interest accrued on late payment of bills / invoices from			
SNGPL		**10,957,214**	9,821,347
WAPDA		**5,100,675**	4,717,577
JJVL		**239,689**	239,689
		16,297,578	14,778,613
Interest accrued on sales tax refund	6.6	**487,739**	487,739
		16,785,317	15,266,352
Less: Allowance for expected credit loss		**(112,400)**	(112,400)
		16,672,917	15,153,952

35. OTHER RECEIVABLES

	Note	2022	2021
Tariff adjustment - indigenous gas receivable from GoP	35.1	**295,488,261**	207,762,067
Receivable from HCPCL	35.2	**-**	4,157,839
Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
Staff pension fund		**198,562**	79,052
Receivable for sale of gas condensate		**108,817**	42,949
Receivable from Sui Northern Gas Pipelines Limited	35.3	**110,629,326**	103,776,821
Receivable from JJVL	35.4, 35.5 & 35.6	**2,501,824**	2,501,824
Sales tax receivable	35.7	**50,961,546**	39,548,675
Sindh sales tax		**2,451**	112,976
Receivable against asset contribution	35.8	**337,266**	348,448
Accrued markup		**2,098**	5,016
Miscellaneous receivables		**76,044**	29,997
		464,590,275	362,649,744
Less: Allowance for expected credit loss		**(2,586,874)**	(2,586,874)
		462,003,401	360,062,870

35.1 Tariff adjustment - indigenous gas receivable from GoP

	Note	2022	2021
		(Rupees in '000)	
Balance as at July 01		**207,762,067**	178,411,641
Recognized during the year	40.1	**86,507,711**	28,557,632
Subsidy for LPG air mix operations		**1,223,309**	792,794
Reversal of accrued interest on tariff adjustments		**(4,826)**	-
Balance as at June 30		**295,488,261**	207,762,067

35.1.1 This includes Rs. 390 million (2021: Rs. 390 million) recoverable from the Government of Pakistan (GoP) on account of remission of gas receivables from people of Ziarat under instructions from GoP. Although, management is confident that this amount is fully recoverable, being prudent full provision has already been recorded against the same in these consolidated financial statements.

35.2 Receivable from HCPCL

	2022	2021
	(Rupees in '000)	
Amount of LD charges as per arbitration award	-	3,938,382
Subsequent LDs raised by HCPCL on award principle	-	219,457
Total receivable	-	4,157,839

35.2.1 HCPCL initiated arbitral proceedings on November 30, 2015 in the International Chamber of Commerce Singapore (ICC) against the Holding Company on account of short / non-supply of contractual gas volumes and disputed compounding of interest i.e. late payment surcharge on gas bills.

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

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

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

Upon pursuance from Holding Company, HCPCL informed in June 2023 that the referred matter remained in abeyance with the Power Division during which time HCPCL incurred administrative, insurance and other costs in order to maintain the assets as per good engineering practices. The current financial position of HCPCL and the overall economic conditions of Pakistan will not allow HCPCL to resume plant operations and accordingly is no longer interested in pursuing the LDs waiver / settlement arrangement. Furthermore, HCPCL have also applied for cancellation of its Power Generation License from NEPRA.

Hence in view of HCPCL withdrawal and delay in the ECC waiver/settlement the matter could not be resolved and this amount is considered irrecoverable and is now being transferred to other operating expenses to claim tariff relief from OGRA. The Holding Company is in the process of submitting the Motion for Review (MFR) before OGRA for FY 2021-22 to adjust this amount in tariff determination as admissible items.

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

	2022	2021
	(Rupees in '000)	
Uniform cost of gas	**15,818,845**	15,818,845
Lease rentals	**1,228,430**	922,429
Contingent rent	**10,315**	10,405
Capacity and utilisation charges of RLNG	**55,656,646**	52,247,106
LSA margins of RLNG	**3,071,808**	2,945,502
RLNG transportation income	**34,843,282**	31,832,534
	110,629,326	103,776,821

35.3.1 At June 30, 2022, the Holding Company has invoiced an amount of Rs. 161,860 million, including Sindh Sales Tax of Rs. 18,764 million, to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

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

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

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

Based on initialed agreement between the Holding Company and SNGPL dated January 25, 2021 in which it was decided that from June 2020 onwards all the invoices will be paid on monthly basis by SNGPL, however, outstanding balances before June 2020 will be settled after finalization of OGRA consultant report.

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

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

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

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the termination by the Holding Company and stated that the termination was validly done and the Holding Company was within its legal and contractual right to do so and appointed a firm of Chartered Accountant to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the Holding Company. Subsequently, JJVL paid Rs. 1,500 million as per SCP Order dated November 16, 2018 based on the report submitted by Chartered Accountant firm.

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

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

35.6 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, federal excise duty, Sindh sales tax on franchise services, fuel charges receivable against processing charges from JJVL and receivable from JJVL @ 57% value of LPG / NGL extraction as per new agreement signed between the Holding Company and JJVL pursuant to SCP order dated December 04, 2018 amounting to Rs. (10) million (2021: Rs. (10) million), Rs. 160 million (2021: Rs. 160 million), Rs. 178 million (2021: Rs. 178 million), Rs. 1,070 million (2021: Rs. 1,070 million), Rs. 646 million (2021: Rs. 646 million), Rs. 32 million (2021: 32 million), Rs.6.6 million (2021:Rs.6.6 million) and Rs. 419 million (2021: Rs.419 million) respectively.

35.7 Sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Sales Tax refunds are processed through FBR's Sales Tax Automated Refund Repository (STARR) system. Due to several snags in the functioning of STARR, valid input sales tax claims of the Holding Company are deferred. Realising the problems of STARR, in August 2010, dispensation from processing of sales tax refunds through the STARR system was allowed by FBR through a letter and substantial refunds were released after issuance of this letter under corporate guarantee (subject to post refund audit). However, such dispensation was also withdrawn by FBR in May 2012. After withdrawal of said dispensation, the deferred refunds are issued to the Holding Company on the basis of manual verification of documents (third party vendor sales tax returns) by tax authorities. Management is making vigorous efforts for realisation of these refunds.

35.8 This represents receivable from Mari Gas Company Limited, Spud Energy Pty Limited, PKP Exploration Limited and Government Holdings (Private) Limited (referred as BJV); in respect of Zarghun gas transmission pipeline under pipeline contribution agreement. The receivable has been recognised using discounted cash flow technique.

	Note	2022	2021
		(Rupees in '000)	

36. TAXATION - NET

Advance tax		**36,853,493**	34,352,075
Provision for tax		**(20,253,213)**	(16,461,742)
		16,600,280	17,890,333

37. OTHER FINANCIAL ASSET

	Note	2022	2021
Investment at amortized cost			
Term deposit	37.1&37.2	**129,223**	479,223

37.1 As at June 30, 2022, the Subsidiary holds term deposit receipt carrying profit rates ranging between 6.35% to 11% per annum (2021: 7% to 7.25% per annum). The term deposit receipts are due to mature maximum by June 29,2023.

37.2 This includes deposit kept as security against the guarantee issued by the Sindh Bank Limited amounting Rs. 104 million in form of Port Qasim Authority

38. CASH AND BANK BALANCES

	Note	2022	2021
		(Rupees in '000)	
Cash at banks			
deposit accounts	38.1	**209,222**	191,211
current accounts		**3,067,733**	568,952
		3,276,955	760,163
Cash in hand	38.2	**7,842**	7,203
		3,284,797	767,366

38.1 Rate of return on bank deposits ranges from 4.50% to 10.67% (2021: 4.50% to 5.65%) per annum.

38.2 This includes foreign currency cash in hand amounting to Rs. 3,076 million (2021: Rs. 2,364 million).

39. REVENUE FROM CONTRACTS WITH CUSTOMERS - GAS SALES

	2022	2021
	(Rupees in '000)	
Sales		
Indigenous gas	**201,178,699**	223,076,502
RLNG	**150,727,385**	94,324,539
	351,906,084	317,401,041
Less: Sales tax		
Indigenous gas	**(30,330,850)**	(33,137,629)
RLNG	**(21,946,723)**	(12,776,742)
	(52,277,573)	(45,914,371)
	299,628,511	271,486,670

40. TARIFF ADJUSTMENTS

	Note	2022	2021
		(Rupees in '000)	
Indigenous gas	40.1	**86,507,711**	28,557,632
RLNG	40.2	**(10,577,174)**	(3,915,401)
		75,930,537	24,642,231

40.1 Tariff adjustment - indigenous gas

	Note	2022	2021
Recovered during the year		**47,488,674**	32,468,143
Price increase adjustment		**40,242,346**	(3,117,717)
Subsidy for LPG air mix operations	44.2	**(1,223,309)**	(792,794)
		86,507,711	28,557,632

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

OGRA vide its decision dated June 21, 2018 on the Estimated Revenue Requirement ('ERR') of the Holding Company for the year 2019 and in its letter dated June 01, 2018 "Tariff Regime for Regulated Natural Gas Sector" decided in consultation with the Federal Government and other licensees in the natural gas sector to revise the tariff regime including the rate of return which is to be based on Weighted Average Cost of Capital ('WACC') from the year 2019 in place of the existing rate of return of 17% of the average operating assets. Weighted Average Cost of Capital ('WACC') was computed at 16.60% for financial year ending June 2022 (June 2021: 17.43%). However, the same will automatically reset if the WACC changes by ±2%. As per the revised tariff regime, the Holding Company will earn an annual return calculated based on the Weighted Average Cost of Capital ('WACC') on the value of its average fixed assets in operation (net of deferred credit), before corporate income taxes and subject to efficiency benchmarks prescribed by OGRA. All prudently incurred expenses in the operation of the licensed regulated activities excluding financial charges on loans and debt servicing charges, taxes and dividend shall be treated as operating expenses.

40.1.2 This also includes an amount of Rs. 4,157 million relating to adjustment of receivable from HCPCL , as disclosed in note 35.2 of these consolidated financial statements.

40.2 Tariff adjustment - RLNG

	Note	2022	2021
		(Rupees in '000)	
RLNG - OGRA	4.3	**(10,577,174)**	(3,915,401)

41. COST OF SALES

	Note	2022	2021
Cost of gas	41.1	**352,353,928**	280,595,393
Transmission and distribution costs	41.2	**15,486,577**	21,283,451
		367,840,505	301,878,844

		Note	2022	2021
			(Rupees in '000)	
41.1	**Cost of gas**			
	Gas in pipelines as at July 1		**1,105,599**	1,248,029
	RLNG purchases	41.1.1	**118,288,914**	77,651,482
	Indigenous gas purchases		**235,063,516**	203,792,893
			354,458,029	282,692,404
	Gas consumed internally		**(818,183)**	(991,412)
	Gas in pipelines as at June 30		**(1,285,918)**	(1,105,599)
			(2,104,101)	(2,097,011)
			352,353,928	280,595,393

41.1.1 During the year 2015, the Holding Company started swapping of natural gas in lieu of RLNG, which it received from Engro Elengy Terminal Limited (EETL) and Pakistan Gasport Consortium Limited (PGPCL) transferred to SNGPL. However, the gas transferred to SNGPL in lieu of RLNG is not in accordance with the gas received from EETL due to the difference of Gas Colorific Value (GCV) in the gas volume received and transmitted to SNGPL. From March 2015 till June 30, 2022, the Holding Company received 2,122,579,418 Million Metric British Thermal Units (MMBTUs) from EETL and PGPCL and supplied 1,927,230,840 MMBTUs to SNGPL with a short supply of 195,348,578 MMBTU.

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

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

During the year, the Holding Company has recorded purchases of 37 BCF (2021: 53 BCF) from SNGPL amounting to Rs. 118,289 million (2021: Rs.77,651 million) based on OGRA's decision dated November 20, 2018.

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.

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

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

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

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

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

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

OGRA has determined UFG at 17.84% without considering RLNG volume handled. Although, the Holding Company had claimed UFG at 7.48% based on the RLNG volume handled and transmitted RLNG to SNGPL. The matter of RLNG volume handling benefit to the Holding Company is under review at ECC level.

As per the UFG study report finalized by a firm of Chartered Accountant, revised UFG allowance formula is gas volume available for sale X [5% + (2.6% X percentage of achievement of KMI's)]. OGRA has determined Benchmark with KMI achievement at 6.97% [5% + (1.97% based on KMI achievement)] as against the claim of the Holding Company at 7.50% [5% + (2.46% based on KMI achievement)].

41.2 Transmission and distribution costs

	Note	2022	2021
		(Rupees in '000)	
Salaries, wages and benefits		**8,636,151**	8,932,312
Contribution / accruals in respect of staff retirement benefit schemes	41.2.1	**1,447,706**	1,528,995
Depreciation on operating assets	21.2	**2,816,262**	8,573,803
Depreciation - right of use		**49,873**	58,482
Repairs and maintenance		**1,571,502**	1,477,775
Stores, spares and supplies consumed		**675,266**	586,682
Gas consumed internally		**804,727**	861,762
Legal and professional charges		**60,591**	107,947
Software maintenance		**58,924**	66,792
Electricity		**154,587**	134,002
Security expenses		**844,297**	758,939
Insurance and royalty		**28,381**	108,361
Travelling		**56,386**	55,859
Material and labor used on consumers' installation		**31,938**	8,727
Postage and revenue stamps		**2,212**	2,122
Rent, rates and taxes		**74,478**	57,160
Others		**314,185**	295,973
		17,627,466	23,615,693
Recoveries / allocations to:			
Gas distribution system capital expenditure		**(1,676,064)**	(1,927,199)
Installation costs recovered from customers	30	**(115,093)**	(39,103)
		(1,791,157)	(1,966,302)
Recoveries of service cost from			
Sui Northern Gas Pipeline Limited - related party	41.2.2	**(339,185)**	(350,621)
Allocation to sale of gas condensate		**(10,547)**	(15,319)
		15,486,577	21,283,451

41.2.1 Contributions to / accrual in respect of staff retirement benefit schemes

	2022	2021
Contributions to the provident fund	**242,781**	267,644
Charge in respect of pension funds:		
executives	**228,405**	(19,084)
non executives	**170,762**	(69,886)
Charge in respect of gratuity funds:		
executives	**168,266**	403,337
non executives	**199,620**	382,450
Accrual in respect of unfunded post retirement Medical facility:	**569,751**	481,247
Accrual in respect of compensated absences		
Executives	**(70,702)**	147,614
Other employees	**(61,177)**	(64,327)
	1,447,706	1,528,995

41.2.2 This includes recovery in respect of obligation against pipeline transferred to the Holding Company from Engro Elengy Terminal Limited amounting to Rs. 135.7 million (June 2021: Rs. 135.7 million)

42. ADMINISTRATIVE AND SELLING EXPENSES

	Note	2022	2021
		(Rupees in '000)	
Administrative expenses	42.1	**2,778,883**	2,665,274
Selling expenses	42.2	**2,472,965**	1,949,754
		5,251,848	4,615,028

42.1 ADMINISTRATIVE EXPENSES

	Note	2022	2021
Salaries, wages and benefits		**1,681,767**	1,719,425
Contribution / accruals in respect of staff retirement benefit schemes	42.1.1	**155,512**	166,361
Depreciation on operating assets	21.2	**210,255**	133,596
Depreciation - right of use		**2,800**	25,553
Amortisation of intangible assets	22	**63,138**	26,949
Repairs and maintenance		**191,106**	163,734
Stores, spares and supplies consumed		**43,692**	48,874
Legal and professional		**115,035**	83,205
Software maintenance		**103,832**	91,713
Electricity		**5,158**	4,712
Security expenses		**17,442**	15,524
Insurance and royalty		**13,710**	13,991
Travelling		**25,039**	29,344
Postage and revenue stamps		**9,415**	9,069
Rent, rates and taxes		**16,003**	7,544
Others		**139,906**	150,488
		2,793,810	2,690,082
Allocation to meter manufacturing division	44.1	**(14,927)**	(24,808)
		2,778,883	2,665,274

42.1.1 Contribution / accrual in respect of staff retirement

	2022	2021
Contribution to the provident fund	**50,124**	53,547
Charge in respect of pension funds:		
executives	**21,345**	48,705
non-executives	**10,107**	9,577
Charge in respect of gratuity funds:		
executives	**36,191**	48,398
non-executives	**9,925**	5,490
Accrual / (reversal) in respect of unfunded post retirement:		
gas facility	**4,080**	(19,408)
medical facility	**23,740**	20,052
	155,512	166,361

	Note	2022	2021
		(Rupees in '000)	

42.2 SELLING EXPENSES

	Note	2022	2021
Salaries, wages and benefits		**1,543,913**	1,103,702
Contribution / accruals in respect of staff retirement benefit schemes	42.2.1	**217,224**	138,430
Depreciation on operating assets	21.2	**6,714**	16,584
Depreciation - right of use		**53,245**	39,967
Repairs and maintenance		**2,289**	2,673
Stores, spares and supplies consumed		**10,927**	16,322
Electricity		**80,265**	109,467
Insurance and royalty		**1,054**	967
Travelling		**1,517**	1,225
Gas bill and collection charges		**533,046**	504,877
Postage and revenue stamps		**438**	506
Rent, rates and taxes		**2,338**	1,441
Others		**19,995**	13,593
		2,472,965	1,949,754

42.2.1 Contribution / accrual in respect of staff retirement benefit schemes

	2022	2021
Contribution to the provident fund	**48,069**	36,826
Charge in respect of pension funds:		
executives	**54,735**	22,424
non-executives	**39,481**	37,949
Charge in respect of gratuity funds:		
executives	**27,074**	20,706
non-executives	**47,865**	20,525
	217,224	138,430

43. OTHER OPERATING EXPENSES

	2022	2021
Auditors' remuneration		
Statutory audit	**4,864**	4,873
Fee for other audit related services	**1,095**	945
Out of pocket expenses	**476**	593
	6,435	6,411
Workers' profit participation fund	**-**	59,740
Sports expenses	**61,584**	107,120
HCPCL arbitration award	**4,157,839**	-
Corporate social responsibility	**7,099**	69,767
Provision against impaired stores and spares	**89,416**	87,738
Loss on disposal of property, plant and equipment	**2,331**	133,374
Exchange loss	**16,095,370**	-
	20,420,074	464,150

44. OTHER INCOME

	Note	2022	2021
		(Rupees in '000)	
Income from financial assets			
Income for receivable against asset contribution		**34,012**	37,186
Late payment surcharge		**2,009,242**	1,935,745
Interest income on late payment of gas bills from SNGPL		**1,135,867**	1,135,867
Liquidated damages recovered		**90,648**	84,472
Income from net investment in finance lease from SNGPL		**15,927**	26,547
Return on saving bank account		**70,077**	82,392
		3,355,773	3,302,209
Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)		**383,098**	326,862
Dividend income		**23,086**	4,828
		3,761,957	3,633,899
Income from other than financial assets			
Sale of gas condensate - net		**5,371**	(57,903)
Income from LPG / NGL - net		**420,735**	666,319
Meter manufacturing division profit - net	44.1	**4,820**	14,460
Meter rentals		**1,686,853**	1,377,415
RLNG transportation income		**9,726,000**	8,533,000
Recognition of income against deferred credit and contract liabilities		**650,591**	610,771
Income from LPG air mix distribution - net	44.2	**120,343**	129,937
Recoveries from customers		**129,608**	84,078
Income from sale of tender documents		**6,092**	5,489
Amortization of Government grant		**17,076**	15,925
Exchange gain		**-**	3,199,083
Income against LNG service agreement		**1,044,608**	919,628
Miscellaneous		**55,746**	127,284
		17,629,800	19,259,385

44.1 Meter manufacturing division profit - net

	Note	2022	2021
		(Rupees in '000)	
Gross Sale of gas meters:			
Company's consumption		**1,708,171**	2,033,136
Outside sales		**13,051**	20,910
		1,721,222	2,054,046
Sales tax		**(268,317)**	(325,218)
Net sales		**1,452,905**	1,728,828
Raw material consumed		**(968,629)**	(1,222,246)
Stores and spares		**(10,284)**	(8,250)
Fuel, power and electricity		**(17,564)**	(20,890)
Salaries wages and other benefits	44.1.2	**(406,995)**	(410,703)
Insurance		**(772)**	(858)
Repairs and maintenance		**(8,824)**	(9,882)
Depreciation	21.2	**(23,705)**	(23,882)
Transportation		**-**	(3)
Other expenses		**(1,783)**	(1,022)
Less: Cost of goods sold		**(1,438,556)**	(1,697,736)
Gross profit		**14,349**	31,092
Administrative expenses	42.1	**(14,927)**	(24,808)
Operating profit		**(578)**	6,284
Other income		**5,398**	8,176
Net profit		**4,820**	14,460

44.1.1 Gas meters used by the Holding Company are included in operating assets at manufacturing cost.

44.1.2

	2022	2021
Salaries, wages and other benefits	**379,126**	394,332
Provident fund contribution	**6,356**	6,592
Pension fund	**12,649**	5,818
Gratuity	**8,864**	3,961
	406,995	410,703

	Note	2022	2021
		(Rupees in '000)	

44.2 Income from LPG air mix distribution - net

	Note	2022	2021
Sales		**70,391**	66,231
Cross subsidy		**1,223,309**	792,794
Cost of sales		**(918,263)**	(518,096)
Gross profit		**375,437**	340,929
Distribution, selling and administrative expenses			
Salaries, wages and other benefits		**(73,080)**	(57,058)
Depreciation expenses	21.2	**(83,342)**	(93,282)
Other operating expenses		**(135,808)**	(100,850)
		(292,230)	(251,190)
Amortisation of deferred credit		**27,534**	32,578
Other income		**9,602**	7,620
Profit for the year		**120,343**	129,937

45. FINANCE COST

	2022	2021
Mark-up on:		
Loan from banking companies	**2,870,066**	3,031,788
Short term borrowings	**2,023,737**	1,386,695
Customer deposits	**684,157**	540,385
Customer finance	**673**	1,208
Government of Sindh loans	**26,853**	29,866
Payable against transfer of pipeline	**71,122**	76,657
Finance cost of lease liability	**15,219**	21,563
Interest on WPPF	**81,722**	-
Markup up on petroleum development levy	**12,274**	-
Others	**10,736**	21,545
	5,796,559	5,109,707
Less: Finance cost capitalised during the year	**(600,523)**	(484,101)
	5,196,036	4,625,606

46. TAXATION

	2022	2021
Current year	**(3,791,043)**	(2,667,706)
Prior year	**-**	(1,409)
Deferred tax	**20,202**	3,356,776
	(3,770,841)	687,661

	2022	2021
	(Rupees in '000)	

46.1 Relationship between consolidated accounting profit and tax expense for the year is as follows:

	2022	2021
Accounting profit / (loss) for the year	**(7,641,178)**	1,575,630
Tax rate	**29%**	29%
Tax charge @ 29% (2021: 29%)	**(2,215,942)**	456,932.70
Super Tax @ 4%	**740,782**	-
Effect of lower tax rate on dividend income	**3,232**	(676)
Effect of prior year tax	**-**	(1,409)
Effect of deferred tax not recognised	**-**	(2,901,654)
Minimum income tax u/s 153 (1) (b)	**-**	50,752
Others	**(2,298,913)**	3,083,715
	(3,770,841)	687,661

47. STAFF RETIREMENT BENEFITS

47.1 In respect of Holding Company

47.1.1 Funded post retirement pension and gratuity schemes

As mentioned in note 4.19 to these consolidated financial statements, the Holding Company operates approved funded pension and gratuity schemes for all employees. Contributions are made to these schemes based on actuarial valuation. Latest actuarial valuations were carried out as at June 30, 2022 under the projected unit credit method for both non-executive and executive staff members.

