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

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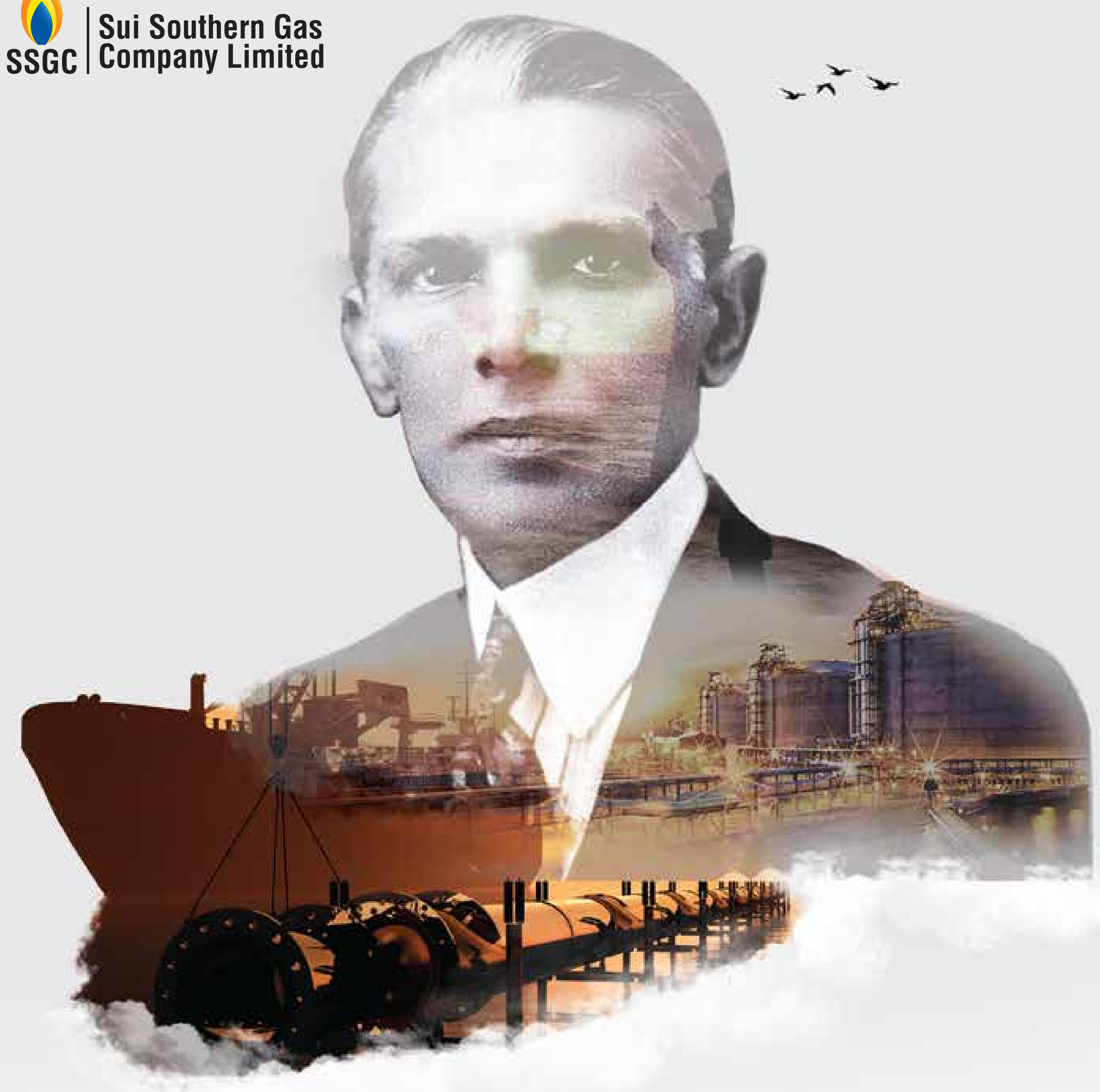
SSGC