Fair Value of Plan assets and present value of obligations

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

Liability / (Asset) in consolidated statement of financial position

	2022			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Fair value of plan assets	**(1,306,941)**	**(5,679,801)**	**(328,683)**	**(3,677,152)**
Present value of defined benefit obligation	**1,426,643**	**6,806,183**	**10,418**	**5,095,968**
	119,702	**1,126,382**	**(318,265)**	**1,418,816**

Movement in present value of defined benefit obligation

	2022			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Obligation as at July 01, 2021	1,409,118	6,622,845	15,354	5,621,826
Current service cost	45,545	357,210	-	262,966
Interest cost	140,912	662,285	1,535	562,183
Remeasurement	(95,153)	(74,520)	(4,708)	(896,428)
Benefits paid	(73,779)	(761,637)	(1,763)	(454,579)
Obligation as at June 30, 2022	1,426,643	6,806,183	10,418	5,095,968

Movement in fair value of plan assets

Fair value as at July 01, 2021	1,137,931	5,352,923	254,205	3,412,945
Expected return on plan assets	(216,956)	(761,637)	(1,763)	(454,579)
Remeasurement	(68,136)	216,956	(19,529)	(36,954)
Benefits paid	383,533	296,497	318,126	159,503
Contribution to the fund	144,348	548,019	25,420	348,461
Amount transferred in / (out)	(73,779)	27,043	(247,776)	247,776
Fair value as at June 30, 2022	1,306,941	5,679,801	328,683	3,677,152

Movement in liability / (asset) in consolidated statement of financial position

	2022			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
liability / (Asset) as at July 01, 2021	271,187	1,269,922	(238,851)	2,208,881
Expense recognised for the year	259,065	254,520	223,891	228,912
Remeasurement	(27,017)	(101,563)	14,821	(859,474)
Contribution to the fund	(383,533)	(296,497)	(318,126)	(159,503)
Liability / (Asset) as at June 30, 2022	119,702	1,126,382	(318,265)	1,418,816

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

	2022			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	45,545	357,210	-	262,966
Interest cost	140,912	662,285	1,535	562,183
Interest income	(144,348)	(548,019)	(25,420)	(348,461)
Amount transferred out / (in)	216,956	(216,956)	247,776	(247,776)
	259,065	254,520	223,891	228,912

	2022			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
Total remeasurements recognised in consolidated statement of comprehensive income				
Remeasurement on obligation arising on				
Financial assumptions	(93,035)	392,872	(573)	(471,070)
Demographic assumptions	(1,136)	(3,921)	-	-
Experience adjustments	(982)	(463,471)	(4,135)	(425,358)
	(95,153)	(74,520)	(4,708)	(896,428)
Remeasurement on plan assets arising on				
Actual return on plan assets	(61,602)	(498,713)	(5,876)	(275,728)
Expected return on plan assets	144,348	548,019	25,420	348,461
Net return on plan assets over interest income	82,746	49,306	19,544	72,733
Difference in opening fair value of assets after audit	(14,610)	(76,349)	(15)	(35,779)
	68,136	(27,043)	19,529	36,954
	(27,017)	(101,563)	14,821	(859,474)

Composition / fair value of plan assets used by the fund

	2022			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
Quoted Shares	3.95%	0.94%	9.31%	2.05%
Debt instruments	84.42%	92.16%	41.00%	89.93%
Mutual funds	5.91%	2.13%	21.60%	6.04%
Others including cash & cash equivalents	5.73%	4.77%	28.08%	1.99%
Total	100%	100%	100%	100%
Quoted Shares	51,604	53,377	30,616	75,369
Debt instruments	1,103,305	5,234,607	134,761	3,306,735
Mutual funds	77,193	121,001	71,000	221,984
Others including cash & cash equivalents	74,839	270,816	92,306	73,064
Total	1,306,941	5,679,801	328,683	3,677,152

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2022

	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)------------------------------			
Total number of employees	**2,154**	**2,154**	-	**4,447**
Total monthly salaries	**228,921**	**228,921**	-	**129,057**
Total number of pensioner	**151**	-	**16**	-
Total monthly pension	**3,235**	-	**120**	-

Liability / (Asset) in consolidated statement of financial position

	2021			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)------------------------------			
Fair value of plan assets	(1,137,931)	(5,352,923)	(254,205)	(3,412,945)
Present value of defined benefit obligation	1,409,118	6,622,845	15,354	5,621,826
	271,187	1,269,922	(238,851)	2,208,881

Movement in present value of defined benefit obligation

Obligation as at July 01, 2020	1,296,098	6,752,619	14,787	5,192,580
Current service cost	40,628	336,422	-	252,262
Past Service cost	-	-	-	-
Interest cost	106,092	545,911	1,163	422,531
Remeasurement	62,222	(351,822)	1,602	197,702
Benefits paid	(95,922)	(660,285)	(2,198)	(443,249)
Obligation as at June 30, 2021	1,409,118	6,622,845	15,354	5,621,826

Movement in fair value of plan assets

Fair value as at July 01, 2020	868,076	4,706,318	77,945	3,082,206
Expected return on plan assets	81,989	409,303	13,719	261,157
Remeasurement	(8,379)	229,521	(4,251)	69,115
Benefits paid	(95,922)	(660,285)	(2,198)	(443,249)
Contribution to the fund	534,503	425,730	435,780	176,926
Amount transferred in / (out)	(242,336)	242,336	(266,790)	266,790
Fair value as at June 30, 2021	1,137,931	5,352,923	254,205	3,412,945

Movement in liability / (asset) in consolidated statement of financial position

	2021			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	-----------------------------(Rupees in '000)--------------------------------			
liability / (Asset) as at July 01, 2020	428,022	2,046,301	(63,158)	2,110,374
Expense recognised for the year	64,731	473,030	(12,556)	413,636
Remeasurement	70,601	(581,343)	5,853	128,587
Contribution to the fund	(534,503)	(425,730)	(435,780)	(176,926)
Amount transferred in / (out)	242,336	(242,336)	266,790	(266,790)
Liability / (Asset) as at June 30, 2021	271,187	1,269,922	(238,851)	2,208,881

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

	2021			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	-----------------------------(Rupees in '000)--------------------------------			
Current service cost	40,628	336,422	-	252,262
Interest cost	106,092	136,608	12,556	161,374
Past service cost	-	-	-	-
Interest income	(81,989)	-	-	-
Amount transferred out / (in)	-	-	-	-
	64,731	473,030	12,556	413,636

Remeasurement on obligation arising on				
Financial assumptions	88,796	(470,682)	1,000	149,752
Experience adjustments	(26,574)	118,860	602	47,950
	62,222	(351,822)	1,602	197,702
Remeasurement on plan assets arising on				
Actual return on plan assets	8,379	(229,521)	4,251	(69,115)
Expected return on plan assets	-	-	-	-
Net return on plan assets over interest income	8,379	(229,521)	4,251	(69,115)
Difference in opening fair value of assets after audit				
Adjustment for previous amount	-	-	-	-
	8,379	(229,521)	4,251	(69,115)
	70,601	(581,343)	5,853	128,587

Composition / fair value of plan assets used by the fund

	2021			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Quoted Shares	6.61%	1.44%	18.20%	3.15%
Debt instruments	51.79%	81.32%	29.71%	70.53%
Mutual funds	11.10%	2.67%	0.00%	10.30%
Others including cash & cash equivalents	30.50%	14.57%	52.09%	16.02%
Total	100%	100%	100%	100%
Quoted Shares	76,429	77,906	45,334	110,459
Debt instruments	598,836	4,407,358	74,015	2,470,980
Mutual funds	128,302	144,924	-	360,849
Others including cash & cash equivalents	352,701	789,713	129,768	561,074
Total	1,156,268	5,419,901	249,117	3,503,362

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2021

	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Total number of employees	2,325	2,325	-	4,430
Total monthly salaries	254,622	254,622	-	130,337
Total number of pensioner	146	-	23	-
Total monthly pension	3,030	-	169	-

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

	Executives and Non-executives	
	2022	2021
	(%)	(%)
Discount rate	**13.25**	10.00
Salary increase rate in the first year	**16% wef. 01-07-2022**	0.00
	14% wef. 01-01-2023	0.00
Expected rate of increase in salary level	**11.25**	8.00
Increase in pension	**5.00**	5.00
Mortality rates	**SLIC (2001-05)-1**	SLIC (2001-05)-1
Rates of employee turnover	**Ultra - light**	Moderate

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

	Change in assumption		Impact of change in assumptions in present value of defined benefit obligation			
			Executives		Non-Executives	
			Pension	Gratuity	Pension	Gratuity
			(Rupees in '000)			
Discount rate	1%	Increase in assumption	1,305,171	6,500,147	9,844	4,822,482
Salary increase rate	1%		1,472,244	7,111,464	-	5,373,756
Pension increase rate	1%		1,522,256	-	11,095	-
Discount rate	1%	Decrease in assumption	1,570,189	7,140,241	11,064	5,395,065
Salary growth rate	1%		1,384,233	6,521,554	-	4,837,159
Pension increase rate	1%		1,343,800	-	9,808	-

The expected pension and gratuity expense for the next one year from July 01, 2022 is as follows:

	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees'000)			
Current service cost	41,655	358,465	-	219,927
Interest cost	(190,311)	(822,853)	1,281	663,206
Interest income on plan assets	173,398	730,035	(40,908)	(486,552)
Interest cost	(16,913)	(92,818)	(39,627)	176,654
Amount transferred out / (in)	45,756	(45,756)	271,090	(271,090)
	70,498	219,891	231,463	125,491

47.1.2 Unfunded post retirement medical benefit and gas supply facilities

The Holding Company provides free medical and gas supply facilities to its retired executive employees. The free gas supply facility has been discontinued for employees who had retired after December 31, 2000. The latest actuarial valuations of the liability under these schemes were carried out as at June 30, 2022 under the projected unit credit method, results of which are as follows:

	2022		
	Post retirement medical facility	Post retirement gas facility	Total
	--------------------(Rupees in '000)--------------------		
Liability in consolidated statement of financial position			
Present value of defined benefit obligation	**6,805,549**	**13,261**	**6,818,810**
Movement in present value of defined benefit obligation			
Liability as at July 01, 2021	**4,591,004**	**32,444**	**4,623,448**
Expense / (income) recognised for the year	**615,021**	**3,244**	**618,265**
Payments during the year	**(192,673)**	**(1,164)**	**(193,837)**
Remeasurement	**1,792,197**	**(21,263)**	**1,770,934**
Liability as at June 30, 2022	**6,805,549**	**13,261**	**6,818,810**
Expense recognised in the consolidated statement of profit or loss			
Current service cost	**173,584**	**-**	**173,584**
Interest cost	**441,437**	**3,244**	**444,681**
	615,021	**3,244**	**618,265**
Total remeasurements recognised in consolidated statement of comprehensive income			
Remeasurement on obligation arising on			
financial assumptions	**1,635,680**	**-**	**1,635,680**
demographic assumption	**1,207**	**-**	**1,207**
experience adjustments	**155,310**	**(21,263)**	**134,047**
	1,792,197	**(21,263)**	**1,770,934**

Detail of employee valued related to above scheme are as follows for the year ended June 30, 2022.

Total number of actives	**1,982**	**-**	
Total number of beneficiaries	**2,788**	**41**	

	2021		
	Post retirement medical facility	Post retirement gas facility	Total
	--------------------(Rupees in '000)--------------------		
Liability in consolidated statement of financial position			
Present value of defined benefit obligation	4,591,004	32,444	4,623,448
Movement in present value of defined benefit obligation			
Liability as at July 01, 2020	4,215,314	52,959	4,268,273
Expense / (Income) recognised for the year	501,299	(19,409)	481,890
Payments during the year	(145,006)	(2,585)	(147,591)
Remeasurement	19,397	1,479	20,876
Liability as at June 30, 2021	4,591,004	32,444	4,623,448

	2021 Post retirement medical facility	2021 Post retirement gas facility	Total
	--------------------(Rupees in '000)--------------------		
Expense recognised in the consolidated statement of profit or loss			
Current service cost	149,160	-	149,160
Interest cost	352,139	4,392	356,531
Curtailment gain	-	(23,801)	-
	501,299	(19,409)	481,890
Total remeasurements recognised in consolidated statement of comprehensive income			
Remeasurement on obligation arising on experience adjustments	19,397	1,479	20,876
	19,397	1,479	20,876

Detail of employee valued related to above scheme are as follows for the year ended June 30, 2021.

Total number of active employees	2,216	-
Total number of beneficiaries	2,682	103

47.1.3 Number of employees under the scheme

The number of employees covered under the following defined benefit plans are 1,982 (2021: 2,216) and 41 (2021: 103) for medical and gas facility respectively.

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

	Executives 2022 (%)	Executives 2021 (%)
Discount rate	**13.25%**	10.00%
Medical inflation rate - (Post-Retirement)	**11.25%**	8.00%
Medical inflation rate - (Pre-Retirement)	**11.25%**	8.00%
Gas inflation rate	**13.25%**	10.00%
Benefit limit - Gas	**28,500**	25,100
Expected medical expense for adult - retires and deceased staff	**74,500**	53,100
Expected medical expense for adult - active (family of two)	**149,000**	106,200
Expected medical expense for children	**10,000**	10,000
Mortality rates (for death in service & post retirement mortality)	**SLIC (2001-05)**	SLIC (2001-05)
Rate of employees turnover	**Ultra - light**	Moderate

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

	Change in assumption	Impact of change in assumptions in Post retirement medical facility	Post retirement gas facility
		---------(Rupees in '000)--------	
Discount rate	Increase in assumption	4,483,127	12,449
Medical inflation rate (Pre retirement)		6,961,056	-
Medical inflation rate (Post retirement)		5,975,328	-
Gas inflation rate		-	14,162
Discount rate	Decrease in assumption	5,985,102	14,170
Medical inflation rate (Pre retirement)		6,660,788	-
Medical inflation rate (Post retirement)		4,611,716	-
Gas inflation rate		-	12,442

	Post retirement medical facility	Post retirement gas facility
	---------(Rupees in '000)--------	
Current service cost	210,015	-
Net interest cost	901,401	1,682
	1,111,416	1,682

47.1.5 Defined contribution plan - recognized provident fund

The information related to the provident funds established by the Holding Company based on management records are as follows:

	Executives 2022	Executives 2021	Non-Executives 2022	Non-Executives 2021
		(Audited)		
	------------------------------ (Rupees in '000)			------------------------------
Size of provident fund	5,072,234	5,062,876	4,834,195	4,581,439
Cost of investments made	4,090,738	4,307,868	3,744,163	3,819,492
Percentage of investments made	80.6%	85.1%	77.5%	83.4%
Fair value of investment	4,760,510	4,789,145	4,599,023	4,376,621

	Executives 2022	Executives 2021	Non-Executives 2022	Non-Executives 2021
	(Audited)			
	(Rupees in '000)			
Break-up of investments:				
- Balance in savings accounts				
Amount of investment	**59,445**	104,103	**136,099**	102,531
Percentage of investment as size of the fund	**1.2%**	2.0%	**2.8%**	2.2%
- Term deposit receipts				
Amount of investment	**375,286**	789,041	**183,291**	627,595
Percentage of investment as size	**7.4%**	15.6%	**3.8%**	13.7%
- Units of mutual fund				
Amount of investment	**574,259**	490,871	**418,900**	389,254
Percentage of investment as size of the fund	**11.3%**	9.7%	**8.7%**	8.5%
- Special savings certificate				
Amount of investment	**2,134,192**	1,884,386	**2,549,530**	2,251,109
Percentage of investment as size of the fund	**42.1%**	37.2%	**52.7%**	49.1%
- Treasury bills				
Amount of investment	**163,991**	30,649	**356,295**	-
Percentage of investment as size of the fund	**3.2%**	0.6%	**7.4%**	0.0%
- Pakistan Investment Bonds (PIBs)				
Amount of investment	**1,402,058**	1,419,498	**908,746**	941,995
Percentage of investment as size of the fund	**27.6%**	28.0%	**18.8%**	20.6%
- Term Finance Certificates (TFCs)				
Amount of investment	**-**	-	**-**	-
Percentage of investment as size of the fund	**0.0%**	0.0%	**0.0%**	0.0%
- Quoted shares				
Amount of investment	**51,279**	70,597	**46,162**	64,137
Percentage of investment as size of the fund	**1.0%**	1.4%	**1.0%**	1.4%

47.1.6 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

47.2 In respect of Subsidiary Company

The Company maintain funded gratuity fund. The details of employee retirement benefit obligations are based on valuations carried out by independent actuary as at June 30, 2022 under the Projected Unit Credit method are as follows:

	2022	2021
	(Rupees in '000)	
Statement of financial position - (asset) / liability		
Defined benefit liability / (asset)	**9,808**	(60)
Movement of the (asset) / liability recognized in the consolidated statement of financial position		
Opening net (assets) / liability	**(60)**	39,608
Current service cost	**9,926**	11,784
Interest cost	**(135)**	1,283
Benefits paid during the year	**(2,644)**	(2,979)
Contribution	**-**	(44,464)
Remeasurement of actuarial gain	**2,720**	(5,292)
Closing net (asset) / liability	**9,808**	(60)
Expense recognized in consolidated profit or loss account		
Current service cost	**9,926**	11,784
Net interest expense	**(135)**	1,283
Expense for the year	**9,791**	13,067
Remeasurement gain recognized in consolidated other comprehensive income		
Actuarial gain on defined benefit obligation	**2,720**	(5,292)
Fair value of plan assets at year end		
Term finance certificate	**-**	5,918
Equity account	**4,441**	2,305
Investment in sukuk	**25,933**	-
Amount in bank	**616**	29,481
	30,990	37,705

	2022	2021
	(Rupees in '000)	

The principal assumptions used in the actuarial valuations carried out as of June 30, 2022 using the 'Projected Unit Credit' method, are as follows:

Discount rate	**13.25%**	9.75%
Salary increase rate short run (p.a)	**15%**	4.00%
Salary increase rate long run (p.a)	**12.25%**	9.75%
Duration	**8.37 years**	8.50 years
Withdrawn rates	**Moderate**	Moderate
Mortality Rates	**SLIC 2001-05**	SLIC 2001-05

The expected maturity analysis of undiscounted retirement benefit plan is:

Year 1	**4,984**	5,195
Year 2	**1,035**	3,822
Year 3	**2,467**	781
Year 4	**2,108**	1,865
Year 5	**5,469**	1,569
Year 6 to Year 10	**21,814**	19,878
Year 11 to above	**149,174**	77,487

The sensitivity of the defined benefit asset to changes in the weighted principal assumptions is:

	Defined benefit asset	% Change from base
Base	**9,808**	
Discount rate (1% increase)	**37,605**	**-7.83%**
Discount rate (1% decrease)	**44,433**	**8.91%**
Salary growth rate (1% increase)	**44,621**	**9.37%**
Salary growth rate (1% decrease)	**37,391**	**-8.35%**
Withdrawal rates (10% Increase)	**40,811**	**0.03%**
Withdrawal rates (10% Decrease)	**40,784**	**-0.03%**
1 year Mortality age set back	**40,838**	**0.10%**
1 year Mortality age set forward	**40,756**	**-0.10%**

The defined benefit asset expose the Company to the actuarial risks such as:

(a) Longevity risks

The risk arises when the actual lifetime of the retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

(b) Salary increase risk

The risk arises when the actual increases are higher or lower than the expectation and impacts the liability accordingly.

(c) Withdrawal risks

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

The following table shows the analysis of remeasurement as at the valuation date:

		2022	2021
		(Rupees in '000)	
47.2.1	Remeasurement gain on obligation		
	- Financial assumption	**(2,087)**	(1,854)
	- Due to Salary Increase	**1,717**	(2,380)
	- Due to actual Withdrawal / Morality	**(283)**	(2,487)
	- Other reasons	**-**	(55)
	- Remeasurement gain or loss on plan assets	**3,373**	1,484
	Total remeasurement on obligation	**2,720**	(5,292)
	Total remeasurement recognized in other comprehensive income	**2,720**	(5,292)

The expected gratuity expense for the year ending June 30, 2023 is Rs. 10.29 million.

The Company has established and transferred the entire amount to Gratuity Fund in 2021.

48. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

		2022	2021
(Loss) /Profit for the year	(Rupees in ‘000)	**(11,412,019)**	2,263,291
Average number of ordinary shares	(Number of shares)	**880,916,309**	880,916,309
(Loss) / earnings per share - basic and diluted	(Rupees)	**(12.95)**	2.57

	Note	2022	2021
		(Rupees in '000)	

49. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

	Note	2022	2021
Provisions	49.1	**3,730,875**	3,837,791
Depreciation on owned assets		**3,289,119**	8,983,014
Depreciation on right of use assets		**106,809**	124,889
Amortization of intangibles		**63,138**	26,949
Finance cost		**5,172,312**	4,484,755
Amortization of transaction cost		**169,634**	46,950
Recognition of income against			
Deferred credit and contract liability		**(677,993)**	(643,262)
Amortization of government grant		**(17,076)**	(15,925)
Dividend income		**(23,086)**	(4,828)
Interest income		**(1,679,012)**	(1,491,583)
Income from net investment in finance lease		**(15,927)**	(26,547)
Loss on disposal of property plant and equipment		**317**	133,383
Decrease in long term advances		**815,614**	186,978
Increase in deferred credit and contract liability		**2,152,932**	2,270,167
Finance cost on lease liability		**15,219**	21,563
Increase in net investment in finance lease		**73,741**	84,361
Increase in payable against transfer of pipeline		**71,122**	76,657
		13,247,738	18,095,312

49.1 Provisions

	2022	2021
Provision against slow moving / obsolete stores	**89,095**	84,756
Allowance for expected credit loss	**2,121,563**	2,229,028
Provision for compensated absences	**(131,879)**	83,286
Provision for post retirement medical and free gas supply facilities	**597,571**	481,890
Provision for retirement benefits	**1,056,636**	951,908
Provision for bonus	**(1,543)**	7,941
Provision for leave encashment	**(568)**	(1,018)
	3,730,875	3,837,791

	2022	2021
	(Rupees in '000)	

50. WORKING CAPITAL CHANGES

	2022	2021
Increase in current assets		
Store, spares and loose tools	**(232,930)**	(784,806)
Stock-in-trade	**(972,803)**	630,982
Customers' installation work-in-progress	**5,273**	(8,012)
Trade debts	**(19,076,480)**	(2,523,894)
Advances, deposits and short term prepayments	**70,949**	(399,874)
Other receivables	**(101,815,235)**	(22,164,761)
	(122,021,226)	(25,250,365)
Increase in current liabilities		
Trade and other payables	**143,667,892**	20,021,703
	21,646,666	(5,228,662)

50.1 Cash and cash equivalent at the end of the year

	2022	2021
Cash and bank balances	**3,284,797**	767,366
Short term borrowings	**(23,878,298)**	(23,750,594)
Term deposit receipt	**-**	350,000
	(20,593,501)	(22,633,228)

51. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2022	2021
Balance as at July 01	**28,672,717**	37,418,849
Proceed from long term loan	**21,131,970**	60,881
Repayment of long term loan	**(26,750,000)**	(8,710,101)
Addition in lease	**41,426**	50,055
Repayment of lease liability	**(109,767)**	(168,530)
Others	**15,458**	21,563
Balance as at June 30	**23,001,804**	28,672,717

52. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the consolidated financial statements for remuneration, including all benefits, to Managing Director, Directors and Executives of the Group are given below:

	2022		2021	
	Managing Director	Executives	Managing Director	Executives
	(Rupees in 000)			
Managerial remuneration	**37,887**	**2,079,360**	33,862	2,299,815
Housing	**15,943**	**844,691**	13,785	939,906
Utilities	**3,676**	**188,055**	3,602	209,217
Retirement benefits	**2,093**	**367,231**	3,477	401,517
Other	**2,443**	**12,372**	5,861	18,775
	62,042	**3,491,709**	60,587	3,869,230
Number	**2**	**920**	3	1,010

The Chairperson, Managing Director and certain executives are also provided the Holding Company maintained vehicles in accordance with their entitlement. In addition, the Chairperson of the Holding Company was paid Rs. 1.99 million (2021: Rs.1.99 million) as Honorarium. Executives are also provided medical facilities in accordance with their entitlement.

Aggregate amount charged in these consolidated financial statements in respect of meeting fee paid to 19 directors was Rs. 41 million (2021: Rs. 42 million for 20 directors).

53. CAPACITY AND ACTUAL PERFORMANCE

Natural gas transmission

	2022		2021	
	MMCF	HM3	MMCF	HM3
Transmission operation				
Capacity - annual rated capacity at 100% load factor with compression	**990,610**	**279,092,975**	990,610	279,092,975
Utilisation - volume of gas transmitted	**701,649**	**197,681,555**	751,112	211,617,256
Capacity utilisation factor (%)	**70.83%**	**70.83%**	75.82%	75.82%

Natural gas distribution

The Holding Company has no control over the rate of utilisation of its capacity as the use of available capacity is dependent on off-takes by the customers.

Meter manufacturing division

During the year meter manufacturing division produced and assembled 430,908 meters (2021: 453,014 meters) against an annual capacity of 356,000 meters on a single shift basis.

54. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Oil and Gas Regulatory Authority. Remuneration of key management personnel are in accordance with the term of employment / appointment. The prices and other conditions are not influenced by the Group. Other transaction with the related parties are carried out as per agreed terms. The details of transactions with related parties not disclosed else where in these consolidated financial statements are as follows:

Government related entities - various	Basis of Relation	2022	2021
		--------- (Rupees in '000) --------	
- Purchase of fuel and lubricant		**55,763**	79,684
- Sale of gas		**142,733,163**	95,467,069
- Mark-up expense on short term finance		**134,331**	57,150
- Markup expense on long term finance		**266,103**	344,741
- Income from net investment in finance lease		**15,927**	26,547
- Gas purchases - Indigenous gas		**125,941,054**	108,725,454
- Gas purchases - RLNG		**118,288,914**	77,651,480
- Sale of gas meter spare parts		**8,700**	12,142
- Rent of premises		**18,316**	19,550
- Insurance premium		**186,236**	184,135
- Royalty		**1,768**	19,825
- Telecommunication		**1,156**	1,168
- Electricity expense		**206,124**	176,945
- Interest income		**1,518,965**	1,462,729
- Professional charges		**-**	40
- Subscription		**2,052**	-
- RLNG transportation income		**9,726,000**	8,533,000
- LPG purchases		**1,005,970**	531,130
- Income against LNG service agreement		**1,044,608**	919,628
- Dividend Income		**14,485**	4,828
Karachi Grammar School	Associate undertaking		
- Sale of gas		**59**	45
Key management personnel			
- Remuneration		**286,892**	308,115
Engro Fertilizers Limited	Associate company		
- Sale of gas		**34,706**	-
Pakistan Institute of Corporate Governance	Associate company		
- Subscription / Trainings		**284**	998
Indus Hospital	Associate company		
- Sale of gas		**3,627**	-
Staff Retirement Benefit Plans	Employee benefit plan		
- Contribution to provident fund		**355,097**	372,282
- Contribution to pension fund		**538,646**	52,175
- Contribution to gratuity fund		**616,981**	934,109

Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice. Balance payable to / receivable from these employees benefit plans are disclosed in notes 10, 18, 35 and 47 to these consolidated financial statements.

Remuneration to the executive officers of the Group (disclosed in note 52 to these consolidated financial statements) and loans and advances to them (disclosed in notes 27 and 32 to these consolidated financial statements) are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Group is received at rates prescribed by the Government of Pakistan.

The details of amount due (to) / from related parties not disclosed elsewhere in these consolidated financial statements are as follows:

	Basis of Relationship	2022	2021
Government related entities - various		--------- (Rupees in '000)	--------
- Sale of gas		**76,775,417**	58,695,306
- Investment		**56,354**	77,522
- Mark up accrued on borrowings		**(1,653,309)**	(4,782,380)
- Net investment in finance lease		**1,228,430**	922,429
- Gas purchases - Indigenous gas		**(433,823,800)**	(337,994,554)
- Gas purchases - RLNG		**(120,734,221)**	(107,573,790)
- Gas meters and spare parts		**35,709**	38,157
- Uniform cost of gas		**15,818,845**	15,818,845
- Cash at bank		**35,011**	6,942
- Stock loan		**1,740**	3,898
- Payable to insurance		**(1,899)**	(2,244)
- Gas supply deposit		**(51,263)**	(51,263)
- Interest expense accrued - late payment surcharge on gas bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**16,057,889**	14,538,924
- Contingent rent		**10,315**	10,405
- Capacity and utilisation charges of RLNG		**55,656,646**	52,247,106
- RLNG transportation income		**34,843,282**	31,832,534
- LSA margins		**3,071,808**	2,945,502
- Advance for sharing right of way		**(18,088)**	(18,088)
- Professional charges		**57**	57
- LPG purchases		**-**	(55,190)
Karachi Grammar School	Associated undertaking		
- Sale of gas		**5**	5
- Gas supply deposit		**(22)**	(22)
Engro Fertilizers Limited	Associated company		
- Sale of gas		**2,748**	-
- Gas supply deposit		**(2,851)**	-
Indus Hospital	Associated company		
- Sale of gas		**352**	-

54.1 Maximum aggregate outstanding balance from related parties at the end of any month is as below:

Included in Trade Debts

	2022	2021
	--------- (Rupees in '000) --------	
Government related entities		
- K - Electric	**48,060,474**	36,487,431
- WAPDA	**3,195,441**	3,892,001
- Pakistan State Oil Co. Limited	**1,102**	2,186
- Pakistan International Airlines	**1,834**	2,146
- Pakistan Steel Mills Corporation Limited	**25,311,722**	24,858,461
- National Bank Of Pakistan	**7,711**	7,745
- State Bank Pakistan	**2,168**	3,097
- State Life Insurance Corporation	**30**	32
- Pakistan National Shipping Corporation	**1,210**	2,444
- Pakistan Machine Tools	**15,156**	18,305
- Pakistan Railway	**516**	2,206
- Pakistan Navy	**189,356**	224,664
- Pakistan Engineering	**8**	15
- Pakistan Security Printing Corporation (Pvt) Limited	**18,184**	19,197
- National Investment Trust Limited	**12**	29
- Hydrocarbon Development Institute of Pakistan	**162**	335
- Security Papers Limited	**30,519**	34,722
- Pakistan Stock Exchange	**39**	10
- PERAC Research & Development	**-**	162
- Mari Petroleum Company Limited	**25**	26
- National Insurance Company Limited	**516**	438
- Airport Manager	**1,392**	-
Other Associate Companies		
- Karachi Grammar School	**5**	5
- Pakistan Refinery Limited	**131,626**	47,514
- Engro Fertilzers Limited	**3,565**	-
- Indus Hospital & Health Network	**672**	-

55 FINANCIAL RISK MANAGEMENT

The objective of Group's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management frame work and policies.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

55.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Credit risk arises from trade debts, net investment in finance lease, loans and advances, trade deposits, bank balances, interest accrued and other receivables. To reduce the exposure toward the credit risk, comprehensive customer category wise credit limits and terms have been established. Gas supply deposits of industrial, commercial and domestic customers equivalent of three months estimated gas consumption as per the OGRA notification are taken to reduce credit exposure. The Group continuously monitors the credit given to customers and interest accrued thereon and has established a dedicated recovery department for follow-up, recovery or disconnection of gas supply as the case may be. Loans and advances given to employees are secured against retirement benefits of the employees and title deed of properties of employees. Balances are maintained with banks of sound credit rating. The Group attempts to control credit risk in respect of other receivables by monitoring credit exposures of counterparties.

The maximum exposure to credit risk before any credit enhancement at year end is the carrying amount of the financial assets as set out below:

	2022	2021
	--------- (Rupees in '000) --------	
Trade debts	**109,096,530**	92,141,613
Net investment in finance lease	**73,321**	131,135
Loans and advances	**467,975**	569,341
Deposits	**33,875**	32,410
Bank balances	**3,276,955**	760,163
Interest accrued	**16,185,178**	14,666,213
Other receivables	**115,435,533**	112,645,150
	244,569,367	220,946,025

55.1.1 Collateral and other credit enhancements obtained

Security against supply of gas to industrial, commercial and domestic customers is taken on the basis of average three months gas consumption as per OGRA notification. These collaterals are adjusted / called following on disconnection of gas supply. Details of security held at year end is as follows:

	2022	2021
	--------- (Rupees in '000) --------	
Cash deposits	**24,812,875**	23,146,293
Bank guarantee / irrevocable letter of credit	**53,026,883**	42,276,338

55.1.2 Credit Quality

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of all financial assets which are neither past due nor impaired are given in the note 54.1.3 to these consolidated financial statements.

The credit quality of the Group's major bank accounts is assessed with reference to external credit ratings which are as follows:

Bank	Rating Agency	Rating	
		Short Term	Long Term
National Bank of Pakistan	PACRA- VIS	A-1+	AAA
Allied Bank Limited	PACRA	A-1+	AAA
Bank Alfalah Limited	PACRA	A-1+	AA+
Dubai Islamic Bank (Pakistan) Limited	VIS	A-1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Faysal Bank Limited	PACRA - VIS	A-1+	AA
MCB Bank Limited	PACRA	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
Habib Bank Limited	VIS	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+
The Bank of Punjab	PACRA	A-1+	AA+
First Women Bank Limited	PACRA	A-2	A-
Summit Bank Limited	VIS	A-3	BBB-
Bank Al-Habib Limited	PACRA	A-1+	AAA
Bank Islami Pakistan Limited	PACRA	A-1	A+
Al Baraka Bank (Pakistan) Limited	PACRA-VIS	A-1	A+
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
Meezan Bank Limited	VIS	A-1+	AAA
Samba Bank Limited	VIS	A-1	AA
Silk Bank Limited	VIS	A-2	A-
Soneri Bank Limited	PACRA	A-1+	AA-
Telenor Micro Finance Bank Limited	PACRA- VIS	A-1	A
Citi Bank N. A.	Moody's	F-1	Aa3
Deutsche Bank A.G,	Moody's - S & P -Fitch	A-2, F-2	A-2,A-,BBB+
Industrial and Commercial Bank of China	Moody's - S & P	P-1	A-2

55.1.3 Past due and impaired financial assets

Industrial and commercial customers

The age analysis of trade debt balances relating to industrial and commercial customers at year end is as follows:

	2022		2021	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	------ (Rupees in '000) ------			
Not due balances	**31,717,674**	**-**	24,910,210	-
Past due but not impaired	**65,384,557**	**-**	55,472,345	-
Past due and impaired	**4,680,882**	**4,346,509**	4,505,191	4,170,818
Disconnected customers	**1,774,937**	**1,774,934**	1,645,425	1,645,425
Total	**103,558,050**	**6,121,443**	86,533,171	5,816,243

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 58,078 million and are subject to inter corporate circular debt of government entities and K-Electric.

The Group has collateral / security against industrial and commercial customers amounting to Rs. 64,525 million (2021: Rs. 53,189 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due. In case of past due balances the Group starts recovery process through recovery department and where the amount is in excess of collateral and is not recovered by recovery department, then disconnection of meter (disconnected customers) is considered. Receivables which are past due and against which recoveries are not made or which are disconnected are considered as impaired debts.

Domestic customers

The age analysis of trade debt balances relating to domestic customers at year end is as follows:

	2022		2021	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	---------------------------- (Rupees in '000)	----------------------------		
Not due balances	**2,584,022**	**-**	2,990,607	-
Past due but not impaired:				
Past due 1 - 3 month	**1,879,348**	**-**	2,244,535	-
Past due 4 - 6 month	**304**	**-**	1,393	-
Past due 7 - 12 month	**3,607**	**-**	201	-
Over 12 months	**585**	**-**	2,699	-
Past due and impaired:				
Past due 4 - 6 months	**2,590,805**	**779,630**	3,378,682	779,630
Past due 7 - 9 months	**1,620,905**	**492,000**	1,411,531	492,000
Past due 10 - 12 months	**1,052,234**	**519,000**	907,466	519,000
Over 12 months	**6,630,344**	**2,911,599**	5,189,800	2,911,599
	11,894,288	**4,702,229**	10,850,880	4,665,630
Disconnected customers	**12,800,053**	**12,800,053**	10,983,690	10,983,690
Total	**29,162,205**	**17,502,282**	27,074,005	15,649,320

The Group has collateral / security against domestic customers amounting to Rs. 13,315 million (2021: Rs. 12,234 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due.

Interest accrued

As at June 30, 2022, interest accrued net of provision was Rs. 16,692 million (2021: Rs. 15,154 million). Interest is mainly accrued on customer balances which are past due. Interest on past due balances includes receivable from WAPDA and SNGPL amounting to Rs. 16,058 million (2021: 14,539 million), recovery of which is subject to inter corporate circular debt of Government entities.

Other receivables

As at June 30, 2022, other receivable financial assets amounted to Rs. 115,435 million (2021: Rs. 112,645 million). Past due other receivables amounting to Rs. 107,884 million (2021: Rs. 72,877 million) include over due balances of SNGPL amounting to Rs. 73,608 million (2021: Rs. 70,375 million) and JJVL amounting to Rs. 2,502 million (2021: Rs. 2,502 million).

55.1.4 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry. Concentration of credit risk is determined with references to the individual customers / counter parties, type as well as geographical distribution of customers / counterparties. Concentration of credit risk in financial assets of the Group is as follows:

Trade debts

Customer category wise concentration of credit risk in respect of trade debts at year end is as follows:

	2022	2021
	--------- (Rupees in '000) --------	
Power generation companies	**52,732,877**	37,130,000
Cement industries	**1,057,654**	443,796
Fertilizer and steel industries	**25,842,662**	25,170,830
Other industries	**15,762,328**	16,213,582
Total industrial customers	**95,395,521**	78,958,208
Commercial customers	**2,040,643**	1,758,721
Domestic customers	**11,660,366**	11,424,684
	109,096,530	92,141,613

At year end the Group's most significant receivable balances were K-Electric, PSML, and WAPDA which amounted to Rs. 48,060 million (2021: Rs. 32,580 million), Rs. 25,312 million (2021: Rs.24,699 million), and Rs. 3,195 million (2021: Rs. 3,194 million) respectively. These balances have aggregated due to inter corporate circular debt.

Geographical region wise concentration of credit risk in respect of trade debts at year end is as follows:

	2022	2021
	--------- (Rupees in '000) --------	
Karachi	**90,319,311**	75,203,696
Sindh (excluding Karachi)	**13,208,605**	12,255,796
Balochistan	**5,568,614**	4,682,122
	109,096,530	92,141,614

Net investment in finance lease

The Group's most significant investment in finance lease amounted to Rs. 73,321 million (2021: Rs. 131,135 million) in respect of SNGPL

Interest accrued

Most significant counter parties of the Group in respect of interest accrued are disclosed in note 34 to these consolidated financial statements.

Other receivables

Most significant other receivables of the Group are in respect of lease rental, lease service cost, contingent rent and uniform cost of gas agreement with SNGPL as disclosed in note 35 to these consolidated financial statements. These balances are subject to inter corporate circular debt.

55.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Due to nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available. The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
	------ (Rupees in '000) ------					
As at June 30, 2022						
Long term finance	**23,680,374**	**(30,060,503)**	**(5,599,823)**	**(3,603,260)**	**(12,871,744)**	**(7,985,677)**
Payable against transfer of pipeline	**755,645**	**(1,051,922)**	**(67,866)**	**(67,866)**	**(135,732)**	**(780,458)**
Short term borrowings	**23,878,298**	**(23,878,298)**	**(23,878,298)**	**-**	**-**	**-**
Trade and other payables	**643,964,927**	**(643,964,927)**	**(643,964,927)**	**-**	**-**	**-**
Interest accrued	**17,957,484**	**(17,957,484)**	**(17,957,484)**	**-**	**-**	**-**
Deposits	**24,915,225**	**(53,026,883)**	**-**	**-**	**-**	**(53,026,883)**
Lease liability	**95,455**	**(95,455)**	**(59,301)**	**-**	**-**	**(36,154)**
	735,247,408	**(770,035,472)**	**(691,527,699)**	**(3,671,126)**	**(13,007,476)**	**(61,829,172)**

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
	------ (Rupees in '000) ------					
As at June 30, 2021						
Long term finance	29,316,211	(35,458,410)	(5,451,011)	(5,296,655)	(8,233,379)	(16,477,366)
Payable against transfer of pipeline	820,255	(1,187,654)	(67,866)	(67,866)	(135,732)	(916,190)
Short term borrowings	23,750,594	(23,750,594)	(23,750,594)	-	-	-
Trade and other payables	508,924,050	(508,783,264)	(508,783,264)	-	-	-
Interest accrued	17,142,960	(17,482,069)	(17,482,069)	-	-	-
Deposits	23,280,263	(42,276,338)	-	-	-	(42,276,338)
Lease liability	148,338	(148,338)	(87,983)	-	-	(60,355)
	603,382,671	(629,086,667)	(555,622,787)	(5,364,521)	(8,369,111)	(59,730,249)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of latest available market rates. The rates of mark-up have been disclosed in notes 8 and 9 to these consolidated financial statements. Contractual cash flows of the long term deposits are determined on the assumption that adjusted / refund of these deposits will not be required before expiry of 40 years from reporting date.

55.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The market risk comprises of currency risk, interest rate risk and other price risk (equity price risk).

55.3.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Group is exposed to currency risk on creditors for gas that are denominated in a currency other than functional currency of the Group. The currency in which these transactions primarily are denominated is US Dollars. The Group's exposure to foreign currency risk is as follows:

	2022		2021	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Creditors for gas	**68,461,531**	**332,338**	40,183,605	253,845
Estimated forecast gas purchases	**164,928,840**	**574,465**	67,783,762	380,915
	233,390,371	**906,803**	107,967,367	634,760

Above net exposure is payable by the Group in Rupees at the rate on which these are settled by the Group. Currently, the Group does not obtain forward cover against the gross exposure as exchange loss / gain on purchases of gas and supplies is recovered from / paid to Government of Pakistan as part of guaranteed return.

The following significant exchange rates applied during the year:

	Average rates		Reporting date rate	
	2022	2021	2022	2021
	287.10	177.95	**206.00**	158.30

Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2022 would have (decreased) / increased trade creditors by Rs. 6,846 million (2021: Rs. 4,018 million). There is no effect of strengthening / (weakening) of US dollar on consolidated equity and consolidated statement of profit or loss of the Group as exchange loss / gain on purchases of gas and store and supplies is recovered from / paid to Government of Pakistan as part of tariff adjustments. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2021.

55.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were as follows:

	2022	2021
	---------- (Rupees in '000) -----------	
Fixed rate instruments		
Financial assets		
Net investment in finance lease	**73,321**	131,135
Loan and advances	**81**	117
Trade debts	**30,384,173**	31,108,796
Cash and bank balances	**209,222**	191,211
Term deposit received	**129,223**	479,223
Receivable against asset contribution	**337,266**	348,448
	31,133,286	32,258,930
Financial liabilities		
Long term deposits	**(11,959,002)**	(11,213,027)
Government of Sindh loan	**(793,549)**	(782,653)
Front end fee of foreign currency loan	**(23,950)**	(23,950)
Payable against transfer of pipeline	**(755,645)**	(820,255)
Lease liability	**(95,455)**	(148,338)
	(13,627,601)	(12,988,223)

	2022	2021
	-------------- (Rupees in '000) --------------	
Variable rate instruments		
Financial assets		
Other receivables	**18,320,669**	18,320,669
Loan to related party	**700,000**	-
	19,020,669	18,320,669
Financial liabilities		
Long term loan except Government of Sindh loan	**(16,408,823)**	(20,639,563)
Short term borrowings	**(23,878,298)**	(23,750,594)
Trade and other payables	**(424,266,938)**	(327,857,910)
	(464,554,059)	(372,248,067)
	(445,533,390)	(353,927,398)

Fixed rate instruments bear fixed interest rate while all other borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs. The Group analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through consolidated statement of profit or loss. Therefore, a change in interest rates at the reporting date would not affect the consolidated statement of profit or loss and the equity of the Group.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased or (net decreased) the consolidated statement of profit or loss of the Group as at June 30, 2022 by Rs. 4,455 million (2021: Rs.3,539 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2021.

55.3.3 Equity price risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Group's investments in listed equity securities. This arises from investments held by the Group for which prices in the future are uncertain. The fair value of listed equity investments of the Group that are exposed to price risk as at June 30, 2022 is Rs. 152 million (2021: Rs. 209 million).

A ten percent increase / decrease in the prices of listed equity securities of the Group at the reporting date would have increased / (decreased) long term investment and consolidated equity by Rs. 15.2 million (2021: Rs. 20.9 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

55.4 Fair value of financial assets and liabilities

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

The carrying values of all financial instruments reflected in these consolidated financial statements approximate their fair values except for investment in unquoted companies which are reflected at cost less impairment losses.

55.4.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data

	2022			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Fair Value through OCI financials assets				
Quoted equity securities	**152,363**	**-**	**-**	**152,363**

	2021			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Fair Value through OCI financials assets				
Quoted equity securities	209,299	-	-	209,299

There have been no transfers during the year (2021: no transfers in either direction).

Financial instruments by categories

	Financial assets		
	Amortized cost	FVTOCI	Total
	(Rupees in '000)		
As at June 30, 2022			
Trade debts	**109,096,530**	**-**	**109,096,530**
Net investment in finance lease	**73,321**	**-**	**73,321**
Loans and advances	**467,975**	**-**	**467,975**
Deposits	**33,875**	**-**	**33,875**
Cash and bank balances	**3,284,797**	**-**	**3,284,797**
Interest accrued	**16,185,178**	**-**	**16,185,178**
Other receivables	**115,435,533**	**-**	**115,435,533**
Long term investments	**-**	**152,363**	**152,363**
	244,577,209	**152,363**	**244,729,572**

	Financial assets		
	Amortized cost	FVTOCI	Total
	---------------------- (Rupees in '000) ----------------------		
As at June 30, 2021			
Trade debts	92,141,613	-	92,141,613
Net investment in finance lease	131,135	-	131,135
Loans and advances	569,341	-	569,341
Deposits	32,410	-	32,410
Cash and bank balances	767,366	-	767,366
Interest accrued	14,666,213	-	14,666,213
Other receivables	112,645,150	-	112,645,150
Long term investments		209,299	209,299
	220,953,228	209,299	221,162,527

	Financial liabilities at amortised cost	
	2022	2021
	-------------- (Rupees in '000) --------------	
Long term finance	**23,680,374**	29,316,211
Payable against transfer of pipeline	**755,645**	820,255
Short term borrowings	**23,878,298**	23,750,594
Trade and other payables	**643,964,927**	508,924,050
Interest accrued	**17,957,484**	17,142,960
Long term deposits	**24,915,225**	23,280,263
Lease liability	**95,455**	148,338
	735,247,408	603,382,671

55.5 Capital risk management

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to the shareholders or issue new shares.

The Group is not subject to externally imposed regulatory capital requirements.

The gearing ratio as at June 30 is as follows:

	2022	2021
	(Rupees in '000)	
Total borrowings		
Long term finance	**17,015,705**	21,235,549
Short term borrowings	**23,878,298**	23,750,594
Current portion of long term finance	**6,664,669**	8,080,662
	47,558,672	53,066,805
Less: Cash and bank balances	**(3,284,797)**	(767,366)
Net debts	**44,273,875**	52,299,439
Capital employed	**43,984,224**	31,769,490
Gearing ratio	**1.01**	1.65

56. OPERATING SEGMENTS

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

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

56.1 Segment revenue and results

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

	2022	2021
	(Rupees in '000)	
	Segment profit / (loss)	
Return on Assets net of UFG disallowance		
Gas transmission	**8,486,570**	8,903,074
Gas distribution and marketing		
- Lower Sindh	**(2,097,342)**	1335525.871
- Upper Sindh	**(1,453,603)**	(257,677)
- Balochistan	**(13,057,012)**	(9,619,798)
Meter Manufacturing	**7,891**	9,786
Total segment results	**(8,113,496)**	370,911
Unallocated		
Finance cost	**(5,196,036)**	(4,625,606)
Other income - net	**5,668,354**	5,830,325
Profit / (loss) before tax	**(7,641,178)**	1,575,630

The accounting policies of the reportable segments are same as disclosed in note 4.22 to these consolidated financial statements.

Segment assets and liabilities

	2022	2021
	--------- (Rupees in '000) ----------	
Segment assets		
Gas transmission	**211,254,930**	169,432,915
Gas distribution and marketing		
- Lower Sindh	**431,030,467**	335,838,695
- Upper Sindh	**84,625,627**	65,427,291
- Balochistan	**48,864,236**	45,099,478
Meter manufacturing	**1,108,124**	552,261
Total segment assets	**776,883,384**	616,350,640
Unallocated		
- Loans and advances	**467,975**	569,341
- Taxation - net	**16,600,280**	17,890,333
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**3,284,797**	767,366
	20,840,791	19,714,779
Total assets as per consolidated statement of financial position	**797,724,175**	636,065,419
Segment Liabilities		
Gas transmission	**120,648,252**	104,007,215
Gas distribution and marketing		
- Lower Sindh	**461,928,422**	376,476,439
- Upper Sindh	**90,537,349**	72,135,606
- Balochistan	**127,923,669**	104,733,573
Meter manufacturing	**260,931**	9,902
Total liabilities as per consolidated statement of financial position	**801,298,623**	657,362,734

57. ACCOUNTING ESTIMATES AND JUDGMENTS

57.1 Income tax

The Group takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

57.2 Staff retirement and other service benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 47 to the financial statements for valuation of these obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

57.3 Property, plant and equipment

In accordance with the accounting policy, the Group carries out an annual assessment of depreciable amount and useful lives of property, plant and equipment. Further, the Group reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

57.4 Trade debts and other receivables

The Group reviews its receivable against provision required there against on a ongoing basis and appropriate provision is made against outstanding receivable based on systematic basis as approved by the Board of Directors.

57.5 Stock in trade and stores, spares and loose tools

The Group continuously reviews its inventory for existence of any items which may have become obsolete. The estimates against slow moving and obsolete items are made based on systematic basis as approved by the Board of Directors.

57.6 Fair value of investments

Group has determined fair value of certain investments by using quotations from active market of the financial instruments.

57.7 Recognition of income from sale of Natural Gas Liquid (NGL) and Liquefied Petroleum Gas (LPG)

Income from sale of NGL to Jamshoro Joint Venture Limited is recognized based on provisional invoice price / quantity being the best estimate available. Any change in provisional price / quantity will be accounted for prospectively in the year in which there is change in price / quantity.

57.8 Recognition of tariff adjustments

Group has recognised income from tariff adjustments according to Final Revenue Requirement (FRR) issued by OGRA for FY 2022.

57.9 Purchases of gas

Group records purchases of gas at the rates notified by Oil and Gas Regulatory Authority. Effect of adjustments, if any, arising from revision in purchase price is reflected as and when the prices are approved by OGRA.

58. EVENTS AFTER THE REPORTING DATE

There were no events occurred after the reporting date, other than disclosed, which requires disclosure and adjustments in the financial statements.

59. Number of Employees

	2022	2021
	Number of employees	
Total number of employees as at the reporting date	**6,849**	6,920
Average number of employees during the year	**6,885**	6,839

60. CORRESPONDING FIGURES

Corresponding figures have been reclassified and rearranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However there is no material reclassification or rearrangement at reporting date.

61. GENERAL

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

62. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue in Board of Directors meeting held on November 18, 2023.