TAKING INSPIRATION ..... MOVING FORWARD

63rd ANNUAL REPORT 2017

SSGC | Sui Southern Gas Company Limited



TAKING INSPIRATION FROM HISTORY AND MOVING FORWARD

ANNUAL REPORT 2017

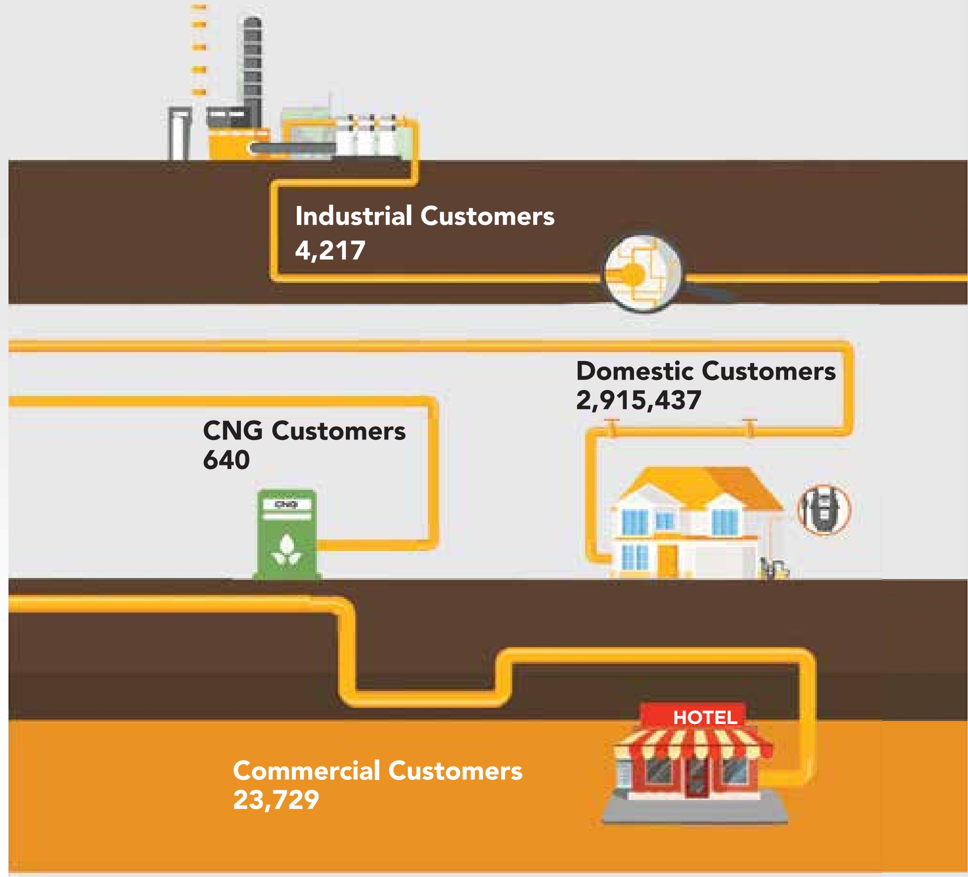
SSGC at a Glance

ABOUT SSGC

SSGC is a semi-autonomous utility company, engaged in the transmission and distribution of natural gas to 2.9 million domestic, commercial and industrial customers spread over in its franchise provinces of Sindh and Balochistan.

THE INFRASTRUCTURE:

- Transmission Network .... 3,973 kms
- Distribution Network .... 45,521 kms
- Fields from which SSGC purchases gas .... 24 fields
- Gas Supply Sources .... Indus right bank - 365 mmcfd
  .... Indus left bank - 830 mmcfd
- Towns and villages having access to gas 4,048