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

STATISTICAL INFORMATION

TEN YEARS SUMMARY

Key Statistical Data											
For the year ended 30 June	Unit	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Gas purchased	MMCF	**373,624**	415,005	429,144	454,530	445,604	438,389	469,381	434,871	423,760	419,275
Gas sold	MMCF	**305,667**	343,664	337,096	363,081	361,824	362,313	384,989	362,510	356,628	373,645
Mains - transmission	KM	**4,143**	4,143	4,126	4,054	4,054	3,997	3,614	3,551	3,551	3,490
Mains & services - distribution - additions	KM	**649**	929	528	784	689	758	871	801	673	1,455
New connections	Each	**76,349**	129,947	97,128	116,087	89,398	86,359	95,353	96,366	81,411	86,210
LPG air mix sales	MMBTU	**254,140**	224,956	222,381	163,596	216,015	156,242	108,963	90,966	80,853	68,428
Gas meters - produced / assembled	Each	**430,908**	453,014	452,670	582,590	503,840	444,850	491,799	614,680	851,460	690,129
Income statement							Rs. Million				
Revenue from contracts with customers - Gas sales		**351,906**	317,401	295,722	251,645	184,015	187,028	214,637	182,792	176,545	164,354
GST		**(52,277)**	(45,914)	(43,922)	(32,381)	(25,252)	(25,666)	(31,234)	(23,939)	(24,004)	(22,156)
Sales excluding GST		**299,629**	271,487	251,800	219,264	158,763	161,362	183,403	158,853	152,541	142,198
Tariff adjustments		**75,930**	24,642	38,440	77,903	18,641	(4,689)	(44,787)	3,730	742	9,440
Net sales		**375,559**	**296,129**	**290,240**	**297,167**	**177,404**	**156,673**	**138,616**	**162,583**	**153,283**	**151,638**
Cost of gas		**(352,354)**	(280,595)	(284,344)	(274,794)	(168,464)	(140,658)	(147,285)	(154,261)	(150,516)	(135,449)
Transmission and distribution costs		**(12,620)**	(12,651)	(15,216)	(13,198)	(11,842)	(11,277)	(11,306)	(10,281)	(7,836)	(8,938)
Administrative and selling expenses		**(4,818)**	(4,237)	(4,513)	(4,484)	(4,163)	(4,049)	(3,616)	(3,514)	(3,212)	(3,071)
Depreciation		**(3,133)**	(8,842)	(8,011)	(7,464)	(7,187)	(5,839)	(5,075)	(4,698)	(4,128)	(3,981)
Other operating expenses		**(22,459)**	(2,693)	(5,399)	(21,535)	(5,512)	(3,293)	(2,356)	(1,588)	(2,181)	(4,952)
Other income		**17,280**	18,643	15,429	14,248	14,002	13,451	25,799	12,686	16,196	12,741
Profit / (loss) before interest and taxation		**(2,545)**	**5,754**	**(11,813)**	**(10,062)**	**(5,762)**	**5,008**	**(5,222)**	**927**	**1,606**	**7,988**
Finance cost		**(5,190)**	(4,619)	(7,235)	(6,758)	(5,064)	(1,692)	(2,618)	(9,696)	(7,416)	(7,608)
Profit / (loss) before taxation		**(7,735)**	**1,135**	**(19,048)**	**(16,820)**	**(10,826)**	**3,316**	**(7,840)**	**(8,769)**	**(5,810)**	**380**
Taxation		**(3,709)**	820	(2,344)	(1,575)	(4,022)	(1,980)	1,725	3,378	2,057	(132)
Profit / (loss) for the year		**(11,444)**	**1,955**	**(21,392)**	**(18,395)**	**(14,848)**	**1,336**	**(6,115)**	**(5,391)**	**(3,753)**	**248**
Balance Sheet											
As at 30 June											
Share capital		**8,809**	8,809	8,809	8,809	8,809	8,809	8,809	8,809	8,809	8,809
Reserves		**(67,395)**	(55,328)	(56,846)	(37,875)	(19,076)	(4,455)	(6,391)	(234)	4,806	7,074
Surplus on revaluation of fixed assets		**54,107**	24,347	24,347	21,043	13,673	11,728	11,728	10,252	10,252	10,252
Total Equity		**(4,479)**	(22,172)	(23,690)	(8,022)	3,406	16,082	14,146	18,827	23,867	26,135
Deferred tax		**-**	-	-	-	-	-	-	-	3,321	5,865
Employees post-retirement benefits		**7,724**	5,603	5,096	5,847	5,935	4,886	4,704	4,688	3,470	2,518
Long term deposits & advances		**28,478**	26,027	23,308	20,629	18,331	16,429	13,555	11,411	9,379	6,416
Payable against transfer of pipeline		**685**	756	820	879	933	983	1,028	1,069	-	-
Deferred credit		**4,304**	4,593	4,605	4,844	6,038	5,321	5,842	7,115	5,449	5,748
Contract liabilities		**9,517**	7,786	6,197	4,402	-	-	-	-	-	-
Lease liability		**19**	43	105	-	-	-	-	-	-	-
Long term financing		**17,016**	21,235	29,088	36,920	44,722	48,790	22,573	17,493	20,860	24,770
Non-current liabilities		**67,743**	66,043	69,219	73,522	75,959	76,409	47,702	41,776	42,479	45,317
Current portion of long term financing		**6,665**	8,081	8,086	9,838	11,574	7,045	5,756	8,146	4,046	3,598
Short term borrowings		**23,878**	23,751	14,980	16,294	9,760	2,901	4,860	989	3,141	4,018
Trade payables		**632,570**	500,257	478,935	376,881	234,616	168,177	143,782	145,975	114,771	80,522
Other payables		**50,644**	40,577	42,713	41,013	32,923	28,060	45,829	27,167	18,311	15,477
Current portion of payable against transfer of pipeline		**71**	65	59	54	49	45	41	38	-	-
Current portion of deferred credit		**443**	442	432	395	571	423	428	430	-	-
Current portion of contract liabilities		**263**	232	192	167	-	-	-	-	-	-
Current portion lease liability		**55**	84	117	-	-	-	-	-	-	-
Interest and mark-up accrued		**17,957**	17,143	17,442	17,881	17,229	16,899	16,532	34,069	26,831	21,904
Taxation - net		**-**	-	-	-	-	-	-	-	-	-
Current liabilities		**732,546**	590,632	562,957	462,523	306,722	223,550	217,228	216,814	167,100	125,519
Total equity and liabilities		**795,810**	634,503	608,486	528,023	386,087	316,041	279,076	277,417	233,446	196,971
Capital work in progress		**14,931**	11,538	11,862	11,527	11,071	8,726	23,433	9,536	8,134	7,183
Operating tangible fixed assets		**160,332**	124,449	122,484	118,193	109,453	106,267	73,278	64,406	62,031	60,553
Property, plant & equipment		**175,263**	135,987	134,346	129,720	120,524	114,993	96,711	73,942	70,165	67,736
Intangible assets		**226**	111	2	21	49	74	25	36	89	125
Right of use assets		**85**	149	221	-	-	-	-	-	-	-
Long term financial assets		**2,847**	3,248	1,510	1,628	1,821	2,051	1,776	1,913	1,866	1,926
Deferred tax		**2,823**	2,592	-	-	-	2,476	2,669	292	-	-
Non-current assets		**181,244**	142,087	136,079	131,369	122,394	119,594	101,181	76,183	72,120	69,787
Stores spares & loose tools		**3,646**	3,455	2,717	2,364	2,015	2,472	2,147	1,821	2,174	2,166
Stock in trade		**2,304**	1,576	2,106	1,799	1,125	1,139	802	860	889	629
Trade debts		**109,086**	92,134	91,809	84,157	76,761	82,137	86,285	90,352	78,906	76,285
Other receivables		**462,705**	360,783	340,071	275,146	151,970	80,194	58,047	81,831	61,253	38,774
Interest and mark-up accrued		**16,692**	15,154	15,113	13,110	11,691	10,594	9,191	7,661	6,292	5,529
Taxation - net		**16,079**	17,609	19,192	19,536	19,549	18,867	19,987	17,443	10,475	2,788
Trade deposits & prepayments		**976**	1,131	699	202	172	147	482	282	137	166
Cash & bank balances		**3,078**	574	700	338	410	897	954	984	1,200	847
Current assets		**614,566**	492,416	472,406	396,653	263,693	196,447	177,895	201,234	161,326	127,184
Total Assets		**795,810**	634,503	608,485	528,023	386,087	316,041	279,076	277,417	233,446	196,971
Earning Per share (Rupees)		**(12.99)**	2.22	(24.28)	(20.88)	(16.86)	1.52	(6.94)	(6.12)	(4.26)	0.28

SSGC

TEN YEARS OF PROGRESS

Gas Customers	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Industrial										
Karachi	3,490	3,482	3,572	3,566	3,503	3,497	3,474	3,457	3,457	3,428
Sindh (Interior)	637	650	643	645	646	640	643	639	643	636
Balochistan	201	205	57	59	58	59	57	57	56	55
Sub - total	4,328	4,337	4,272	4,270	4,207	4,196	4,174	4,153	4,156	4,119
Commercial										
Karachi	16,048	16,446	17,119	17,520	15,810	15,898	16,064	16,366	16,763	17,102
Sindh (Interior)	3,672	3,859	4,170	4,297	4,171	4,206	4,393	4,527	4,617	4,756
Balochistan	2,821	2,836	2,765	2,780	2,714	2,660	2,624	2,515	2,360	2,261
Sub - total	22,541	23,141	24,054	24,597	22,695	22,764	23,081	23,408	23,740	24,119
Domestic										
Karachi	2,009,584	1,980,884	1,928,823	1,867,962	1,807,559	1,760,001	1,720,164	1,692,138	1,667,817	1,635,129
Sindh (Interior)	925,163	902,533	874,483	847,207	813,107	793,123	772,925	742,712	710,844	682,238
Balochistan	305,464	301,315	282,303	275,142	265,556	259,087	253,113	248,174	240,145	229,252
Sub - total	3,240,211	3,184,732	3,085,609	2,990,311	2,886,222	2,812,211	2,746,202	2,683,024	2,618,806	2,546,619
Total										
Karachi	2,029,122	2,000,812	1,949,514	1,889,048	1,826,872	1,779,396	1,739,702	1,711,961	1,688,037	1,655,659
Sindh (Interior)	929,472	907,042	879,296	852,149	817,924	797,969	777,961	747,878	716,104	687,630
Balochistan	308,486	304,356	285,125	277,981	268,328	261,806	255,794	250,746	242,561	231,568
Grand Total	3,267,080	3,212,210	3,113,935	3,019,178	2,913,124	2,839,171	2,773,457	2,710,585	2,646,702	2,574,857

Gas Sales in million cubic feet	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Industrial										
Karachi	160,800	193,563	186,010	198,435	190,169	191,842	207,654	206,459	209,704	209,866
Sindh (Interior)	34,181	37,719	36,298	50,633	52,860	52,756	74,164	52,215	46,058	48,577
Balochistan	6,986	3,402	1,854	7,705	9,099	9,010	8,379	9,648	9,118	9,091
Sub - total	201,967	234,684	224,162	256,774	252,127	253,608	290,197	268,322	264,880	267,534
Commercial										
Karachi	6,318	6,709	6,991	7,962	7,847	7,825	7,772	7,869	7,843	7,938
Sindh (Interior)	1,223	1,242	1,401	1,642	1,621	1,618	1,641	1,645	1,737	1,748
Balochistan	957	913	951	984	905	901	843	773	736	711
Sub - total	8,498	8,864	9,343	10,588	10,373	10,344	10,256	10,287	10,316	10,397
Domestic										
Karachi	55,787	59,557	61,785	56,713	61,236	61,459	52,938	52,829	52,127	62,021
Sindh (Interior)	25,142	26,065	26,874	24,025	24,681	25,527	22,151	21,538	19,995	23,523
Balochistan	14,274	14,494	14,933	14,981	13,406	11,375	9,447	9,534	9,310	10,170
Sub - total	95,202	100,116	103,591	95,719	99,323	98,361	84,536	83,901	81,432	95,714
Total										
Karachi	222,904	259,829	254,785	263,110	259,252	261,126	268,364	267,157	269,674	279,825
Sindh (Interior)	60,546	65,026	64,573	76,300	79,162	79,901	97,956	75,398	67,790	73,848
Balochistan	22,217	18,809	17,737	23,670	23,410	21,286	18,669	19,955	19,164	19,972
Grand Total	305,667	343,664	337,096	363,081	361,824	362,313	384,989	362,510	356,628	373,645

PATTERN OF SHAREHOLDINGS
AS AT JUNE 30, 2022

# OF SHAREHOLDERS	SHAREHOLDINGS' SLAB			TOTAL SHARES HELD
5630	1	to	100	143,532
3358	101	to	500	1,079,232
1973	501	to	1000	1,755,249
9169	1001	to	5000	17,272,375
1071	5001	to	10000	8,441,879
397	10001	to	15000	5,127,309
237	15001	to	20000	4,346,820
145	20001	to	25000	3,422,486
99	25001	to	30000	2,819,936
60	30001	to	35000	2,001,376
53	35001	to	40000	2,053,806
39	40001	to	45000	1,670,608
73	45001	to	50000	3,605,501
23	50001	to	55000	1,224,326
18	55001	to	60000	1,056,757
19	60001	to	65000	1,193,715
17	65001	to	70000	1,159,747
14	70001	to	75000	1,022,812
14	75001	to	80000	1,100,922
12	80001	to	85000	994,814
9	85001	to	90000	796,500
8	90001	to	95000	744,062
41	95001	to	100000	4,095,626
13	100001	to	105000	1,326,632
10	105001	to	110000	1,089,409
4	110001	to	115000	455,188
6	115001	to	120000	707,500
6	120001	to	125000	747,500
3	125001	to	130000	390,000
4	130001	to	135000	524,500
2	140001	to	145000	286,000
5	145001	to	150000	747,000
1	150001	to	155000	152,250
4	155001	to	160000	639,000
2	160001	to	165000	327,170
1	165001	to	170000	167,000
5	170001	to	175000	863,687

PATTERN OF SHAREHOLDINGS
AS AT JUNE 30, 2022

# OF SHAREHOLDERS	SHAREHOLDINGS' SLAB			TOTAL SHARES HELD
3	175001	to	180000	535,975
2	190001	to	195000	390,000
10	195001	to	200000	2,000,000
3	200001	to	205000	610,771
2	205001	to	210000	412,500
1	210001	to	215000	210,500
1	220001	to	225000	223,500
1	225001	to	230000	230,000
4	230001	to	235000	933,800
2	235001	to	240000	479,625
1	240001	to	245000	245,000
6	245001	to	250000	1,497,500
1	255001	to	260000	255,019
2	260001	to	265000	528,500
2	265001	to	270000	535,000
2	270001	to	275000	548,000
1	280001	to	285000	284,000
2	295001	to	300000	600,000
1	300001	to	305000	301,000
3	305001	to	310000	923,000
1	315001	to	320000	320,000
3	320001	to	325000	975,000
1	340001	to	345000	342,690
3	345001	to	350000	1,049,000
1	350001	to	355000	352,937
1	370001	to	375000	373,500
1	375001	to	380000	375,500
1	385001	to	390000	390,000
2	395001	to	400000	799,000
1	400001	to	405000	405,000
2	405001	to	410000	820,000
1	420001	to	425000	423,000
1	445001	to	450000	450,000
2	450001	to	455000	909,000
1	455001	to	460000	457,371
1	465001	to	470000	469,000
3	470001	to	475000	1,424,188

PATTERN OF SHAREHOLDINGS
AS AT JUNE 30, 2022

# OF SHAREHOLDERS	SHAREHOLDINGS' SLAB			TOTAL SHARES HELD
1	475001	to	480000	475,500
1	490001	to	495000	491,701
3	495001	to	500000	1,496,000
1	500001	to	505000	500,251
1	515001	to	520000	516,008
2	540001	to	545000	1,087,687
1	545001	to	550000	550,000
1	570001	to	575000	575,000
1	575001	to	580000	580,000
5	595001	to	600000	2,997,751
1	690001	to	695000	690,500
1	695001	to	700000	700,000
2	745001	to	750000	1,495,500
1	750001	to	755000	752,000
1	760001	to	765000	761,000
1	795001	to	800000	800,000
1	810001	to	815000	811,500
1	830001	to	835000	830,573
1	870001	to	875000	870,500
3	895001	to	900000	2,700,000
1	935001	to	940000	935,500
1	940001	to	945000	941,500
1	995001	to	1000000	1,000,000
1	1000001	to	1005000	1,002,500
1	1010001	to	1015000	1,011,000
1	1015001	to	1020000	1,018,500
1	1060001	to	1065000	1,062,801
1	1160001	to	1165000	1,163,500
1	1435001	to	1440000	1,438,500
1	1760001	to	1765000	1,764,000
1	1820001	to	1825000	1,821,500
1	1875001	to	1880000	1,879,937
1	1885001	to	1890000	1,886,000
1	1915001	to	1920000	1,920,000
1	3645001	to	3650000	3,648,750
1	3735001	to	3740000	3,735,679
1	3850001	to	3855000	3,851,000

PATTERN OF SHAREHOLDINGS
AS AT JUNE 30, 2022

# OF SHAREHOLDERS	SHAREHOLDINGS' SLAB			TOTAL SHARES HELD
1	4000001	to	4005000	4,002,500
1	4090001	to	4095000	4,092,938
1	4495001	to	4500000	4,500,000
1	7130001	to	7135000	7,135,000
1	8190001	to	8195000	8,192,028
1	8245001	to	8250000	8,249,823
1	8950001	to	8955000	8,954,000
1	10110001	to	10115000	10,110,981
1	12015001	to	12020000	12,017,700
1	12690001	to	12695000	12,694,227
1	13345001	to	13350000	13,349,674
1	14310001	to	14315000	14,314,772
1	14800001	to	14805000	14,805,000
1	20995001	to	21000000	21,000,000
1	57750001	to	57755000	57,754,179
1	63880001	to	63885000	63,882,029
1	468465001	to	468470000	468,468,218
22685				880,916,309

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2022

CATEGORIES OF SHAREHOLDERS	SHAREHOLDERS	SHARES HELD	PERCENTAGE
THE PRESIDENT ISLAMIC REPUBLIC OF PAKISTAN	1	468,468,218	53.18
GOP	1	597,751	0.07
SSGC EMPLOYEES EMPOWERMENT TRUST	1	63,882,029	7.25
Associated Companies, undertakings and related parties	2	969,000	0.11
Mutual Funds	8	23,992,772	2.72
Directors and their spouse(s) and minor children			
AYAZ DAWOOD	3	210,958	0.02
ZUHAIR SIDDIQUI	1	5,000	0.00
MOHAMMAD RAZIUDDIN MONEM	1	1,000	0.00
GHAZALA MONEM	1	200,000	0.02
Executives	2	5,500	0.00
Public Sector Companies and Corporation	14	99,737,739	11.32
Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful Companies, and Modarabas	30	18,216,193	2.07
General Public			
a. Local	22,276	112,530,143	12.77
b. Foreign	148	797,541	0.09
Foreign Companies	17	653,664	0.07
Others	179	90,648,801	10.29
Total	22,685	880,916,309	100.00

CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
THE PRESIDENT ISLAMIC REPUBLIC OF PAKISTAN	468,468,218	53.18
SSGC EMPLOYEES EMPOWERMENT TRUST	63,882,029	7.25
STATE LIFE INSURANCE CORP. OF PAKISTAN	57,754,179	6.56

سوئی سدرن گیس ایل پی جی (پرائیویٹ) لمیٹڈ (ایس ایل ایل)

ایس ایل ایل نے منافع بخش آپریشنز کو برقرار رکھا ہے اور ریکارڈ فروخت کے ساتھ اپنی فروخت کے حجم اور مارکیٹ شیئر میں اضافے کو جاری رکھا ہے۔ سمندری درآمدات میں 166,788 میٹرک ٹن (FY2020-21: 358,182 میٹرک ٹن) میں تیزی سے کمی کے باوجود بھی ایس ایل ایل ٹرمینل کاروبار میں اپنا مارکیٹ شیئر بڑھانے میں کامیاب رہا جبکہ گزشتہ سال (FY2020-21: 14,170 میٹرک ٹن) کے مقابلے میں اپنی درآمدات میں 2.6 گنا اضافہ کرکے 37،483 میٹرک ٹن ہوگیا ہے۔ ٹرمینل حجم میں کمی کی وجہ سے آپریٹنگ منافع کم ہوکر 270 ملین روپے (FY2020-21 492 ملین روپے) رہا۔

ایل پی جی کی فروخت میں بہتری آئی ہے جو 1.8 گنا بڑھ کر 6,887 ملین روپے (مالی سال 2020-21: 3,772 ملین روپے) ہوگئی ہے۔ تاہم، کمپنی کو اپنے ایل سی کو ختم کرنے اور شرح تبادلہ میں تیزی سے گراوٹ میں چیلنجوں کا سامنا کرنا پڑا ہے۔

کمپنی نے سال کے دوران ٹرمینل سیلز میں بھی اپنا مارکیٹ شیئر حاصل کیا ہے جو کہ 55 فیصد (مالی سال 2020-21: 50 فیصد) رہا۔

کمپنی نے اپنے ہولڈنگ کمپنی لون اور مارک اپ قسطوں کی ادائیگی کو جاری رکھا ہے۔

ادارے کو امید ہے کہ وہ اپنے منافع بخش آپریشنز کو جاری رکھے گا اور FY2022-23 میں ایل پی جی کا ملک کا سب سے بڑا درآمد کنندہ بن کر اپنے منافع میں اضافہ کرے گی تاکہ کسی بھی کمی پر قابو پایا جاسکے اور ایل پی جی کاروبار میں اپنے مارکیٹ شیئر میں بہتری کے ساتھ ٹرمینل بزنس میں اپنا مارکیٹ شیئر بڑھایا جاسکے۔

طویل مدتی طور پر ایل پی جی مارکیٹ اگلے 5 سالوں میں جی ڈی پی کی شرح نمو سے اوپر بڑھنے کی توقع ہے اور مقامی پیداوار میں کسی بھی کمی کو درآمدات کے ذریعے پورا کیا جائے گا۔ تاہم، یہ دیکھنا ابھی باقی ہے کہ اس کمی کا کتنا حصہ زمینی سرحد کے ذریعے درآمد کیا جائے گا جس کا سمندری درآمدات اور ایس ایل ایل کے ٹرمینل کاروبار پر براہ راست اثر پڑے گا۔ ایل پی جی سیگمنٹ میں کمپنی ان علاقوں میں اپنی رسائی بڑھانے پر توجہ مرکوز کرتی رہے گی جہاں پائپ گیس دستیاب نہیں ہے۔ کمپنی بلک ٹریڈنگ کے ذریعے اپنے حجم میں اضافہ کرنے کا ارادہ رکھتی ہے جس سے ٹرمینل کے استعمال میں بھی اضافہ ہوگا۔

کسٹمر کی کلاس	یونٹ / ریجن	کارروائی کی تعداد	کارروائی رقم (ملین روپے میں)	کنیکشن بحالی کی کل تعداد	کنیکشن بحالی کی رقم (ملین روپے میں)	مرہون رقم (ملین میں)
گھریلو	یونٹ - اے کراچی	82,996	2,221	38,742	512	520
	یونٹ-بالائی سندھ	116,079	2,653	75,238	684	1,378
	یونٹ-کیو بلوچستان	14,484	1,216	7,174	201	171
گھریلو کی کل تعداد		213,559	6,090	121,154	1,397	2,069
کمرشل	یونٹ - اے کراچی	3,122	503	1,427	184	102
	یونٹ-بالائی سندھ	1,002	141	545	47	42
	یونٹ-کیو بلوچستان	567	129	292	40	59
کمرشل کی کل تعداد		4,691	774	2,264	272	204
گھریلو اور کمرشل کی کل تعداد		218,250	6,864	123,418	1,669	2,273

جن صارفین کے ذمہ ابھی بھی رقم واجب الادا ہے، ان کے کنکشن منقطع رہیں گے۔ ان صارفین کے کنکشن اگلے سال واجبات کی ادائیگی کے بعد بحال کر دیئے جائیں گے۔

ریکوری ڈپارٹمنٹ

ریکوری ڈپارٹمنٹ کا بنیادی کام گیس بلوں پر مبنی زیادہ سے زیادہ ممکنہ رقم کی ریکوری کیلئے ضروری قدم اٹھانا۔ مالی سال 22-2021 میں ریکوری ٹیم کو 270,881 کا ہدف دیا گیا تھا جو مختلف اقسام کے نادہندگان کے بارے میں تھا جن میں گھریلو، حکومت، بلک اور کمرشل صارفین تھے۔ ریکوری ٹیم نے کمپنی کے ذریعے منقطع کرنے کی سخت مہم اور دیگر ٹولز اور طریقے اختیار کر کے ہدف میں "218,250" نادہندگان سے کامیابی سے وصولی کی۔ تفصیلات درج ذیل ہیں:

(a) نوٹس اور یاددہانیاں: 700,000 کے ہدف میں سے نادہندگان کو ان کی اخلاقی / قانونی ذمہ داری یاد دلانے کیلئے 809,625 نوٹسز / یاددہانیاں جاری کی گئیں۔

(b) میڈیا پر مہم: اشاعتی اور الیکٹرونک میڈیا پر بھرپور یا مہم چلائی گئی۔

(c) اعلیٰ حیثیت کے نادہندگان: حکومت / بلک / گھریلو استعمال کرنے والے اعلیٰ حیثیت کے حامل نادہندہ افراد سے ڈپارٹمنٹ ذاتی طور پر رابطہ کرتا ہے اور ان کو ادائیگی کیلئے آمادہ کرتا ہے۔

(d) نادہندگان کیلئے گیس کو منقطع کرنا: 218,250 گھریلو اور کمرشل صارفین کو ہدف بنایا گیا جن کے ذمے 6,864 ملین روپے تھے جس میں سے 1,669 وصول ہوئے اور 2,273 ملین روپے بقایا ہیں۔

CRD ۔ تھیفٹ کنٹرول ٹیمیں منقطع شدہ کنکشن کے صارفین کی نگرانی کا کام کرتی ہیں۔ غیر قانونی کنکشنز پر چھاپے اور منقطع کرنے کا کام رپورٹس کی بنیاد پر کیا جاتا ہے۔ مالی سال 22-2021 کے دوران میں تھیفٹ کنٹرول سیکشن نے 9,047 رجسٹرڈ صارفین کے کنکشن جن کے استعمال/پیائش کا حجم 382 MMCF تھا اور 5,214 غیر رجسٹرڈ صارفین کے کنکشن منقطع کیئے جن کے استعمال/پیائش کا حجم 220 MMCF تھا۔

UCG فریم ورک (گیس کے غیر رجسٹرڈ صارفین) کے تحت CRD نے 79 بلڈنگز میں 1,887 فلیٹس/صارفین کیلیئے چیک/بلک میٹر نصب کیئے اور 6,793,200 روپے اور 32.15 MMCF حجم کے چوری کے کلیم جمع کرائے اور 800 فلیٹس/صارفین کے چوری کے کلیم جمع کرائے جن کی رقم 3,826,800 روپے اور حجم 18.11 MMCF تھا۔

1199، 24/7 آپریشنل سینٹر صارفین کی شکایات کا ازالہ کرنے میں اہم کردار ادا کر رہا ہے۔ زیر جائزہ سال کے دوران، مرکز کو 218،971 انٹر ایکٹو وائس رسپانس (IVR) اور 519،501 لینڈ ڈ کالز موصول ہوئیں۔ جس میں سے 492،468 کالز کا جواب دیا گیا، جن میں 335،421 کالز کو 10 سیکنڈ کے اندر، 388،44 کو 20 سیکنڈ ز میں، ج 2770 کو 30 سے 40 سیکنڈز میں، جبکہ 1 کال کو 60 سیکنڈ کے اندر وصول کیا گیا اور 60 سیکنڈ کے بعد وصول کی جانے والی کالز کی تعداد صفر رہی۔

2021-22		سرگرمیاں (تعداد)
حاصل شدہ تعداد	ہدف	
116,432	174,000	گھریلو میٹر کی تبدیلی کا شیڈول (مدت کی بنیاد پر)
92,181	91,000	گھریلو PUG میٹر کی تبدیلی
25,426	-	گھریلو میٹر کی شکایت کی بناء پر تبدیلی
1,866	2,800	کمرشل میٹر کی تبدیلی
92,511	-	صارف کی شکایت پر کارروائی (اصل کے مطابق)
52,459	-	لیک کی درستی (تعداد) شکایات (اصل کے مطابق
18,100	18,100	پریشر کا سروے (کمرشل)
111	110	فلیٹ سائٹس (بلڈنگز) پر بحالی/لیک کی درستی، تعداد
39,394	39,394	اندرون خانہ لائن چیکنگ، گھریلو صارفین (کراچی) کا 2%

نمبر شمار	تفصیلات	ہدف (2021-22)	کامیابی
۱۔	گھریلو	120,000	64,313*
۲۔	کمرشل	600	511
۳۔	صنعتی/ کیپٹیو پاور	110	64
۴۔	MEC کے کراچی اور اندرون سندھ	450	207
۵۔	دیہاتوں کی گیسفیکیشن (گیس فیلڈ سے 5 کلومیٹر کے دائرے میں)	113 دیہاتوں کے لیے حکومت پاکستان کی جانب سے 747 ملین روپے کا فنڈ مختص کیا گیا	113 مکمل ہو گئے

*دسمبر 2021 سے معطل کر دیئے گئے

کسٹمر ریلیشنز ڈپارٹمنٹ

کسٹمر ریلیشنز ڈپارٹمنٹ صارفین کی گیس کی عدم فراہمی، کم پریشر، لیکیج وغیرہ کی شکایات کے ازالے کے انتظامات کا ذمہ دار ہے۔ CRD ایمرجنسی سیکشن فوری طور پر ایمرجنسی شکایات پر توجہ دیتا ہے اور بڑے ایمرجنسی کیسز میں فوری مدد فراہم کرتا ہے۔

اس وقت سوئی سدرن فرنچائز ایریاز میں 23 کسٹمر فیسلیٹیشن سینٹرز (CFCs) کام کر رہے ہیں جس میں تربیت یافتہ اور تجربہ کار عملہ صارفین کو رجسٹریشن/ ان کے استفسارات/شکایات کے حل میں ان کی مدد کر رہا ہے۔ تھیفٹ کنٹرول سیکشن بھی گیس کے غیر قانونی استعمال کے خلاف پوری تندہی سے مصروف عمل ہے اور جن صارفین کے کنکشن منقطع ہوئے ہیں ان کی نگرانی کرتا ہے اور ان کو مزید چوری سے اجتناب کی ہدایت کرتا ہے۔

CRD کی سرگرمیوں کی جھلک:

CFC کے نمائندوں نے تقریباً 1,126,073 صارفین کی اقساط، استفسارات، ڈپلیکیٹ بل، کنکشن کی بحالی اور تالا کھولنے کی سرگرمیوں اور ان کے سوالات کے سلسلے میں مدد فراہم کی۔

کسٹمر سروسز

سیلز ڈپارٹمنٹ

سیلز ڈپارٹمنٹ سوئی سدرن کا پہلا داخلی دروازہ اور رابطے کا پہلا مرکز ہے۔ یہاں ہر کیٹگری یعنی گھریلو، تجارتی، صنعتی، کیپٹیو پاور، سی این جی پاور پلانٹس، بلند و بالا عمارتوں وغیرہ سے متوقع صارفین رجوع کرتے ہیں۔ اس لئے سیلز ڈپارٹمنٹ صارفین کے معاملات، دستاویزات، سروے، ادائیگیوں، جاب کارڈ کا اجراء سی ایم ایس ڈیزائن کیلئے ادارے کے دوسرے ڈپارٹمنٹس کے ساتھ تعاون، ایچ ایس ای، گیس مینز نیٹ ورک کی پلاننگ وغیرہ کیلئے اہم کردار ادا کرتا ہے جس کے نتیجے میں سوئی سدرن سے 3.3 ملین معزز صارفین منسلک ہیں۔

چند نئے خاص خاص اقدام:

سیلز ڈپارٹمنٹ نے مشترکہ لوڈ سروے کے دوران میں شناخت کئے گئے غیر قانونی لوڈ ایکسٹنشن استعمال کرنے والے صارفین کے معاملات میں دوسرے ڈپارٹمنٹس کے ساتھ تعاون کیا۔ سیلز ٹیم نے ایسے ایکسٹنشن میں شامل صنعتی صارفین کو 499 نوٹسز جاری کئے۔ اس کے بعد عمل نہ کرنے والے صارفین کے گیس کے کنکشن منقطع کرنے کا عمل ہوا۔ دیگر کاموں میں مشترکہ سروے رپورٹس کو مرتب کرنے، غیر قانونی حجم کے حسابات، منقطع کرنے کے انتظامات، چھانٹی، ٹیکنیکل جانچ/لوڈ کی تصدیق، CC&B ڈیٹا کی پروسسنگ اور اپ ڈیٹ کرنا شامل ہیں۔ اس کے نتیجے میں 149 صارفین کو آر ایل این جی پر 921 MMCF کی اضافی مقدار پر 3.36 بلین روپے کا بل دیا گیا جس میں سے 2.75 بلین روپے وصول کئے جا چکے ہیں۔

درج بالا سرگرمی کے علاوہ جنوری 2022 سے بڑی تعداد میں صنعتی صارفین کو پریشر بوسٹر استعمال کرتے ہوئے پایا گیا جس سے نیٹ ورک کے پریشر اور گیس کی روانی سے سپلائی میں خلل آ رہا تھا اور آس پڑوس کے صارفین کو گیس کی مناسب سپلائی نہیں مل رہی تھی جس سے کمپنی کی بدنامی ہو رہی تھی۔ میژرمنٹ اینڈ سی جی ٹی او ڈپارٹمنٹس کی رپورٹس پر سیلز ٹیم نے ان صارفین کے کنکشن منقطع کرنے کا انتظام کیا۔

اس مہم کے دوران میں سکشن ڈیوائس استعمال کرنے والے 37 صنعتی صارفین کی نشاندہی ہوئی۔ ان میں سے 14 صارفین پر اوگرا کی جانب سے مقرر کردہ ٹیرف کے لحاظ سے مقدمہ قائم کیا گیا۔ ان صارفین سے انتظامیہ کی رہنمائی کے تحت 292 ملین روپے کی رُکی ہوئی رقم وصول کر لی گئی۔

میٹر مینوفیکچرنگ پلانٹ

سوئی سدرن پاکستان میں صف اول کی گیس یوٹیلیٹی کمپنی ہے جس کو اپنا اسٹیٹ آف دی آرٹ میٹر مینوفیکچرنگ پلانٹ (MMP) ہونے پر فخر ہے۔ یہ جنوب مشرقی ایشیاء میں واحد مقامی گیس میٹر مینوفیکچرنگ پلانٹ ہے۔ پلانٹ اعلیٰ معیار کے G-1.6 اور G-4 گیس میٹر تیار کرتا ہے جو بین الاقوامی معیارات کے ہم پلہ ہیں۔ گیس میٹرز کی مقامی پرزہ جات کے ساتھ تیاری کو یقینی بنانے اور برآمدت میں کمی حاصل کرنے کیلیئے، سوئی سدرن نے ایک نئ ٹیکنالوجی ٹرانسفر اور لائسنس ایگریمنٹ سے متعلق گفت وشنید کی ہے اور اسے فائنل کرلیا ہے جس سے کمپنی خصوصی' کمپنی میٹرز' تیار کر سکے گی۔ اس تبدیلی سے سوئی سدرن کو G-4 گیس میٹر کی مقامی طور پر تیاری کے ساتھ 97% کی بڑی شرح کی بجائے 54% کی شرح سے مقامی پرزہ جات استعمال ہوں گے۔ G-1.6 گیس میٹرز کی 98% مقامی پرزہ جات کے ساتھ تیاری کا ہدف پہلے ہی حاصل کیا جا چکا ہے۔ نئے معاہدے سے نہ صرف زرمبادلہ میں بچت ہوگی بلکہ پاکستانی شہریوں کیلیئے کاروبار اور ملازمت کے مزید مواقع فراہم ہوں گے۔ نئ ٹیکنالوجی کی منتقلی اور لائسنس معاہدے سے سوئی سدرن کے میٹر مینوفیکچرنگ پلانٹ اپ گریڈ ہوگیا ہے اور پروڈکشن پروسیس میں بہتری آنے سے گیس میٹر کے اعلیٰ معیار کو یقینی بنایا گیا ہے۔

اپنی بے مثال مینوفیکچرنگ کی صلاحیتوں کی بناء پر سوئی سدرن نے پاکستان اور دیگر ملکوں میں گیس یوٹیلیٹی کی صنعت میں قائدانہ حیثیت اختیار کرلی ہے۔ میٹر مینوفیکچرنگ پلانٹس سے توانائی کے شعبہ میں ادارے کے معیاری، جدت پرمبنی اور ترقی کے عزم کی تصدیق ہوتی ہے۔

۵۔ پیشگی منصوبہ بندی اور مستعد آپریشنز کے ذریعے دن رات پریشر کی نگرانی اور منیجمنٹ کو یقینی بنایا گیا ہے۔ کراچی ریجن کے اندر ٹاؤن بارڈر اسٹیشن کے سادہ سیٹ اپ کے ساتھ خودکار بنانے کے طریقہ ءکار کا آغاز کیا جارہا ہے تاکہ آپریشنز کو زیادہ قابل اعتماد اور مستعد بنایا جاسکے اور نیٹ ورک کے پریشر کی صحیح منیجمنٹ کو یقینی بنایا جاسکے۔

٦۔ حکومت بلوچستان، وفاقی حکومت اور آئل اینڈ گیس ریگولیٹری اتھارٹی کے عہدیداروں کے ساتھ سوئی سدرن کو بلوچستان ریجن میں اضافی یو ایف جی کے جھٹکے سے نجات کیلئے اقدامات کے نفاذ پر کاوشیں جاری ہیں۔

٧۔ فریم ورک کی منظوری کیلئے اوگرا کے ساتھ وسیع گفت وشنید جاری ہے جس سے گھریلو شعبہ میں غیر قانونی استعمال کنندگان کے خلاف گیس کلیمز میں مدد ملے گی۔

٨۔ اسٹیٹ آف دی آرٹ GIS سافٹ ویئر کے استعمال اور گیس لیک ڈیٹیکٹرز سے لیس گاڑیوں کے ذریعے بھرپور توجہ کے ساتھ نیٹ ورک لیک مانیٹرنگ اور سروے مکمل کیا گیا۔

٩۔ سوئی نادرن کے ساتھ منسٹری آف انرجی۔ پیٹرولیم ڈویژن کے تحت، سوئی سدرن کے میٹر مینوفیکچرنگ پلانٹ کی تشکیل نو کیلئے کاوشیں جاری ہیں، جو برابری کی ملکیت کا ادارہ ہے۔ اس کیلئے ایم او یو پر دستخط ہوگئے ہیں۔

١٠۔ سوئی سدرن کے پلانٹ پر میٹر مینوفیکچرنگ G-4 گیس میٹر کی پیمائش کے یونٹس کی مقامی طور پر بہتر پروڈکشن کی سہولت متعارف ہونے سے ایک نئے مرحلے میں داخل ہورہی ہے۔ اس سلسلے میں تمام کارروائیوں کے جلد از جلد مکمل ہونے اور مقامی پروجیکٹ کے باسہولت آغاز کیلئے ٹیکنالوجی لائسنسر، قانونی مشیروں، ریگولیٹرز اور آڈٹ فرمز کے ساتھ کاوشیں جاری ہیں۔

یو ایف جی کنٹرول

گزشتہ سال یعنی مالی سال 2020-21 میں یو ایف جی سے BCF 13 کی بچت کے ساتھ پیدا ہونے والی رفتار پر سرمایہ کاری کے تناظر میں سوئی سدرن گیس نے پائیدار اور منافع بخش آپریٹنگ منصوبے تک پہنچنے کے ہدف کو یو ایف جی میں کمی کے پلان کے ساتھ فعال طور پر نافذ کر دیا ہے۔

بورڈ آف ڈائریکٹرز نے یو ایف جی میں کمی کے عزم کے ساتھ پروجیکٹس، کارروائیوں اور اقدام پر مستقل زور دینے کو یقینی بنایا ہے۔

سخت کاوشوں کے نتیجے میں سوئی سدرن گیس مسلسل تیسرے سال یعنی مالی سال 2021-22 میں یو ایف جی میں کمی کی حد کو برقرار رکھنے میں کامیاب ہوئی ہے جبکہ یو ایف جی کا حجم BCF 52 برقرار رہا (اس کے مقابلے میں مالی سال 2018-19 میں 77BCF تھا)

زیر جائزہ سال کے دوران میں کمپنی نے اوگرا کے تفویض کردہ 'Key-Monitoring-Indicators (KMI)' کو 96% حد تک حاصل کرلیا۔ اس کامیابی یک باقاعدہ تھرڈ پارٹی آڈٹنگ ٹیم سے تصدیق کی گئی۔

اہم کامیابیوں کا خلاصہ درج ذیل ہے

۱۔ صنعتی صارتین کو گھریلو صارفین کے نیٹ ورک سے علیحدہ کرنے کا کام جاری ہے تا کہ حسب منشا آپریٹنگ پریشر حاصل کرنے کیلئے ضروری ترمیمات کا نفاذ کیا جا سکے۔

۲۔ پیمائش کی درستی میں بہتری لانے کے لئے درج ذیل اقدامات پر توجہ مرکوز دی گئی۔

(a) انڈر/اوورلوڈ میٹرز کی نگرانی اور اس کا حل۔

(b) صارف کے میٹر کی بروقت تبدیلی۔

(c) سوئی سدرن کے پوائنٹ آف ڈیلیوری (POD)، سیلز میٹر اسٹیشنز (SMS) اور کسٹمر میٹر اسٹیشنز (CMS) کے جائزے کیلئے پیمائش کے معروف کنسلٹنٹ (جیسے میسرز کلٹن، یو کے) کے ساتھ گہرے روابط۔ سفارشات شیئر کر لی گئی ہیں اور تیزی کے ساتھ ان کا نفاذ کیا جا رہا ہے

۳۔ طریقہء کار، ٹیکنالوجی اور بلنگ کے طریقہء کار اور سی آر ڈی کے عمل میں مسلسل بہتری کیلئے کاوشیں جاری ہیں۔

۴۔ ڈسٹری بیوشن کے عمل کی تشکیل نو کے پہلے قدم کے طور پر کراچی کے سینٹرل ریجن میں اسمال بزنس یونٹس (SBU) پر مبنی یونٹس قائم کئے گئے ہیں۔ زون کی سطح پر انتظامات کیلئے مکمل تیار ٹیمیں تشکیل دے دی گئی ہیں۔ یو ایف جی میں نمایاں کمی کی صورت میں حوصلہ افزاء نتائج حاصل ہوئے ہیں۔

ایل این جی کارگوز ای ٹی ایل ایل این جی امپورٹ ٹرمینل پر وصول کیے گئے	74
ایل این جی کی مقدار اتاری گئی	4.5 ملین میٹرک ٹنز
(ایل این جی سے آر ایل این جی) گیس کو ریگیسیفائیڈ کیا گیا	220 بی سی ایف
ٹرمینل کا 100 فیصد استعمال	

ایل این جی امپورٹ ٹرمینل-1 کے قیام سے مالی سال 22-2021 کے اختتام تک تقریبا 460 LNGC بحفاظت EETPL ٹرمینل پر آف لوڈ کی گئیں جس کی مقدار تقریبا 28 ملین میٹرک ٹن تھی جو ری گیسیفکیشن (ایل این جی سے آر ایل این جی میں) کی مقدار تقریبا 1,369 BCF بنتی ہے۔

مستقبل کے منصوبے (LNG):

ایل این جی ڈپارٹمنٹ آنے والے مالی سال میں ٹرمینل آپریشن کی استعداد کے حصول کے ذریعے معاہدے کی ذمہ داریاں پوری کرنے کو یقینی بنائے گا اور یہ اطمینان کرے گا کہ معاہدے کے ہر پہلو کی باقاعدہ نگرانی کی جارہی ہے تاکہ کسی تنازع یا نقصان سے بچا جاسکے اور مزید کمپنی کی پالیسیز اور طریقہ کار پر عمل درآمد ہونے کی تسلی کی جائے گی۔

لیکویفائیڈ قدرتی گیس (LNG)

ایل این جی ڈپارٹمنٹ کی بڑی ذمہ داری EETPL LNG امپورٹ ٹرمینل کے آپریشنز کا کارآمد معاہدےLNG) LSA (Operations and Services Agreement کے مطابق انتظام کرنا ہے۔ مالی سال22-2021، EETPL کی جانب سے غیر معمولی اور بنا کسی منصوبے کے FSRU Exquisite کے ڈرائی ڈاک کی بناء پر خاصہ چیلینجنگ رہا۔ متعلقہ داخلی اسٹیک ہولڈرز مدد اور اجتماعی کوششوں کے سبب ہم نے ڈرائی پوسٹ کے بعد کے مسائل کو ایل این جی ویلیو چین پر معمولی اثر کے ساتھ حل کرلیا اور 15 ستمبر 2021 کو FSRU Exquisite کو EETPL ٹرمینل پر پہنچادیا گیا۔

پورے مالی سال کے دوران میں ایل این جی ڈپارٹمنٹ نے EETPL ٹرمینل کے آپریشنز کا معاہدے کی بھرپور پابندی کے تحت موثر طور پر اور مستعدی کے ساتھ انتظام کیا اور ہمارے صارفین، سوئی نادرن کی بلاتعطل آر ایل این جی کی فراہمی کی خدمات انجام دیں۔

آنے والے سال کیلئے ایل این جی کارگوز، حجم کے لحاظ سے فلو پروفائل اور ٹرمینل سے باہر جانے کا منصوبہ بنایا، ایل این جی ڈپارٹمنٹ نے 2022 کیلئے متعلقہ اسٹیک ہولڈرز کے ساتھ معاہدے کے مطابق سالانہ ڈیلیوری پروگرام (ADP) فائنل کرلیا۔ ایل این جی ڈپارٹمنٹ نے اہم فیصلہ سازی اور ری گیسفکیشن آپریشنز کو روانی کے ساتھ انجام دینے اور ایل این جی کارگوز پر کسی بھی اضافی وقت سے نقصان کے رسک کو ختم کرنے کیلئے تجزیاتی نقطہ نظر سے انونٹری منیجمنٹ کو بھی کامیابی سے مکمل کیا۔

ڈپارٹمنٹ نے (۱) ایل این جی کارگوز کی ری شیڈولنگ، (۲) ری گیسفیکیشن کی شرح میں اتار چڑھاؤ وغیرہ سے متعلق فیصلوں کو بروقت نافذ کیا باوجود اس کے کہ صارف کی جانب سے آر ایل این جی کی محدود آف ٹیک، سوئی نادرن یا کسی دوسرے مسئلے، بشمول ایل این جی ویسل کی تاخیر سے یا پیشگی برتھ پر لگنے، ٹرمینل میں ٹیکنیکل مشکلات وغیرہ تھیں، اس میں سوئی سدرن کے مفاد کا تحفظ کرتے ہوئے کسی ناگوار صورتحال سے گریز کیا۔

مالی سال 22-2021 میں سوئی سدرن کی جانب سے کسی وقت کی تاخیر کے نقصان سے متعلق کوئی ایک بھی واقعہ پیش نہیں آیا۔

اس مالی سال میں ایل این جی ڈپارٹمنٹ نے ایل ایس اے مارجن کی صورت میں تقریباً 5.8 ملین یو ایس ڈالر (0.025 یو ایس ڈالر فی MMBTU) آمدنی حاصل کی۔ نیز اس سال ایف ایس آر یو (ریٹینن ایج) کے فیول کا استعمال مجاز حدود کے اندر رہا جب کہ ٹرمینل کے ریٹینن ایج آڈٹ (معاہدے کا سال 6) کے ذریعے کمپیوٹرائز کیا گیا جس کا انعقاد ایل این جی ڈپارٹمنٹ نے ایک خودمختار تھرڈ پارٹی کنسلٹنٹ کے ذریعے کریا۔ ٹرمینل کی جانب سے پروڈکٹ کا کوئی ایک ذرہ بھی ضائع نہیں ہوا۔

LNG ڈپارٹمنٹ نے مالی سال22-2021 کے دوران درج ذیل کامیابی کے ساتھ فراہم کیں:

ٹرانسمیشن ڈپارٹمنٹ

سوئی سدرن کا ٹرانسمیشن ڈویژن کمپنی کی شہ رگ ہے جو اس کے بھاری بھر کم انفرااسٹرکچر کو فعال رکھنے میں اہم کردار ادا کرتا ہے۔ ذیل میں ٹرانسمیشن ڈپارٹمنٹ کی نمایاں کامیابیوں کی فہرست ہے جو اس نے 22-2021 سے اب تک حاصل کی ہیں۔

☆ ٹرانسمیشن نیٹ ورک میں اوسطاً تقریباً 1,765 MMCFD گیس کے انتظامات کیئے۔

☆ کوئٹہ سیکشن میں گیس لوڈ کی ضروریات پوری کرنے کیلئے دو نئی SMSs ۔ سیکشن-IV میں لکی انرجی اور مستونگ کوئٹہ سیکشن میں نصب کیں۔

☆ گیس لوڈ کی ضروریات پوری کرنے کیلئے SMS ٹھٹھہ کی اپ گریڈیشن کا کام انجام دیا۔

☆ 18 انچ قطر کی بدین گیس پائپ لائن (100 km) کی کارکردگی بہتر بنانے کیلئے پائپ میں سے گاڑھا مادہ نکال کر اندرونی صفائی کی گئی۔

☆ KMP-254 اور KMP-263 کے درمیان کاشت کے علاقوں کے نزدیک 42 انچ قطر کی RLNG MPL کے تحفظ کا کام انجام دیا گیا۔ یہ کام 80 جگھوں پر ہر جگہ 6 فٹ لمبائی کے اسٹرکچر کی ڈھلائی کے ذریعے کیا گیا۔

☆ سندھ یونیورسٹی HQ3 سیکشن پر "20 قطر کی KDN اور "24 Sngr-Kyc پائپ لائن کو گہرا کیا گیا۔

☆ زرغون گیس پائپ لائن KMP-51 کو 1,500 فٹ گہرا کیا گیا۔

☆ HQ سبی اور کوئٹہ سیکشن میں "12 ڈایا کی QPL اور "18 ڈایا کی QPCEP پائپ لائنز کو گہرا کیا گیا۔

☆ لیک سروے کیا گیا اور لیک کو درست کیا گیا 261 والو اسمبلیز اور 127 SMSs۔

۲۔ پی ایس ایم مین گیٹ سے یوسف گوٹھ (لانڈھی) تک 16" x 6.2 Km قطر پائپ لائن۔

☆ کورنگی اور لانڈھی انڈسٹریل ایریاز کو مستحکم پریشر۔

☆ سپر ہائی وے اور لانڈھی کے رہائشی علاقوں کو کم پریشر پر آپریٹ کرنا۔

☆ پی کیو اے میں مستقبل میں توسیع کیلئے SMS FJFC کی کپیسٹی بلڈنگ۔

۳۔ KT سے ٹی پی ایس معمارسی این جی تک 16" x 10 Km قطر پائپ لائن کی فراہمی۔

☆ نارتھ سٹی مین کو کم پریشر پر آپریٹ کرنا۔

☆ نارتھ سٹی مین کو علیحدہ کرنا اور سائٹ سپر ہائی وے کو غربی اور وسطی ریجن کے علیحدہ توازن کیلئے مین اور سپلائی۔

۴۔ عظیم پورہ سے جام صادق پل تک 20" x 9 Km قطر پائپ لائن۔

ایس ایم ایس KT کو کم پریشر پر آپریٹ کرنا اور اس طرح راستے کے علاقوں میں یو ایف جی نقصانات میں کمی۔

۵۔ ایس ایم ایس شیدی گوٹھ سے فیوچر کالونی تک 20" x 11 Km قطر پائپ لائن اور ایس ایم ایس شیدی گوٹھ کی اپ گریڈیشن۔

☆ ایس ایم ایس ملیر کو کم پریشر کے ساتھ آپریٹ کرنا اور اس طرح رستے کے علاقوں میں یو ایف جی نقصان میں کمی لانا۔

☆ کورنگی اور لانڈھی انڈسٹریل ایریا میں پریشر میں بہتری۔

☆ ایس ایم ایس ملیر اور ایس ایم ایس KT میں علیحدگی۔

پلاننگ اینڈ ڈیولپمنٹ۔ساؤتھ ڈپارٹمنٹ

مالی سال 2021-22 کے دوران میں کامیابیاں

i. کراچی ریجن کیلئے گیس نیٹ ورک کی ڈسٹری بیوشن اسکیمز (بحالی، دوبارہ نفاذ اور درجہ بندی) کا منصوبہ بنالیا گیا۔

یو ایف جی کے مسئلے پر قابو پانے اور کراچی ریجن کے بعض علاقوں میں گیس کے کم پریشر کے مسائل پر قابو پانے کیلئے مالی سال 2021-22 میں 2144 KM طویل گیس ڈسٹری بیوشن نیٹ ورک اسکیمز کا منصوبہ بنایا گیا ہے، جس کا بریک اپ درج ذیل ہے:

☆ 2079 KM لمبائی کی بحالی کی اسکیمز۔

☆ 38 KM طویل سیگریگیشن اسکیمز۔

☆ 27 KM طویل ری انفورسمنٹ اسکیمز کی منصوبہ بندی کی گئی ہے۔

درج بالا منصوبہ بندکی گئی اسکیمز کی کل لاگت -/1,752,000,000 روپے ہے۔

2022-23 اور اس سے آگے کے مستقبل کے منصوبے

(i) غربی، شرقی اور وسطی زون سے کل 78 عدد گیس ڈسٹری بیوشن نیٹ ورک کی اسکیمز کی منصوبہ بندی کی گئی ہے اور مزید نئی اسکیمز کی منصوبہ بندی کی جائے گی۔ کراچی کے مختلف علاقوں میں کم پریشر/عدم فراہمی کے مسائل کو حل کرنے کیلئے پی اینڈ ڈی ساؤتھ ڈپارٹمنٹ نے 78 گیس ڈسٹری بیوشن نیٹ ورک کی تجویز کردہ اسکیموں کی تکمیل کیلئے مستعدی سے کام شروع کردیا ہے جس کی کل لاگت -/2,940,682,160 روپے ہے۔ اس کے علاوہ مالی سال 2022-23 کے دوران میں نئی تجویز کردہ اسکیمز شروع کئے جارہی ہیں۔

(ii) 05 بڑے ڈسٹری بیوشن پروجیکٹس:

ا۔ سرجانی اسٹیپ ڈاؤن سے مدینۃ الحکمت تک "16 x 5 Km قطر پائپ لائن۔

☆ سائٹ انڈسٹریل ایریا اور اورنگی ٹاؤن میں بہتر پریشر۔

☆ سائٹ انڈسٹریل ایریا کی علیحدگی ممکن ہوگی۔

۳۔ ایئرمکس پلانٹس کے اہم اثاثہ جات کا دیانتداری کے ساتھ تخمینہ:

ایل پی جی ایئرمکس پلانٹ ڈپارٹمنٹ نے اثاثہ جات کی بقیہ کارآمد مدت کا حقیقی اندازہ کرنے کیلئے اپنے اہم اثاثہ جات (ایل پی جی اسٹوریج ٹینکس اور انٹرکنکٹنگ پائپنگ) کا دیانت داری کے ساتھ تخمینہ لگایا ہے۔اور پتہ چلا ہے کہ مذکورہ اثاثہ جات موجودہ آپریٹنگ کے دباؤ کے ساتھ اگلے دس سال کے لئے کارآمد ہیں۔

۴۔ ایل پی جی ایئرمکس پلانٹ آواران پر سولر سسٹم کی تنصیب:

ایل پی جی ایئرمکس پلانٹ ڈپارٹمنٹ نے ایل پی جی ایئرمکس پلانٹ آواران پر سولر سسٹم کی تنصیب کی ابتدا کردی ہے جو رہائشی اور دفتری بلاک اور پلانٹ کے بعض ایکوئپمنٹ اور مشینری کیلئے بجلی کی فراہمی کا بنیادی ذریعہ ہوگا، چونکہ اس علاقے میں کوئی گرڈ الیکٹریسٹی نہیں ہے۔اس سے جنریٹر جلانے کیلئے فیول کی لاگت میں کمی لانے میں مدد ملے گی۔

۵۔ ایل پی جی ماس فلومیٹرز کی تنصیب:

ایل پی جی کی اسٹوریج ٹینکس تک لیجانے اور منتقل کرنے کے دوران میں ایل پی جی کی ہینڈلنگ کو گہرائی کے ساتھ مانیٹر کرنے کیلئے، ایل پی جی ایئرمکس پلانٹ ڈپارٹمنٹ نے ایل پی جی ڈی کنٹنگ لائنز پر ماس فلومیٹرز کو شامل کرنے کیلئے ابتدا کردی ہے۔اس مقصد کیلئے ایل پی جی ایئرمکس پلانٹ، کوٹ غلام محمد پر ایل پی جی ماس فلومیٹر کی تنصیب کا عمل جاری ہے۔

٦۔ ایل پی جی ایئرمکس پلانٹ، بیلا:

ایل پی جی ایئرمکس پلانٹ ڈپارٹمنٹ نے 3,000 سے زائد متوقع صارفین کو گیس کی فراہمی کیلئے ایل پی جی ایئرمکس پلانٹ بیلا کو آن لائن لانے کیلئے لاتعداد کوششیں کیں۔اس سلسلے میں ڈپارٹمنٹ آف ایکسپلوسیوز، ایم ای او (پی ڈی) سے ایکسپلوسیو کے لائسنس کے حصول کیلئے مسلسل رابطے جاری ہیں۔ایل پی جی ایئرمکس پلانٹ بیلا کی مستقبل قریب میں فعال ہونے کی توقع ہے۔

۳۔ سول کنسٹرکشن ورکس:

- ☆ ایل ڈی سی آفس، حیدرآباد میں کمپیوٹر لیب کی تعمیر۔
- ☆ بدین چوک، لطیف آباد، حیدرآباد کی میٹرنگ اور ریگولیشن اسمبلی پر (40'X25") (130 Rft), CC Flooring باؤنڈری وال، سی سی فلورنگ ("40'X25") اور جیک ٹائپ پائپ سپورٹس (27 عدد)۔
- ☆ ابوالحسن اصفہانی روڈ، کراچی ٹرمینل کے ساتھ تباہ شدہ باؤنڈری وال کی دوبارہ تعمیر۔
- ☆ آرایس کھادیجی پر باؤنڈری وال کی دوبارہ تعمیر اور انڈسٹریل ایریا KT پر پیورز کی فکسنگ۔

ایل پی جی ایئر مکس پلانٹ

مالی سال 22-2021 کے دوران میں کامیابیاں

ا۔ او جی ڈی سی ایل سے 11.43 ملین روپے کی ریکوری:

سوئی سدرن، نومبر 2018 سے ایل پی جی پالیسی 2016 کے تحت اپنے ایل پی جی مکس پلانٹس کیلئے او جی ڈی سی ایل کی کے پی ڈی فیلڈ سے ایل پی جی حاصل کرتی ہے۔ سوئی سدرن معاہدے کے ایگریمنٹ کو طے کرکے حتمی شکل دینے کے لیے او جی ڈی سی ایل کو آمادہ کررہی تھی اور متعدد کوششوں کے نتیجے میں فروری 2022 میں معاہدہ فائنل ہوگیا۔ معاہدے کے ایگریمنٹ کے سیٹ اپ ہونے کے فوراً بعد، سوئی سدرن نے او جی ڈی سی ایل کے ساتھ ادائیگی کی مفاہمت کا پروسس شروع کردیا جو حاصل کی گئی ایل پی جی کے مساوی تھیں۔ ایل پی جی ایئر مکس پلانٹ ڈپارٹمنٹ کی کامیاب کوششوں کے نتیجے میں سوئی سدرن نے او جی ڈی سی ایل سے مبلغ 11.43 ملین روپے ریکور کر لئے۔

۲۔ بلوچستان اور سندھ میں ایئر مکس پلانٹس کو ایل پی جی کی فراہمی اور صارفین کو ایس این جی کی فراہمی:

سوئی سدرن نے مالی سال 22-2021 میں بلوچستان اور سندھ کے دوردراز علاقوں میں قائم اپنے تمام ایل پی جی ایئر مکس پلانٹس سے صارفین کو گیس کی بلاتعطل فراہمی کیلئے 1.14 بلین پاکستانی روپے کی 6,825 میٹرک ٹن ایل پی جی حاصل کی اور ترسیل کی اور اس کو کامیابی کے ساتھ تقریباً زیرو ڈاؤن ٹائم آور میں خاص طور پر کھانا پکانے کے اوقات میں فراہم کی۔

پروجیکٹس اینڈ کنسٹرکشن ڈپارٹمنٹ

ا۔فیبریکیشن اور تنصیب کے کام:

☆ ۳عدد TBS کی 20" Ø x 07 KM ڈسٹری بیوشن لنک مین پائپ لائن پروجیکٹ کراچی پر فیبریکیشن اور تنصیب۔

☆ کنر پساکھی والو اسمبلی HQ-3 سے Orifice Meter Run کی ریکوری اور FJFC پر تنصیب۔

☆ RS-3 پر گمبٹ ساؤتھ فیلڈ پائپ لائن پر 02 عدد Horizontal فلٹر سیپریٹر کی تنصیب۔

☆ RS-3 (شہداد پور) پر Gambat - South Pipeline 16" Ø مع 24" Ø اور 20"
KDN-Sanghar-KHI پائپ لائن کی چیک میٹرنگ"۔

☆ دھابیجی اسپیشل اکنامک زون پائپ لائن پروجیکٹ کیلئے ایس ایم ایس کی فیبریکیشن اور ایس ایم ایس کی تنصیب۔

۲۔ ڈسٹری بیوشن پائپ لائن پروجیکٹس (کراچی، اندرون سندھ اور بلوچستان ریجنز):

☆ صائمہ ولاز سپر ہائی وے، کراچی پر 12" قطر 1.7 کلومیٹر کی ایکٹنشن۔

☆ میسرز پٹیل انڈسٹریز پارک، تیسر ٹاؤن کراچی 4" Ø x6.300 KM اور 8" Ø x 3.900 KM, 6" Ø x 1.404 KM۔

☆ چپل ٹاؤن، گڈاپ، گلشن معمار، کراچی 8" Ø X3,300 Meters۔

☆ زیر زمین لیکیج کی درستی کے کام کے تحت کراچی ریجن میں کل 343 عدد سروس کنکشن تبدیل کر دیئے گئے۔

☆ سیکٹر سی بھٹائی کالونی کراچی میں گیس نیٹ ورک کی بحالی۔

☆ ایس ایم بسم اللہ پرائم ٹاؤن، فیز II اور فضل سن سٹی حیدر آباد کو 12" Ø x 2.352 KM گیس کی فراہمی۔

☆ خیر پور اسپیشل اکنامک زون، خیر پور کو 2.106 KM 6" Ø x اور 8" Ø x 20.304 KM گیس کی فراہمی۔

☆ لنک بدینی روڈ، کوئٹہ کیلئے 4" Ø x 0.150 KM اور 8" Ø x 3.588 KM, 6" Ø x 0.960 KM کی ری انفورسمنٹ اسکیم۔

☆ خلجی کالونی، غوث آباد، مغل آباد، کوئٹہ پر 2" Ø x 0.312 KM اور 8" Ø x 1.572, 4" Ø x 2.112 کی ری انفورسمنٹ۔

☆ قلعہ حیات آباد، پشین میں عطا اللہ، قلعہ نور شاہ، قلعہ حیات خان، پشین کو 2" Ø x0.120 KM اور 4" Ø x 0.876
گیس کی فراہمی۔

2022-23 اور اس کے آگے مستقبل کے منصوبے

۱۔ "08 x 102 Km جھل مگسی پائپ لائن پروجیکٹ:

ملک میں طلب و رسد کے فرق کو کم کرنے اور قومی گرڈ میں تقریباً 15 MMcfd قدرتی گیس شامل کرنے کیلئے 09-2008 میں جھل مگسی پائپ لائن پروجیکٹ کا منصوبہ بنایا گیا مگر لا اینڈ آرڈر کی صورتحال کے باعث اس پر عمل نہ ہو سکا۔ ملک میں قدرتی گیس کی فراہمی کی موجودہ صورتحال کے پیشِ نظر، اس پروجیکٹ کی اہمیت خاص طور پر بڑھ گئی ہے اور اسے سال 24-2023 میں مکمل کرنے کا منصوبہ بنایا گیا ہے۔

۲۔ کوٹڑی سے کراچی تک "30 x 116 Km قطر ٹرانسمیشن پائپ لائن:

سوئی سے کراچی تک "16 قطر پائپ لائن سال 1955 میں بچھائی گئی تھی۔ یہ لائن اپنی مقررہ مدت (40 سال) پوری کر چکی ہے اور اس کو تبدیل کرنے کی ضرورت ہے۔ اس پس منظر میں اور ILBP سسٹم کے حجم کو شامل کرنے کیلئے مذکورہ پائپ لائن کی تنصیب کی منصوبہ بندی کی گئی ہے جو 247 MMscfd کی گنجائش رکھتی ہے۔

۳۔ کراچی غربی ریجن کو گیس کی فراہمی کیلئے ٹرانسمیشن پائپ لائن:

کراچی غربی ریجن میں قدرتی گیس کی بڑھتی ہوئی مانگ پوری کرنے اور ہائی پریشر صنعتی صارفین کو کم پریشر گھریلو صارفین سے علیحدہ کرنے کیلئے ایس ایم ایس ACPL سے ایس ایم ایس سرجانی تک "24 x 31Km قطر پائپ لائن پروجیکٹ کی منصوبہ بندی کی گئی ہے۔ اس پائپ لائن کی گنجائش تقریباً 270 MMcfd ہے۔

۴۔ نوابشاہ میں نئے کمپریسر کی تنصیب:

HQ-2۔ کمپریسر اسٹیشن کی اسٹینڈ بائی گنجائش کو بڑھانے اور ایک مضبوط اور بھروسے مند بیک اپ کے انتظامات کیلئے موجودہ یونٹس کے متوازی 200 MMcfd کے نئے کمپریسر کی تنصیب کا منصوبہ بنایا۔ یہ یونٹ جون 2025 تک فعال کرنے کا منصوبہ ہے۔

۵۔ سبی میں 02 یونٹس کی تشکیل نو اور ایک (01) نئے کمپریسر کی تنصیب:

سبی کمپریسر اسٹیشن موسم سرما میں کوئٹہ شہر کو گیس کی فراہمی میں اہم ترین کردار ادا کرتا ہے۔ سبی کمپریسر اسٹیشن کی موجودہ گنجائش 120 MMcfd ہے جبکہ کوئٹہ ریجن کی طلب کی حد 200 MMcfd مارک کی حد کو چھوتی ہے۔ خاطر خواہ کمپریشن گنجائش مع اسٹینڈ بائی انتظامات کیلئے موجودہ 60 MMcfd سے 120 MMcfd فی یونٹ کے حساب سے دو (02) یونٹس کی تشکیل نو کی منصوبہ بندی کی گئی ہے۔

آپریشنز کا عمومی جائزہ

سوئی سدرن گیس اپنی بنیادی اقدار دیانت، مہارت، ٹیم ورک، شفافیت، تخلیق اور اسٹیک ہولڈرز کی ذمہ داری کے تحت عمل پیرا ہے۔ ادارہ اپنے مشن کے مطابق صارفین کو قدرتی گیس کی سہولتیں کی فراہمی میں مسلسل توسیع پر عمل پیرا ہے۔ ڈویژن اور ڈپارٹمنٹ کے لحاظ سے مالی سال 2021-22 کے دوران پروجیکٹس کی تفصیلات اور کامیابیوں کی تفصیلات درج ذیل ہیں:

ٹیکنیکل سروسز

پلاننگ اینڈ ڈیولپمنٹ ڈپارٹمنٹ

مالی سال 2021-22 کے دوران میں کامیابیاں

۱۔ اگست میں گمبٹ ساؤتھ فیلڈ گیس کی پیمائش کیلئے شہداد پور میں چیک میٹرنگ کی سہولت:

گمبٹ ساؤتھ فیلڈ کیلئے شہداد پور میں چیک میٹرنگ کے انتظامات اگست 2021 میں شروع کئے گئے۔ چیک میٹرنگ کی سہولت RS-3 (شہداد پور) پر PPL " گمبٹ ساؤتھ "اور" ہالا" بلاکس فیلڈ سے فراہم کی جانے والی 150 MMSCFD سیل گیس کے ساتھ توازن رکھنے کیلئے درکار تھی۔

۲۔ موجودہ اوور ہیڈ پائپ لائن کراسنگ کی حفاظت اور تحفظ کیلئے اس کی جگہ زیر زمین کراسنگ کی تعمیر:

2004 میں ہونے والی سیکورٹی ریویو کانفرنس میں سیکورٹی پلان پر اتفاق کیا گیا تھا اور حادثات اور ملکے/ ظاہر اہداف، جیسے اوور ہیڈ پائپ لائن جو بلوچستان اور سندھ کے حساس علاقوں کے نزدیک نہروں کے اوپر سے گزر رہی ہیں ان کی تبدیلی پر اتفاق کیا گیا کہ موجودہ اوور ہیڈ لائن کو بہتر سیکورٹی کیلئے نہروں اور پانی کے چینل کے اندر سے گزارا جائے۔ کل سترہ (17) زیر زمین کراسنگ میں سے 16 مکمل ہوگئیں جن کو جون 2022 میں ان کو فعال کردیا گیا۔

۳۔ ایس ایم ایس ٹھٹھہ کی اپ گریڈیشن:

ٹھٹھہ میں موجودہ ایس ایم ایس سیٹ اپ 30 سال پرانا ہے جو اپنی پوری گنجائش کے مطابق کام کر رہا ہے مگر مستقبل کے لوڈ کی طلب کو پورا کرنے کے قابل نہیں ہے کیونکہ اس میں نصب سامان، جیسے والو، ریگولیٹرز، سیفٹی والوز اور پائپ/ پائپ فٹنگ وقت گزرنے کے ساتھ ساتھ خراب ہو چکے ہیں۔ اس کے علاوہ ایس ایم ایس میں اسکربر نہیں ہیں جو صارفین کو معیاری گیس (دھول اور ڈبریز سے پاک) فراہم کرنے کیلئے نصب کئے جاتے ہیں۔ اس لئے ٹھٹھہ میں ایس ایم ایس کی اپ گریڈیشن کرنا ضروری ہے۔ ایس ایم ایس ٹھٹھہ پر مطلوبہ اپ گریڈیشن کا ہر لحاظ سے مکمل ہو چکا ہے اور اسے 30 جون 2022 سے فعال کردیا گیا ہے۔

اظہارِ تشکر

ڈائریکٹرز اپنے شیئر ہولڈرز اور معزز صارفین کے مسلسل تعاون اور سرپرستی پر ان کا شکریہ ادا کرتے ہیں۔ اس کے ساتھ ہم تمام ملازمین کے جذبے کی بھی قدر کرتے ہیں جنہوں نے ادارے کو درپیش متعدد چیلنجز کے باوجود محنت سے کام کیا۔ ہم حکومت پاکستان، وزارت توانائی اور آئل اینڈ گیس ریگولیٹری اتھارٹی کی مسلسل رہنمائی اور تعاون پر اُن کے بھی مشکور ہیں۔ بورڈ خصوصی طور پر ان جانے والے ڈائریکٹرز کا تہہ دل سے ممنون ہے جنہوں نے پالیسی سازی میں اہم کردار ادا کیا اور اپنی پوری توجہ مسائل کے حل پر رکھی۔

منجانب بورڈ

ڈاکٹر شمشاد اختر
چیئرپرسن، بورڈ آف ڈائریکٹرز
۱۸ نومبر 2023ء

عمران منیار
مینجنگ ڈائریکٹر / چیف ایگزیکٹیو

SNGPL اور WAPDA سے قابل وصولی LPS

سوئی سدرن کو مجموعی طور پر گردشی قرضہ جات کی صورتحال کے باعث SNGPL اور WAPDA سے جمع شدہ قابل وصولی رقم کی وصولی کے مسئلے کا بھی سامنا ہے۔ تاہم متفقہ شرائط وضوابط پر مبنی کمپنی تمام واجب الادا رقوم کے عوض LPS کو بڑھا رہی ہے۔ کمپنی متعلقہ حکومتی اداروں کو روزانہ کی بنیاد پر صورتحال سے آگاہ کرتے رہتے ہیں اور توقع رکھتے ہیں کہ جیسے ہی گردشی قرضہ کو قومی سطح پر دیکھا گیا تو یہ سب مسائل حل ہو جائیں گے۔

معاملات پر زور

درج بالا کے علاوہ بیرونی آڈیٹرز میسرز بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے پنی آڈٹ رپورٹ برائے مالی سال مختتمہ 30 جون 2022 میں میں بعض مسائل پر توجہ دلائی ہے۔

ان معاملات پر تبصرے درج ذیل ہیں:

i. مادی چارہ جوئی اور دعوے جو مختلف عدالتوں میں ہیں، اور جن کا نتیجہ غیر یقینی ہے۔

ii. کمپنی کے مستقبل کے آپریشنز کے استحکام کا انحصار حکومت پاکستان کے تعاون کے خط پر ہے جس میں ادارے کے موجودہ صورتحال میں کام جاری رکھنے کیلئے ضروری مالیاتی امداد کی فراہمی کی تصدیق کی گئی ہے۔

iii. سوئی سدرن نے یکم جولائی 2012 سے اس وقت تک حکومت کے زیر کنٹرول ای اینڈ پی کمپنیز (PPL اور OGDCL) GHPL کو قابل ادائیگی LPS اخراجات تسلیم کرنا بند کر دیا ہے جب تک سوئی سدرن PSML اور KE سے LPS کی آمدنی حاصل نہیں کرتی۔

iv. جون 2023 میں HCPCL نے مطلع کیا کہ معاشی صورتحال کے باعث، وہ پاکستان میں دوبارہ پلانٹ آپریشن شروع کرنے کا ارادہ نہیں رکھتا۔ اس لئے یہ رقم اوگرا سے موشن فار ریویو (MFR) برائے مالی سال 22-2021, میں اس مثال کے مطابق کلیم کی جارہی ہے کہ پہلے ریکارڈ کی گئی سیلز کی آمدنی اوگرا کو بطور آپریٹنگ کی آمدنی اور HCPCL کی لاگت کے اثر کے طور پر ماضی کی ترجیحات کی مطابقت سے پیش کی گئی تھی۔ اوگرا کی جانب سے مالی سال 09-2008 کیلئے آپریٹنگ اخراجات میں DFRR میں سوئی سدرن کے خلاف گزشتہ آربیٹریشن ایوارڈ کی منظوری دی گئی تھی۔

مالیاتی لاگت

سوئی سدرن کو 5.2 بلین روپے کے مالیاتی چارجز برداشت کرنا پڑے جو کراچی پورٹ سے ساوان کو RLNG کی ترسیل کیلئے پائپ لائن انفرااسٹرکچر میں فنانس کرنے کیلئے طویل المدت قرضہ حاصل کرن کیلئے کئے گئے تھے۔ یہ کام نارتھ کی توانائی کی ضروریات کو پورا کرنے کیلئے سوئی نادرن نیٹ ورک کو RLNG کی بڑی مقدار میں فراہمی کی غرض سے کئے گئے تھے۔ تاہم اوگرا نے گزشتہ معمول کے مطابق ٹیرف نوٹیفکیشن میں تاخیر کے اثر کے ازالے کیلئے 2.0 بلین روپے کی اجازت دیدی ہے۔

بیرونی آڈیٹرز کی رپورٹ میں اہلیت

بیرونی آڈیٹرز میسرز BDO ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اپنی آڈٹ رپورٹ برائے مالی سال مختتمہ 30 جون 2022 میں KE اور PSML سے واجبات کی رقم اور SNGPL اور WAPDA سے تاخیر سے ادائیگی (LPC) کے جرمانے کے طور پر قابل وصولی رقم سے متعلق اپنی ماہرانہ رائے کا اظہار کرتے ہوئے کا اظہار کیا ہے۔
تاہم گزشتہ سال تک HCPCL کے ذمے واجب الادا رقم پر بھی ماہرانہ رائے کا اظہار کیا گیا تھا جو اکاؤنٹنگ کی ٹریٹمنٹ میں تبدیلی کے بعد حذف کردیا گیا ہے اور 'emphasis of matter' کے عنوان سے درج کیا گیا ہے۔

KE اور PSML کی جانب قابل وصولی رقم

مالی سال 22-2021 کے دوران میں کے الیکٹرک (KE) اور پاکستان اسٹیل ملز لمیٹڈ (PSML) سے قابل وصول رقم کے نادہندہ ہونے کی صورتحال گزشتہ سالوں جیسی ہی رہی۔ اس کے ساتھ ساتھ انتظامیہ KE اور PSML کی جانب سے قابل وصولی رقم کی جلد از جلد وصولی کیلئے متعلقہ وزارتوں سے مسلسل رابطے میں ہے۔ توقع ہے کہ جیسے ہی حکومت پاکستان کی جانب سے یہ مسئلہ مستقل طور پر حل ہوجائے گا، کمپنی کی مجموعی مالیاتی صورتحال میں بہتری آجائے گی۔ سوئی سدرن کے KE اور PSML کے خلاف دعوے بشمول LPS، 30 جون 2022 کو بالترتیب 151 بلین روپے اور 82 بلین روپے ہیں۔

RLNG کے کاروبار پر UFG

سوئی سدرن نہایت شدومد سے وزارت توانائی (پیٹرولیم ڈویژن) کے علاوہ اسلام آباد ہائی کورٹ کے ذریعے اوگرا سے گزارش کر رہی ہے کہ وہ ڈسٹری بیوشن نیٹ ورک میں RLNG پر اصل UFG کی اجازت دے۔ IHC کی جانب سے روکنے کے احکامات کے نتیجے میں اوگرا نے RLNG ڈسٹری بیوشن نیٹ ورک پر اصل UFG کی اجازت دے دی ہے۔

تاہم، ابھی بھی زیادہ UFG ڈس الاؤنس، اس حقیقت کی بناء پر ہے کہ اوگرا سوئی سدرن کو RLNG والیم ہینڈلنگ کے فائدے کی منظوری نہیں دے رہا ہے جس کی اجازت سوئی سدرن کو اکنامل کوآرڈینیشن کمیٹی (ECC) نے 11 مئی 2018 کو دی تھی۔

ادارے کی انتظامیہ اور بورڈ آف ڈائریکٹرز کی جانب سے بھرپور فالواپ سے اوگرا نے RLNG پر UFG کی حد کا تعین کرنے اور ہر سوئی گیس کمپنیز، سوئی سدرن اور سوئی نادرن یعنی ایس ایس جی سی اور این این جی پی ایل پر اس کے اثرات معلوم کرنے کیلئے اک مشیر کی خدمات حاصل کی ہیں۔ اگر سوئی سدرن کیلئے اس فائدے کی منظوری دے دی جاتی، تو سال کیلئے خالص یو ایف جی ڈس الاؤنس تقریباً 17.7 بلین روپے تک کم ہو جاتا۔

کمزور قرضہ جات سے متعلق پروویژن

اوگرا نے کمزور قرضہ جات کے زمرے میں صرف منقطع کئے گئے صارفین سے متعلق آپریٹنگ اخراجات کے کھاتے میں ڈالنے کی اجازت دی ہے۔ تاہم IFRS-9 اختیار کرنے سے یہ پروویژن متوقع کریڈٹ کے نقصان یعنی آئندہ پر نظر رکھنے کی بنیاد پر کیا گیا ہے جو لائیو کسٹمرز کے پروویژن کیلئے ضروری ہے، جس کے نتیجے میں کمپنی کی نچلی ترین لائن نمایاں طور پر متاثر ہوئی۔

اوگرا نے گزشتہ سالوں میں مختلف حیثیتوں سے مطلع کیا ہے کہ وہ ماضی کے معمول کے مطابق صرف منقطع صارفین کیلئے اس پروویژن کی اجازت دے گا (پہلے سال میں 25% اور بقیہ اس سے اگلے سال میں)۔ اس کے مطابق اوگرا نے گزشتہ سال کے 1.3 بلین روپے کے مقابلے میں 1.7 بلین روپے کے پروویژن کی اجازت نہیں دی ہے۔ اس کے علاوہ اوگرا نے سوئی سدرن کے پچھلے سال کے 1.6 بلین روپے کے دعوے کی منظوری دے دی ہے جو متوقع کریڈٹ کے نقصانات کے پروویژن کی مد میں دی گئی ہے۔

مالیاتی جائزہ

زیر جائزہ مدت کے دوران میں، کمپنی نے بڑے ڈس الاؤنسز اور مالیاتی لاگت شامل کر کے خالص نقصان بعد از ٹیکس 11.4 بلین روپے ریکارڈ کیا۔ مالیاتی جھلکیوں کا خلاصہ درج ذیل ہے:

	2021-22	2020-21	فرق
	(روپے بلین میں)		
(نقصان)/ نفع قبل از ٹیکس	(7,735)	1,135	(8,870)
ٹیکس	(3,709)	821	(4,530)
(نقصان) / نفع بعد از ٹیکس	(11,444)	1,956	(13,400)
فی شیئر آمدنی (روپے)	(12.99)	2.22	(15.21)

موجودہ ٹیرف کے دور کے مطابق سوئی سدرن کا منافع اوگرا کے ویٹڈ ایوریج کاسٹ آف کیپٹل (WACC) پر مبنی گارنٹیڈ ریٹرن فارمولا کے حاصل ہوا ہے۔ اس فارمولے کے تحت ادارے کو مالیاتی چارجز اور ٹیکسز سے قبل اوسطاً خالص آپریٹنگ فکسڈ ایسیٹس پر 16.60% (17.43%:2020-21) ریٹرن کی اجازت تھی۔ تاہم اوگرا آمدنی کی ضروریات کا تعین کرتے وقت استعداد پر مبنی بنچ مارک بمقابلہ غیر شمار شدہ گیس (UFG)، ہیومن ریسورس بنچ مارک کی لاگت، مشتبہ قرضہ جات کے پرویژن اور کچھ دیگر اخراجات / چارجز پر مبنی ڈس الاؤنسز / ایڈجسٹمنٹ کر لیتا ہے۔ یہ ڈس الاؤنسز / ایڈجسٹمنٹس کمپنی کی بنیادی سطح کو متاثر کرتے ہیں۔

مالی سال 22-2021 میں سوئی سدرن کو الاؤنس کی واپسی کی مد میں 15.3 بلین روپے کی منظوری دی گئی تھی، جس میں سے اوگرا نے UFG کیلئے 23.4 بلین روپے اور IFRS 9، مالیاتی دستاویزات کی پیروی میں متوقع کریڈٹ کے نقصان کے زمرے میں 1.7 بلین روپے کی نامنظوری (ڈس الاؤنس) دی گئی تھی۔

تاہم سوئی سدرن نے HR کی لاگت پر کامیابی کے ساتھ کنٹرول کیا جو بنچ مارک سے نیچے ہی رہے اور اس کے مطابق HR کی لاگت میں بچت کی بناء پر بنیادی سطح کے زمرے میں 2.4 بلین روپے منظور کیے گئے۔ اس کے علاوہ اوگرا نے متوقع کریڈٹ کے نقصانات کے مقابلے میں پرویژن کے اکاؤنٹ میں گزشتہ سال کے 1.6 بلین روپے کے دعوے پر سوئی سدرن کو اجازت دے دی۔

کمپنی کی مالی حالت کو متاثر کرنے والی بنیادی وجوہات کی تفصیل درج ذیل ہے

توانائی کا جائزہ

پاکستان 240 ملین افراد کی آبادی کے ساتھ دنیا کا پانچواں سب سے زیادہ آبادی والا ملک ہے۔ ملک میں توانائی کے مختلف قسم کے ذرائع ہیں جس میں فوسل ایندھن، پن بجلی، اور قابلِ تجدید (رینوایبل توانائی) شامل ہیں۔

قدرتی گیس ملک میں توانائی کا اہم ذریعہ ہے، جو کہ کل توانائی کا تقریباً 41 فیصد پر مشتمل ہے، جبکہ 35 فیصد کے ساتھ مقامی گیس کا تناسب سب سے زیادہ ہے، اس کے بعد تیل ہے جس کا تناسبا تقریباً 26 فیصد ہے۔

ایل این جی درآمدات کا تناسب 11.4 فیصد ہے۔ پاکستان کے توانائی کے شعبے میں اپ سٹریم سیکٹر، آئل ڈاؤن اسٹریم سیکٹر، گیس ڈاؤن اسٹریم سیکٹر اور پاور سیکٹر شامل ہیں۔ اپ سٹریم سیکٹر 24 ایکسپلوریشن اینڈ پروڈکشن (ای اینڈ پی) کمپنیوں پر مشتمل ہے جو ملک کو مقامی تیل اور گیس فراہم کرتی ہیں۔ گیس ڈاؤن اسٹریم سیکٹر میں دو سرکاری ادارے سوئی سدرن گیس کمپنی لمیٹڈ اور سوئی ناردرن گیس پائپ لائنز لمیٹڈ (ایس این جی پی ایل) نمایاں ہیں۔ یہ کمپنیاں ملک میں 205,000 کلومیٹر پر پھیلے گیس ٹرانسمیشن اور ڈسٹری بیوشن نیٹ ورک کو ملکر آپریٹ کرتی ہیں۔ پاکستان میں گیس کی ایک بہت بڑی مارکیٹ ہے جس کے صارفین 11 ملین کے قریب ہیں۔

نوٹس

۱۔ چیئر پرسن کی حیثیت سے ڈاکٹر شمشاد اختر 100,000 روپے ماہانہ اعزازیہ کی بھی اہل ہیں۔(ان کو مبلغ 960,000 روپے علاوہ ٹیکس بطور چیئر مین اعزازیہ ادا کیا گیا)۔ نیز کمپنی مینٹینڈ کار مع فیول اور فری میڈیکل کور

۲۔مس ندا رضوان فرید یکم اکتوبر 2021 سے ڈائریکٹر کے عہدے سے دستبردار ہوگئیں۔

۳۔جناب مطہر نیاز رانا 09 مئی 2022 سے ڈائریکٹر کے عہدے سے دستبردار ہوگئے۔

۴۔ ڈاکٹر احمد مجتبیٰ میمن 23 دسمبر 2021 ڈائریکٹر کے عہدے سے دستبردار ہوگئے۔

۵۔جناب ساجد محمود قاضی 14 اپریل 2022 ڈائریکٹر کے عہدے سے دستبردار ہوگئے۔

۶۔ ڈاکٹر عمران اللہ خان سے 14 اپریل 2022 سے بورڈ میں شامل ہیں۔

۷۔ جناب عبدالعزیز عقیلی سے 09 مئی 2022 سے بورڈ میں شامل ہیں۔

۸۔ ڈائریکٹرز کی فیس مبلغ 100,000 روپے (مع ٹیکس) فی میٹنگ نان ایگزیکٹیو ڈائریکٹرز کو ادا کی گئی جو میٹنگ کے مقام سے ان کی پاکستان میں رہائشی مقام تک بزنس کلاس / کلب کلاس ریٹرن ائیر کرایہ مع ٹریولنگ، بورڈنگ، لاجنگ کی سہولت کے علاوہ ہے۔

چیف ایگزیکٹیو آفیسر، ڈائریکٹرز اور دیگر ایگزیکٹیوز کے مشاہرے کی تفصیل غیر مجموعی مالیاتی اسٹیٹمنٹس کے نوٹ 51 میں دی گئی ہیں۔

ڈائریکٹرز کا معاوضہ

ڈائریکٹرز کا نام	بعداز ٹیکس مشاہرہ (روپے)	بورڈ آف ڈائریکٹرز			بورڈ ہیومن ریسورس اینڈ نومینیشن کمیٹی			بورڈ آڈٹ کمیٹی		
		ممبرز	بورڈ میٹنگ کی کل تعداد	میٹنگ میں کل حاضری	ممبرز	بورڈ میٹنگ کی کل تعداد	میٹنگ میں کل حاضری	ممبرز	بورڈ میٹنگ کی کل تعداد	میٹنگ میں کل حاضری
۱۔ ڈاکٹر شمشاد اختر [1]	2,000,000	✓	13	12	✓	7	7	-	-	-
۲۔ جناب محمد رضی الدین منیم	1,920,000	✓	13	13	✓	7	7	-	-	-
۳۔ جناب فیصل بنگالی	2,320,000	✓	13	12	-	-	-	✓	9	9
۴۔ مس ندا رضوان فرید [2]	480,000	✓	3	3	-	-	-	-	-	-
۵۔ جناب مطہر نیاز رانا [3]	960,000	✓	11	8	✓	2	1	-	-	-
۶۔ جناب حسن محمود یوسف زئی	2,400,000	✓	13	13	✓	7	7	-	-	-
۷۔ ڈاکٹر احمد مجتبیٰ میمن [4]	960,000	✓	6	5	✓	1	0		5	5
۸۔ ڈاکٹر سہیل رضی خان	3,200,000	✓	13	13	✓	6	6	✓	9	9
۹۔ جناب منظور علی شیخ	2,240,000	✓	13	12	✓	7	7	✓	7	7
۱۰۔ جناب زبیر صدیقی	2,160,000	✓	13	12	-	-	-	-	-	-
۱۱۔ جناب ایاز داؤد	2,560,000	✓	13	13	-	-	-	✓	9	9
۱۲۔ جناب ساجد محمود قاضی [5]	640,000	✓	3	3	✓	1	1	✓	2	2
۱۳ ڈاکٹر عمران اللہ خان [6]	480,000	✓	3	1	-	-	-	✓	2	2
۱۴۔ جناب عبدالعزیز عقیلی [7]	400,000	✓	2	2	-	-	-	-	-	-

ڈائریکٹرز کا نام	بورڈ فنانس اینڈ پروکیورمنٹ کمیٹی			بورڈ اسپیشل کمیٹی برائے UFG			بورڈ رسک منیجمنٹ لیٹیگیشن اینڈ HSEQA کمیٹی			بورڈ کارپوریٹ گورننس اور اخلاقیاتی کمیٹی		
	ممبرز	بورڈ میٹنگ کی کل تعداد	میٹنگ میں کل حاضری	ممبرز	بورڈ میٹنگ کی کل تعداد	میٹنگ میں کل حاضری	ممبرز	بورڈ میٹنگ کی کل تعداد	میٹنگ میں کل حاضری	ممبرز	بورڈ میٹنگ کی کل تعداد	میٹنگ میں کل حاضری
۱۔ ڈاکٹر شمشاد اختر	-	-	-	✓	6	6	-	-	-	-	-	-
۲۔ جناب محمد رضی الدین منیم	-	-	-	-	-	-	✓	2	2	✓	2	2
۳۔ جناب فیصل بنگالی	✓	3	3	✓	3	3	-	-	-	✓	2	2
۴۔ مس ندا رضوان فرید [1]	✓	2	2	✓	1	1	-	-	-	-	-	-
۵۔ جناب مطہر نیاز رانا [2]	-	-	-	✓	4	3	✓	1	0	-	-	-
۶۔ جناب حسن محمود یوسف زئی	✓	4	4	✓	6	6	-	-	-	-	-	-
۷۔ ڈاکٹر احمد مجتبیٰ میمن [3]	✓	2	2	-	-	-	-	-	-	-	-	-
۸۔ ڈاکٹر سہیل رضی خان	✓	4	4	✓	6	6	✓	1	1	-	-	-
۹۔ جناب منظور علی شیخ	-	-	-	-	-	-	✓	2	2	-	-	-
۱۰۔ جناب زبیر صدیقی	✓	7	7	✓	6	6	✓	2	2	-	-	-
۱۱۔ جناب ایاز داؤد	✓	7	7	-	-	-	✓	1	1	✓	2	2
۱۲۔ جناب ساجد محمود قاضی [4]	✓	2	2	-	-	-	-	-	-	-	-	-
۱۳ ڈاکٹر عمران اللہ خان [5]	✓	3	3	-	-	-	-	-	-	-	-	-
۱۴۔ جناب عبدالعزیز عقیلی [6]	-	-	-	✓	2	2	✓	1	1	-	-	-

ہیومن ریسورس ریفارمز

اپنی تشکیل کے بعد سے سوئی سدرن کا بورڈ، ہیومن ریسورس کے معاملات اور ادارا جاتی اصلاحات میں مثبت بہتری لانے کے لیے اپنا کردار ادا کرنے میں ثابت قدم رہا ہے۔ نئے HR مینول کی منظوری دے دی گئی ہے اور اس پر عمل درآمد کے لیے لائحہ عمل بنایا جا رہا ہے تاکہ پالیسیز اور پروسیجرز کو بہترین پریکٹس کے ساتھ ہم آہنگ کیا جا سکے۔

SSGC

- یو ایف جی میں کمی کی کوششوں کی حقیقی وقت کی نگرانی کو یقینی قابل بنانے کے لئے ، متاثرہ علاقوں کو جی آئی ایس سسٹم پر ٹیگ کیا گیا ہے۔موثر نگرانی کو یقینی بنانے کے لئے یو ایف جی میں کمی کی سرگرمیوں جیسے بحالی، زیر زمین لیک کا پتہ لگانے اور چوری کا پتہ لگانے کو جی آئی ایس سسٹم میں ضم کیا جائے گا۔ مسلسل بہتری کی کوششوں کے ذریعے موجودہ جی آئی ایس پلیٹ فارم میں ریئل ٹائم ڈسٹری بیوشن مانیٹرنگ سافٹ ویئر کو شامل کرنے کے لئے ایک خصوصی ایپلی کیشن ٹول تیار کیا گیا ہے۔

- سی جی ٹی او ڈپارٹمنٹ کو یہ ہدایت کی گئی ہے کہ وہ میڈیا کوریج کے ذریعے انسداد چوری کی سرگرمیوں کو بڑھائیں اور ان کی تشہیر کریں تاکہ چوری کے خلاف ضروری روک تھام کی جا سکے۔

- پروکیورمنٹ کے عمل کو بہتر بنایا گیا ہے اور بورڈ خریداری میں شامل وقت کے وقفے میں مزید کمی لانے کی کوشش کر رہا ہے۔ بورڈ انتظامیہ کی بھی حوصلہ افزائی کر رہا ہے کہ وہ الیکٹرانک پروسیس آٹومیشن سسٹم کے استعمال کے ذریعے پیپر لیس ماحول متعارف کرانے پر کام کریں۔

- سیلز ڈپارٹمنٹ صارفین کے لئے ایک آن لائن سسٹم (انسانی عمل دخل کے بغیر) متعارف کرانے کے عمل میں ہے۔
- انٹرپرائز رسک مینجمنٹ (ای آر ایم) اور گورننس اسٹرکچر کی ترقی کے ذریعے رسک مینجمنٹ فنکشن کو مضبوط کیا گیا ہے، جس میں شامل ہیں:

I. خطرے سے نمٹنے کے انتظام کا عمل: خطرے کی شناخت، تشخیص، معیار اور تخفیف کا طریقہ کار۔

II. رسک مینجمنٹ اسٹیئرنگ کمیٹی اور رسک ڈیش بورڈ کا قیام۔

III. انفارمیشن سیکیورٹی مینجمنٹ سسٹم (آئی ایس ایم ایس) فنکشن کا قیام اور ای آر ایم سافٹ ویئر کی خریداری۔

i. سسٹم اور انفرا اسٹرکچر کی بہتری کیلئے متعدد اقدامات کئے گئے ہیں جس میں بلنگ اور تحویل کی منتقلی میں لائیو ڈیٹا، شکایات کی صورتحال، دیکھ بھال کی صورتحال وغیرہ شامل کرکے GIS پلیٹ فارم کا زیادہ سے زیادہ استعمال کرنا شامل ہے۔

j. بلوچستان میں UFG میں کمی پر اضافی توجہ دی جارہی ہے۔ ایک تفصیلی کاروباری مطالعہ کا اہتمام کیا گیا جس کے نتیجے میں متعلقہ حکومتوں (صوبائی اور وفاقی) کو چھ (06) قابل عمل حل تیار کرکے پیش کئے گئے ہیں۔ کمپنی منظور شدہ پلان کے نفاذ کیلئے صوبائی اور وفاقی، دونوں حکومتوں سے تعاون کی طلب گار رہے۔

- انتظامیہ نے یو ایف جی میں کمی کی حکمت عملی کے موثر نفاذ کے ذریعے یو ایف جی میں کمی کے کلیدی کارکردگی کے اشارے (کے پی آئی) کے حصول کے لئے جوابدہ ہونے کا عہد کیا ہے۔

- آپریشنل کارکردگی کو بہتر بنانے اور احتساب کے معیار کو بڑھانے کے لئے کمپنی کے تنظیمی چارٹ پر نظر ثانی کی گئی ہے۔

- سوئی سدرن کی انتظامیہ کو ادارے کو بہترین اور موثر ادارے میں تبدیل کرنے، اسٹیک ہولڈرز کی قدر کو زیادہ سے زیادہ کرنے اور نفع بخش بنانے کے لیے کارکردگی کو بہتر بنانے کا کام دیا گیا ہے۔ انتظامیہ نے مالی سال 22-2021 کے لئے مقرر کردہ سخت بجٹ اہداف کو کامیابی سے پورا کیا۔

- پالیسی کے طور پر بجٹ اخراجات میں کٹوتی اور گزشتہ تین سالوں میں فزیبلٹی پر کام کی بنیاد پر اخراجات کو سخت عمل درآمد کے ذریعے کم کیا گیا۔ بجٹ کو اوگرا کی حدود میں رکھا گیا تاکہ زیادہ خرچ کی وجہ سے عدم ادائیگیوں کو روکا جاسکے۔

- موجودہ پائپ لائن نیٹ ورک کے معیار کو برقرار رکھنے کے لئے، انتظامیہ کو 3 سال کے اندر اے ایس ایم ای بی 31.8 ایس معیارات کی تعمیل میں پائپ لائن انٹیگریٹی مینجمنٹ سسٹم کے مکمل نفاذ کے لئے ایک منصوبہ پیش کرنے کا کام سونپا گیا ہے، جس میں عملے کی تربیت اور ترقی کا منصوبہ بھی شامل ہے۔ اس سلسلے میں پیش رفت ہدف پر ہے۔

- سوئی سدرن متبادل توانائی کے نئے وسائل تیار کرنے کے لئے 'بائیو گیس انیشی ایٹو' پر عمل پیرا ہے۔ پروجیکٹ فزیبلٹی، تکنیکی پہلوؤں، لاجسٹکس اور تجارتی قابلیت کے نقطہ نظر سے تفصیلی مطالعہ ایک ماہر کنسلٹنٹ کے ذریعے کیا گیا ہے۔ کمپنی نے حال ہی میں بائیو گیس/ بائیو میتھین کے تقریبا 15 سے 20 ایم ایم ایس سی ایف ڈی کی پیداوار کے لئے دو کمپنیوں کے ساتھ مفاہمت کی یادداشتوں پر دستخط کیے ہیں، جو کہ سسٹم میں 2025 کے وسط تک دستیاب ہوگی۔

- بورڈ نے انتظامیہ کو ہدایت کی ہے کہ UFG میں کمی کی حکمت عملی کے نفاذ پر تیزی سے کام کیا جائے اور درج ذیل پر خصوصی زور دیا جائے

a. کراچی میں UFG میں کمی لانے کیلئے ہدف پر مبنی کارروائی کا نفاذ کیا جائے۔ بورڈ نے UFG کی ذمہ داری سینئر انتظامیہ کے سپرد کر دی ہے اور نگرانی کو ڈپٹی مینجنگ ڈائریکٹر کی سطح پر تقسیم کر دیا ہے۔

b. کراچی ریجن میں زونل سطح کی انتظامیہ متعارف کروائی گئی ہے جس کے نتیجے میں UFG میں موثر طور پر کمی آئی ہے۔ اس کے لئے نیٹ ورک کی درجہ بندی اور پروجیکٹس کو دوبارہ تفویض کرنے، نیز UFG کا باعث بننے والے کئی علاقوں کے مناسب حل کے نفاذ پر خصوصی توجہ دی گئی ہے۔

c. UFG میں کمی کیلئے سرمایہ کاری کے پروگرام کا آغاز کرنے، جس میں لیکیج کے متعدد واقعات والے پرانے نیٹ ورک کی وسیع اپ گریڈنگ اور میٹر ٹمپرنگ اور چوری کے خلاف، خصوصاً بلوچستان اور اندرون سندھ میں، قانونی کارروائی میں اضافہ کرنا شامل ہے۔ ناجائز طور پر گیس استعمال کرنے والوں سے، ابتدائی طور پر کراچی میں، وسیع اشتراک سے کاوشوں کے ذریعے گیس کلیمز کی وصولی کیلئے خصوصی فریم ورک تیار کیا گیا ہے۔

d. ایس ایس جی سی نے اسٹیٹ آف دی آرٹ ٹیکنالوجی کے ذریعے اپنے ٹاؤن بارڈر اسٹیشنز (TBS) کے آپریشنز کو خودکار بنانے کیلئے ابتدائی کام شروع کر دیا ہے تاکہ اعلیٰ سطح کی استعداد اور کنٹرول حاصل کیا جاسکے۔

e. UFG میں کمی لانے اور صارفین کو گیس کی بہتر فراہمی کو یقینی بنانے کیلئے ڈسٹری بیوشن پائپ لائن انفرااسٹرکچر کی بحالی کی ریکارڈ کامیابی حاصل کر لی گئی ہے۔

f. مختلف سطحوں پر، بشمول کسٹمر میٹرنگ اسٹیشنز (CMS) پر نصب ایس ایس جی سی کے گیس کی پیمائش کے آلات کو بین الاقوامی معروف کنسلٹنسی فرم سے ہدایات حاصل کر کے پرزوں کی اپ گریڈ اقسام کے ذریعے درستگی کو یقینی بنایا گیا ہے۔

g. ایس ایس جی سی، کمپنی کے اثاثہ جات سے آمدنی میں اضافے کیلئے سرمایہ کاری کے تمام پروجیکٹس کی تیزی سے تکمیل کی مسلسل سرپرستی کر رہی ہے۔ مالی سال 21-2020 میں کمپنی نے کامیابی کے ساتھ 15 بلین روپے کے پروجیکٹس کی تکمیل کا ہدف حاصل کر چکی ہے۔ تاہم ڈسکاؤنٹ کی شرح میں اضافے کے سبب اگلے سالوں میں کئی بڑے پروجیکٹس کی کارکردگی پر سمجھوتہ کرنا پڑا۔

h. 14 سیلز میٹر اسٹیشنز (SMSs) پر UFG کے خاتمے کو انتہائی ترجیح دینے کے سلسلے میں، جن کا UFG میں بڑا حصہ ہے، ڈسٹری بیوشن نیٹ ورک کا ایک جامع تجزیہ زیر غور ہے تاکہ UFG پر TBS کی سطح پر تجزیہ کیا جاسکے۔ اس کے لئے متعدد مائیکرو پروجیکٹس اور کارروائیوں پر کام جاری ہے۔

کیلئے مصروف عمل ہے۔ کمپنی نے حال ہی میں تقریباً 15 to 20 MMSCFD بایوگیس /بایومیتھین کی تیاری کیلئے دو کمپنیوں کے ساتھ مفاہمت کی یادداشتوں پر دستخط کئے ہیں جس کے وسط 2025 میں سسٹم میں دستیاب ہونے کی توقع ہے۔

۴۔ کوئلے سے گیس کے ذریعہ مصنوعی گیس کے انقلاب کی طرف کا سفر :

SSGC-AE نے کئی اسٹیک ہولڈر بشمول متوقع سرمایہ کاروں، ٹیکنالوجی پرووائیڈرز اور کاروباری اداروں کے ساتھ مصنوعی گیس پیدا کرنے کیلئے ایک مستحکم کاروبار کے طور پر کوئلے کے ذخائر کے استعمال پر گفت وشنید کی ہے۔

اس سلسلے میں مزید پیش رفت کے لئے مفاہمت کی یادداشتوں پر دستخط کئے گئے ہیں، جن میں کمپنی نے خود کو بطور مصدقہ ٹرنقل وحمل اور پیدا شدہ گیس (میتھین اور ہائیڈروجن) کے خریدار کے طور پر رکھا ہے۔ کمپنی نے کوئلے سے گیس اور لیکوئیڈ کی پروڈکشن کیلئے وزارت کے پاس منظوری کیلئے ڈرافٹ پالیسی جمع کرائی ہے اور اس شعبہ میں ایک مستحکم اہم پیش رفت محسوس کی گئی ہے۔

سوئی سدرن کی آپریشنل اور فنانشل کارکردگی کو تقویت دینا

نومبر 2019 میں وجود کے آنے کے بعد سے اب تک بورڈ نے متعدد چیلنجز کا مقابلہ کرتے ہوئے کمپنی کے مفادات کو تحفظ دیا ہے۔ بورڈ نے اندرونی گورننس کو تقویت دی ہے اور انتظامیہ کو ہدایت کی ہے کہ نیٹ ورک کی اپ گریڈنگ میں تیزی لائیں، کاروبار میں اضافہ کریں، ایچ آر اصلاحات نافذ کریں، انتظامی اصلاحات کے ذریعے کاموں کو منظّم کریں مجموعی حکمت عملی کے تازہ ترین جائزے کیلئے حوصلہ افزائی کریں اور مالیاتی اور آپریشنل استحکام کو یقینی بنانے کیلئے ایس ایس جی سی کے اہم شعبوں میں کارروائی کا پلان تیار کریں۔

اہم اصلاحات

بورڈ آف ڈائریکٹرز کی جانب سے دی گئی ہدایات کے مطابق اپنی ادارہ سازی کے بعد، ڈپٹی منیجنگ ڈائریکٹر اور سینئر جنرل منیجر کی سربراہی میں خصوصی UFG ڈویژن نے UFG میں کمی کے لئے تندہی سے کاوشیں کی ہیں۔ UFG میں کمی کے سخت اہداف کی پیروی کی جارہی ہے جس کے نتیجے میں مالی سال 22-2021 میں پوری کمپنی میں BCF *2.8 کی کمی کی گئی ہے۔ گیس ڈسٹری بیوشن کنٹرول میں ابھرنے والے چیلنجز اور ملکی قدرتی گیس میں تیزی سے کمی کے باوجود، کمپنی نے کامیابی کے ساتھ UFG تقریباً اسی سطح پر برقرار رکھی ہے جس سے گزشتہ تین سالوں میں 25BCF کمی ہوئی ہے۔

* نوٹ: یہ تعداد جائزے کی تحریک کے تحت اوگرا کے پاس زیرِ غور ہیں۔

تاہم بلوچستان ریجن میں UFG کے اعدادوشمار نا قابل قبول حد تک بلند سطح پر ہیں جس سے کمپنی کے منافع پر منفی اثرات مرتب ہورہے ہیں۔ UFG میں کمی کو قابل قبول حد تک لانے کا ہدف حاصل کرنے میں گوکہ کمپنی کو ابھی کامیابی نہیں ہوئی ہے، مگر نقصانات میں کمی کا عمل جاری ہے۔

مستقبل میں SLL کا عزم ٹرمینل بزنس اور ایل پی جی کے حجم، دونوں میں مارکیٹ شیئر مزید بڑھانا ہے تا کہ ملک کی توانائی کی طلب پوری کی جاسکے اور مسابقتی قیمت پر ایل پی جی فراہم کی جائے۔ سپلائی چین میں اضافے، اسکیل کی معیشت کے حصول اور حتمی صارف کیلئے ایل پی جی کی قیمت میں کمی کے سلسلے میں وزارت توانائی (پیٹرولیم ڈویژن) اور دیگر SOEs کے ساتھ اشتراک کے معاملات جاری ہیں۔ کمپنی مستقبل میں زیادہ مثبت نتائج کے بارے میں بہت پرامید ہے۔

ایس ایس جی سی آلٹرنیٹ انرجی (پرائیویٹ) لمیٹڈ (SSGC-AE)

ا۔ مارکیٹ کو غیر تفویض شدہ گیسز کی پیشکش:

ملک میں متعدد گیس فیلڈز کسی بھی گیس یوٹیلیٹیز (یعنی ایس ایس جی سی اور ایس این جی پی ایل) کو تفویض نہیں ہوئی ہیں، جس کی بنیادی وجہ متعلقہ E&P کی جانب سے مجوزہ قیمت پر پروڈکٹس کا عدم برقرار ہونا تھی۔

SSGC-AE ان غیر تفویض شدہ فیلڈز سے تھرڈ پارٹی کی رسائی کے انتظامات کے ذریعے حتمی صارف کو قدرتی گیس فراہم کرنے کے لئے سہولتوں پر کام کررہی ہے۔ کمپنی نے E&P آپریٹرز میں سے ایک کے ساتھ تقریباً 10 MMSCFD قدرتی گیس کیلئے گیس کی خریداری کے معاہدے کا طریقہ ءکار وضع کرلیا ہے جبکہ دیگر 50MMSCFD گیس فیلڈز کیلئے پیشگی سطح پر گفت وشنید جاری ہے۔ اس کے ساتھ ساتھ SSGC-AE غیر تفویض کردہ قدرتی گیس کے 140 MMSCFD کیلئے اضافی حصول کے مرحلے میں ہے جو اس وقت جاری ضروری پیوریفکیشن اور پروسیسنگ کے بعد سسٹم میں دستیاب ہوگی۔

۲۔ گیس کے معیار میں بہتری:

SSGC-AE نے اوگرا سے ایک پروجیکٹ کے نفاذ کی اصولی منظوری حاصل کرلی ہے جس میں غیر فعال گیس کے انجکشن کے ذریعے قدرتی گیس کے معیار کو بہتر بنایا جائے گا۔ اس پروجیکٹ کا مقصد 8-10 MMSCFD قدرتی گیس کی بچت کرنا ہے جو ایس ایس جی سی اور SSGC-AE دونوں کیلئے فائدہ مند ہوگا اور جنوبی فرنچائز علاقے میں صارفین کو قدرتی گیس فراہم کرے گا۔

۳۔ بایوگیس پر سرمایہ کاری کے امکانات:

ایس ایس جی سی پاکستان کے پہلے بایوگیس/بایومیتھین سپلائی چین ڈیولپمنٹ کے لئے Built-Own-Operate کی بنیاد پر قائدانہ حیثیت سے کام کررہا ہے جو تجارتی شرائط پر یوٹیلیٹی نیٹ ورک کے ساتھ منسلک ہوگا۔ ایس ایس جی سی خریداری کیلئے مطلوبہ ضروریات، فرنٹ اینڈ انجینئرنگ ڈیزائن اور ایک ڈرافٹ پالیسی فریم ورک کی ڈیولپمنٹ میں تیزی لانے کیلئے کنسلٹنٹس کے ساتھ قریبی طور پر کام کر رہی ہے۔ اس کے علاوہ کمپنی ٹیکنالوجی پرووائیڈرز، سرمایہ کاروں اور بنیادی صنعتی اداروں کی دلچسپی پیدا کرنے اور اس شعبہ کو متحرک کرنے

بین الاقوامی معیار کے گیس میٹرز کی مقامی طور پر تیاری کا ہدف حاصل کرنے کیلئے کمپنی نے ایک نئے ٹیکنالوجی ٹرانسفر اینڈ لائسنس کیلئے گفت وشنید کی ہے اور کامیابی کے ساتھ معاہدہ کیا ہے جس سے تمام مطلوبہ احتیاط اور ضابطوں کی شرائط کے ساتھ عمل درآمد کو یقینی بنایا گیا ہے۔ اس نئے معاہدے سے ایس ایس جی سی کو' کمپنی میٹرز' کے نام سے گیس میٹر کی تیاری کی اجازت حاصل ہوگئی ہے جس کے تحت گیس میٹر کی مقامی طور پر تیاری اور دیسی مواد کو 53% سے بڑھ کر 97% تک پہنچانا ہے۔ اس طرح درآمدات میں کمی سے ایس ایس جی سی خاطر خواہ زرمبادلہ بچانے کا عزم رکھتی ہے۔

ایس ایس جی سی کے میٹر مینوفیکچرنگ پلانٹ کو نئے ٹیکنالوجی ٹرانسفر اینڈ لائسنس معاہدے سے اپ گریڈ کیا گیا ہے اور تیاری کے طریقہء کار میں بھی بہتری آئی ہے جس سے پاکستانی شہریوں کیلئے کاروبار اور ملازمتوں کے اضافی مواقع فراہم ہورہے ہیں۔

درج بالا کاوشوں سے G-4 گیس میٹرز کی تیاری کی مجموعی لاگت میں نمایاں کمی آئی ہے اور برآمدات کے امکانات پیدا ہوئے ہیں۔

کمپنی نہایت تندہی سے یہ میٹرز عراق، ترکی اور مصر کو برآمد کرنے پر کام کررہی ہے۔ بہرحال کمپنی نے حال ہی میں SNGPL کو 1.3 ملین G-1.6 گیس میٹر یونٹس کی فراہمی کا ٹینڈر جیتا ہے جو اگلے 16 ماہ میں فراہم کردیئے جائیں گے۔

ایس ایس جی سی ایل پی جی (پرائیویٹ) لمیٹڈ (SLL)

SLL نے مالی سال 2022-23 میں تاریخی سنگ میل حاصل کئے ہیں اور ایل پی جی گیس کی فروخت کا بلند ترین حجم ریکارڈ کیا جبکہ غیر معمولی آمدنی کے باعث مارکیٹ شیئر میں نمایاں اضافہ ہوا ہے۔ منافع، حجم اور مارکیٹ شیئرز، دونوں میں ایل پی جی اور ٹرمینل بزنس میں نمایاں اضافہ دیکھنے میں آیا۔ ایل پی جی کی فروخت کے حجم میں MT 98,700 اور مارکیٹ شیئر میں 7.7% اضافہ ہوا۔ ٹرمینل کا حجم بھی 164,204 MT تک بڑھ گیا جس میں کمپنی کی اپنی درآمدات کا MT 91,207 اضافہ شامل ہے۔ اوگرا کی رپورٹ کے مطابق ایل پی جی مارکیٹ کی مجموعی طلب 6% اضافے کے ساتھ MT 1,271,212 ہوگئی۔

SLL نے، جو درآمدت پر انحصار کرتے ہوئے، اپنے سپلائی کے ذریعے کو تنوع دیا ہے اور نئے سپلائرز سے رجوع کیا ہے اور پاکستان کی تاریخ میں سب سے بڑے پارسلز درآمد کرکے سمندر کے ذریعے درآمدات میں مارکیٹ لیڈرشپ حاصل کرلی ہے۔ کمپنی کو 770 ملین روپے کا خالص فائدہ حاصل ہوا ہے جبکہ بنیادی اور تحلیل شدہ آمدنی فی شیئر 7.70 روپے ہوئی۔ SLL نے ایل پی جی کی قیمتوں میں اتار چڑھاؤ پر گفت وشنید کے ذریعے PPRA سے بعض استثنٰی طلب کیے اور حاصل کئے جس کے باعث بروقت فیصلہ سازی، اضافی حجم، لاگت میں بچت اور بہتر منافع حاصل ہوا۔

کمپنی نے کراچی اور بالائی سندھ میں بے یوایف جی میں کمی کا سامنا کرتے ہوئے بالترتیب 11.2 فیصد اور 16.26 فیصد کی سطح برقرار رکھی۔ تاہم بلوچستان ریجن کو درپیش چیلنجز کی وجہ سے یوایف جی کی شرح 53.21 فیصد رہی۔ مجموعی طور پر مالی سال 22-2021 کے دوران اوگرا کی جانب سے مقرر کردہ یوایف جی 17.84 فیصد رہا۔ تاہم کمپنی نظر ثانی کی تحریک میں اوگرا کے طے شدہ اعداد و شمار کا مقابلہ کر رہی ہے اور اگر یہ کامیاب ہو جاتی ہے تو سوئی سدرن کا یوایف جی اعداد و شمار کم ہو کر 15.6 فیصد رہ جائے گا۔ قدرتی گیس کی کمی کے ساتھ مل کر اس صورتحال نے آپریشنل اخراجات میں خاطر خواہ اضافہ کیا اور ڈالر اور روپے کی برابری میں اضافے کی وجہ سے گیس کی قیمت (WACOG) میں اضافہ ہوا جس سے سال کے نقصانات میں مزید اضافہ ہوا۔ یہ چیلنجز کمپنی کے اختیار سے باہر تھے۔

بورڈ آف ڈائریکٹرز اور انتظامیہ نے یوایف جی کو روکنے کے لیے منصوبوں اور اقدامات پر غیر متزلزل عزم کو یقینی بنایا۔ انتھک کوششوں کے نتیجے میں، سوئی سدرن مسلسل تیسرے سال یعنی مالی سال 22-2021 میں یوایف جی میں کمی کے سلسلہ جاری رکھنے میں کامیاب رہا ہے جس میں کمپنی نے اوگرا کی جانب سے تفویض کردہ ' کی مانیٹرنگ انڈیکیٹرز (کے ایم آئی)' میں 96 فیصد کامیابی حاصل کی جبکہ اس کامیابی کی تصدیق تھرڈ پارٹی آڈٹنگ فرم کی جانب سے کی گئی ہے۔

. گیس کی قیمت میں حالیہ اضافہ موجودہ سال کی آمدنی کی ضروریات کو پورا کر سکتا ہے، مگر یہ بیلنس شیٹ میں جمع شدہ GDS کی بحالی میں مددگار نہیں ہوگی۔ یہ کمپنی کے آپریشنز اور اس کے سماجی اقتصادی ایجنڈ ادونوں کیلئے رکاوٹ ہے۔ قیمتوں میں نمایاں اضافے پر پرانے جمع شدہ GDS کی بازیافت کا امکان ہے جو نتیجے کے حصول کے لیے اہم ہے۔

قدرتی گیس کے ذخائر میں کمی کے تناظر میں ایس ایس جی سی کے آپریشنز کے استحکام کو یقینی بنانے کیلئے بورڈ نے انتظامیہ کو سخت اقدامات اٹھانے اور سرمایہ کاری اور شراکت کے اضافی مواقع تلاش کرنے کی ہدایت کی ہے۔

اپنے کاروباری میدان کو تنوع دینے کی خاطر، کمپنی اپنے ڈویژنز اور ذیلی اداروں، میٹر مینوفیکچرنگ پلانٹ، ایس ایس جی سی ایل پی جی (پرائیویٹ) لمیٹڈ اور ایس ایس جی سی آلٹرنیٹ انرجی (پرائیویٹ) لمیٹڈ کے ذریعے توانائی کے شعبہ کے مختلف پروجیکٹس کے امکانات کا مطالعہ کر رہی ہے۔ اس کی تفصیل درج ذیل ہے:

میٹر مینوفیکچرنگ پلانٹ (MMP)

ایس ایس جی سی ایک منفرد میٹر مینوفیکچرنگ پلانٹ (MMP) کی مالک ہے اور اسے چلا رہی ہے جو پورے جنوب مشرقی ایشیا میں واحد گھریلو گیس میٹر (G-1.6 اور G-4) تیار کرنے والا ادارہ ہے۔

ڈائریکٹرز کی رپورٹ

معزز شیئر ہولڈرز

سوئی سدرن کے بورڈ آف ڈائریکٹرز نے 68ویں سالانہ اجلاس عام کی رپورٹ، آڈٹ شدہ مالیاتی اسٹیٹمنٹس اور اس پر آڈٹ کی رپورٹ برائے سال مختتمہ 30 جون 2022 کی شیئر ہولڈرز کو ترسیل کی منظوری دے دی ہے۔

چار سال تک چیلنجز کا سامنا کرنے کے بعد مالی سال 21-2020 میں کمپنی کے مالیاتی اسٹیٹمنٹس میں 1.955 بلین روپے کا منافع دیکھنے میں آیا جس سے فی شیئر آمدنی 2.22 روپے حاصل ہوئی۔ تاہم مالی سال 22-2021 میں چیلنجز کے سبب 11.444 بلین روپے نقصان ہوا اور فی شیئر آمدنی منفی 12.99 روپے ہوئی۔ یہ نقصان ابتدائی طور پر اوگرا کی جانب سے تعین کردہ 23.4 بلین روپے UFG ڈس الاؤنس کے باعث ہوا۔

سوئی سدرن انتہائی منظّم ماحول میں کام کرتی ہے اور مالیاتی اسٹیٹمنٹس اوگرا کے حتمی آمدنی کی شرائط پر اوگرا کے فیصلے پر مبنی ہیں۔ مالی سال 21-2020 میں منافع کی بڑی وجوہات UFG میں 15.31% کمی تھی جبکہ مالی سال 20-2019 میں 17.25% کمی ہوئی تھی جس کے باعث 7.1 بلین روپے کے مثبت اثرات مرتب ہوئے اور مالیاتی لاگت جو مالی سال 20-2019 کے 7.2 بلین روپے کے مقابلے میں ہر سطح پر مستعدی کے ساتھ 4.6 بلین روپے پر منتظم کی گئی۔ اس کے علاوہ مالی سال 21-2020 کے دوران اوگرا نے کئی چھوٹے زیر التوا کلیمز کی اجازت دے دی تاہم اوگرا کے تعین کے مطابق ایک بھی بڑے کلیم پر کوئی کارروائی نہیں ہوئی جو فیڈرل کیبنٹ کی ای سی سی کی جانب سے کیس نمبر ECC-37/09/2018 پر مورخہ 11 مئی، 2018 کو دیئے گئے فیصلے کے ذریعے جاری کی گئی پالیسی گائیڈ لائن کے نفاذ سے متعلق تھا اور جس میں اوگرا کو ہدایت کی گئی تھی کہ غیر شمار شدہ گیس (UFG) کا تصفیہ والیوم ہینڈلڈ کی بنیادوں پر کیا جائے۔ UFG کی والیوم ہینڈلڈ کی بنیاد پر اوگرا کے فیصلے میں تاخیر کا گہرا اثر پڑا جس کے بارے میں حکومت کو اعلیٰ سطح کے پالیسی پلیٹ فارم بشمول ای سی سی، سی سی او آئی اور فیڈرل کیبنٹ کو آگاہ کر دیا گیا ہے۔ ان پالیسی ہدایات کے عدم نفاذ سے نہ صرف کمپنی کی مالی حیثیت پر گہرے نتائج مرتب ہوئے ہیں بلکہ یہ حکومت کے سماجی اقتصادی ایجنڈا اور کمپنی کی بہتری کیلئے نقصان دہ ہے۔ اوگرا سے FRR کی اپیل میں مجموعی RLNG والیوم ہینڈلنگ کا 70.2 بلین روپے کی مالیت کا دعویٰ کیا گیا ہے لیکن 30 جون 2022 تک اس کی اجازت نہیں دی گئی۔

SUI SOUTHERN GAS COMPANY LIMITED
68TH ANNUAL GENERAL MEETING

FORM OF PROXY

I / We,_________________________________of ____________________ being a member of **Sui Southern Gas Company Limited** and holder of _______________ Ordinary Share(s) vide Registered Folio/CDS Account #__________________hereby appoint Mr./Mrs./Miss. _______________ of holding CNIC # ___________________ or failing whom Mr./Mrs./Miss. ___________________ of holding CNIC #_________________ as my / our Proxy to attend and vote on my / our behalf at the 68th Annual General Meeting (AGM) of the Company to be held on **December 29, 2023 at 11:00 a.m.at Arena, Jade Hall, Karsaz service Road, Karachi** as well as through electronic mean / video link facility and /or any adjournment thereof.

Signed under my/our hand this ____________day of _______________, 2023.

Witness (1)	**Witness (2)**	
Name: _____________	Name: _____________	
Address:_____________	Address:_____________	
___________________	___________________	______________________
___________________	___________________	______________________
___________________	___________________	Signature of Member
CNIC #: _____________	CNIC #: _____________	

NOTES:

1. All members, entitled to attend and vote at the Annual General Meeting, are entitled to appoint another member in writing as their Proxy to attend and vote on their behalf. A legal entity, being a member, may appoint any person, regardless whether they are a member or not, as Proxy. In case of legal entities, a resolution of the Board of Directors / Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the legal entity, shall be submitted to the Company. The Proxy holders are required to produce their original CNIC or original Passport at the time of the meeting.
2. The Proxy instrument must be complete in all respects and, in order to be effective, should be deposited at the Registered Office of the Company but not later than 48 hours before the time of holding the meeting.

FOR CDC ACCOUNT HOLDERS / LEGAL ENTITIES:

In addition to the above, the following requirements have to be met:

i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the Proxy form as per the requirements mentioned below.
ii. The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
iii. Attested copies of CNIC or the Passport of the beneficial owners and of the Proxy shall be furnished with the Proxy form.
iv. The Proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
v. In case of a legal entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with Proxy form to the Company.

سوئی سدرن گیس کمپنی لمیٹڈ

68 واں سالانہ اجلاس عام

پراکسی فارم

میں / ہم ____________ کے رکن ____________ رکن سوئی سدرن گیس کمپنی لمیٹڈ اور حامل

____________ عام شئیرز ہذا رجسٹرڈ فولیو/سی ڈی سی اکاؤنٹ نمبر ____________ جناب / محترمہ

____________ کے ____________ قومی شناختی کارڈ نمبر ____________ یا عدم دستیابی جناب

محترم/محترمہ ____________ کے ____________ شناختی کارڈ نمبر

____________ میری / ہماری نمائندہ (پراکسی) کے طور پر شرکت اور رائے دہی میری جانب سے حاصل استحقاق پر کمپنی کے 68 ویں سالانہ اجلاس

عام (اے جی ایم) منعقدہ 29 دسمبر، 2023 بوقت صبح 11 بجے بمقام ایرینا، جیڈ ہال، کارساز سروس روڈ، کراچی۔ اس کے ساتھ ساتھ الیکٹرانک ذرائع/ویڈیو لنک کی سہولت اور/یا اس میں کوئی بھی التوا۔

میرے دستخط/میری جانب سے ____________ مورخہ ____________ 2023

گواہ (1)	گواہ (2)	
نام: ____________	نام: ____________	____________
پتہ: ____________	پتہ: ____________	____________
____________	____________	میمبر کے دستخط
قومی شناختی کارڈ نمبر: ____________	قومی شناختی کارڈ نمبر: ____________	

نوٹ:

1. تمام ارکان، جو سالانہ جنرل اجلاس میں شرکت اور ووٹ دینے کے حقدار ہیں، تحریری طور پر کسی دوسرے رکن کو اپنے پراکسی کے طور پر مقرر کرنے کے مجاز ہیں جو ان کی طرف سے شرکت اور ووٹ دے سکتے ہیں۔ ایک قانونی ادارہ، رکن ہونے کے ناطے، کسی بھی شخص کو پراکسی کے طور پر مقرر کر سکتا ہے، قطع نظر اس کے کہ وہ رکن ہیں یا نہیں۔ قانونی اداروں کے معاملے میں، بورڈ آف ڈائریکٹرز/پاور آف اٹارنی کی ایک قرارداد جس میں قانونی ادارے کی نمائندگی اور ووٹ دینے کے لئے نامزد شخص کے نمونے کے دستخط ہوں، کمپنی کو پیش کی جائے۔ پراکسی ہولڈرز کو اجلاس کے وقت اپنا اصل شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
2. پراکسی آلہ ہر لحاظ سے مکمل ہونا چاہئے اور، موثر ہونے کے لئے میٹنگ کے انعقاد کے وقت سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں جمع ہونا ضروری ہے۔

سی ڈی سی اکاؤنٹ ہولڈرز/قانونی اداروں کے لئے:

مندرجہ بالا کے علاوہ، مندرجہ ذیل ضروریات کو پورا کرنا ہوگا:

i. افراد کے معاملے میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، ذیل میں بیان کردہ ضروریات کے مطابق پراکسی فارم جمع کرائیں گے۔
ii. پراکسی فارم میں دو (2) افراد کی گواہی موجود ہو جن کے نام، پتے اور شناختی کارڈ نمبر فارم پر درج ہوں گے۔
iii. فائدہ اٹھانے والے مالکان اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ پیش کی جائیں گی۔
iv. پراکسی اجلاس کے وقت اپنا اصل شناختی کارڈ یا اصل پاسپورٹ پیش کرے گا۔
v. کسی قانونی ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی نمونے کے دستخط کے ساتھ کمپنی کو پراکسی فارم کے ساتھ پیش کیا جائے گا (اگر پہلے فراہم نہ کیا گیا ہو)۔

Sui Southern Gas Company Limited

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