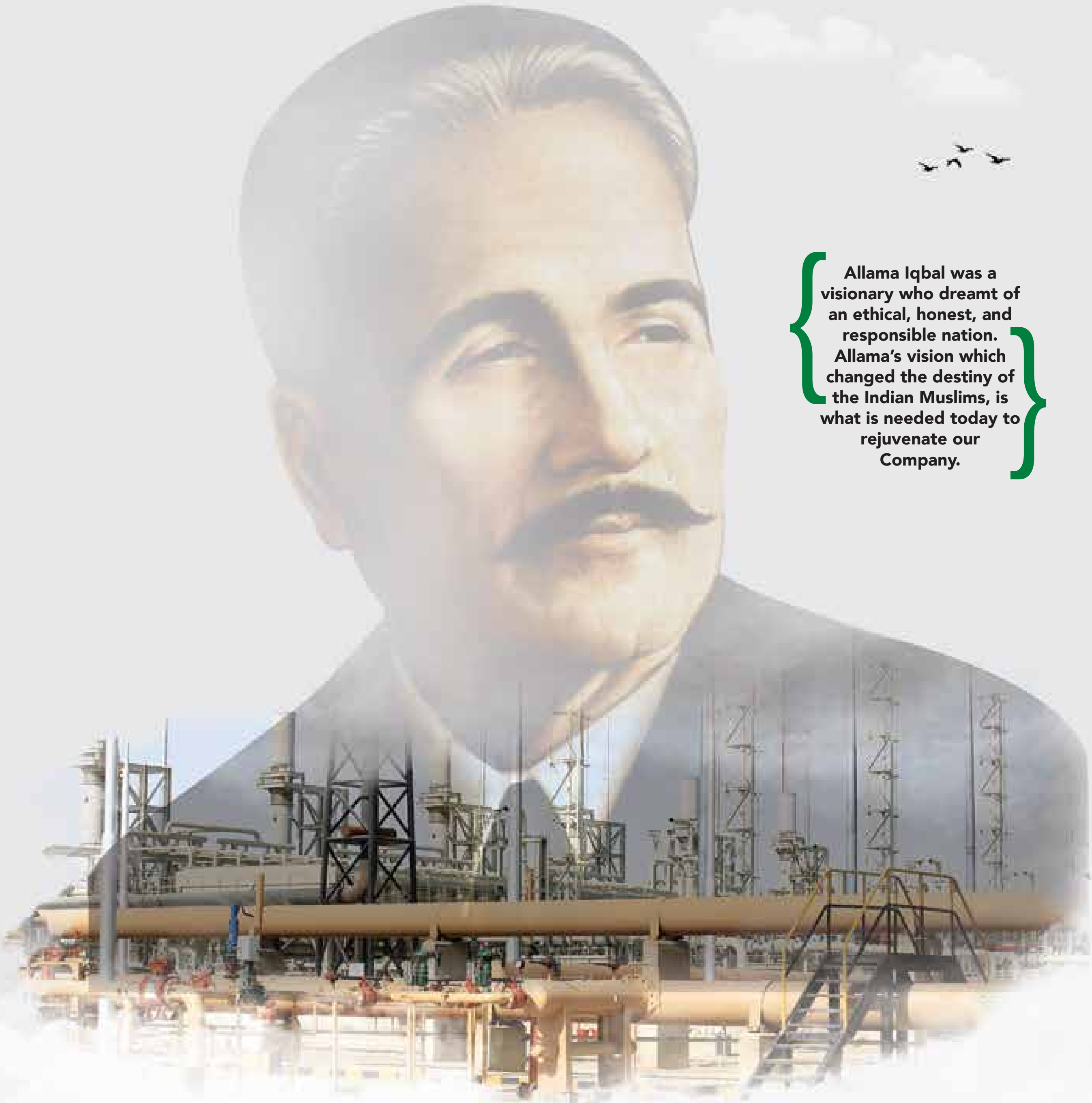


About the COVER

Our founding fathers led by Quaid-e-Azam Mohammad Ali Jinnah envisaged a strong and prosperous country that would be guided by rule of law and good governance. SSGC is hugely inspired by Quaid's vision and strives to strengthen its culture of good governance, discipline and integrity in the ranks for meeting organizational objectives. SSGC faces a myriad of challenges but the truth is that the challenges Quaid-e-Azam and other freedom movement leaders were confronted with in their struggle for a separate homeland, were far huge as compared to the issues that beset our Company today. This financial year's Annual Report fittingly pays tribute to Quaid-e-Azam and other founding fathers who truly believed that the success of any nation rests, among other things, on good governance and accountability. Many of us have our offices adorned with the portrait of Quaid-e-Azam. As we set solid grounds for growth, we will do well to continue to look towards the Quaid and his companions for inspiration and motivation.

RELOAD INTO THE FUTURE

2016-17 marked a turnaround for the Company's fortunes. The next fiscal year promises an exciting ride once again. Buoyed by encouraging numbers, the Company remains determined to drive into even better times.



Allama Iqbal was a visionary who dreamt of an ethical, honest, and responsible nation. Allama's vision which changed the destiny of the Indian Muslims, is what is needed today to rejuvenate our Company.

VISION

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

MISSION

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

COMPANY INFORMATION

BOARD OF DIRECTORS

AS ON JUNE 30, 2017

- **Mr. Miftah Ismail**
  Chairman (Non-Executive Director)
- **Mr. Khalid Rahman**
  (Managing Director/CEO) *
- **Mirza Mahmood Ahmad**
  (Non-Executive Director)
- **Mr. Furqan Bahadur Khan**
  (Non-Executive Director)
- **Qazi Mohammad Saleem Siddiqui**
  (Non-Executive Director)
- **Agha Sher Shah**
  (Independent, Non-Executive Director)
- **Nawabzada Riaz Nosherwani**
  (Independent, Non-Executive Director)
- **Sardar Rizwan Kehar**
  (Independent, Non-Executive Director)
- **Mr. Muhammad Riaz Khan**
  (Independent, Non-Executive Director)
- **Mr. Azher Ali Choudhry**
  (Non-Executive Director)
- **Mr. Abdul Ghufran**
  (Non-Executive Director)
- **Syed Ghazanfar Abbas Jilani**
  (Non-Executive Director)

Acting Managing Director
Mr. Muhammad Amin Rajput*

Company Secretary
Mr. Shoaib Ahmed

Auditors
M/s. Deloitte Yousuf Adil
Chartered Accountants

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

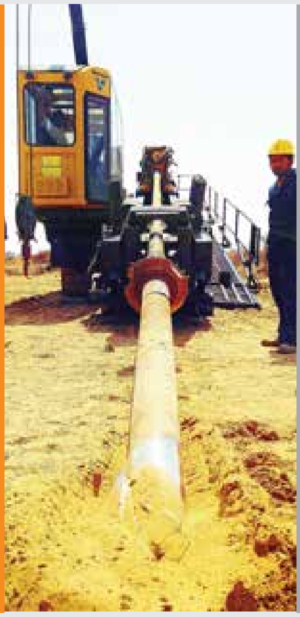
Contact Details
Ph: 92-21-9902-1000
Fax: 92-21-9923-1702
Email: info@ssgc.com.pk
Web: www.ssgc.com.pk
ssgc.official | ssgc_official

Shares Registrar
Central Depository Company of Pakistan,
CDC House, 99-B, Block B, SMCHS,
Main Shahrah-e-Faisal, Karachi
Ph: 021-111-111-500 **Fax:** 021-34326034

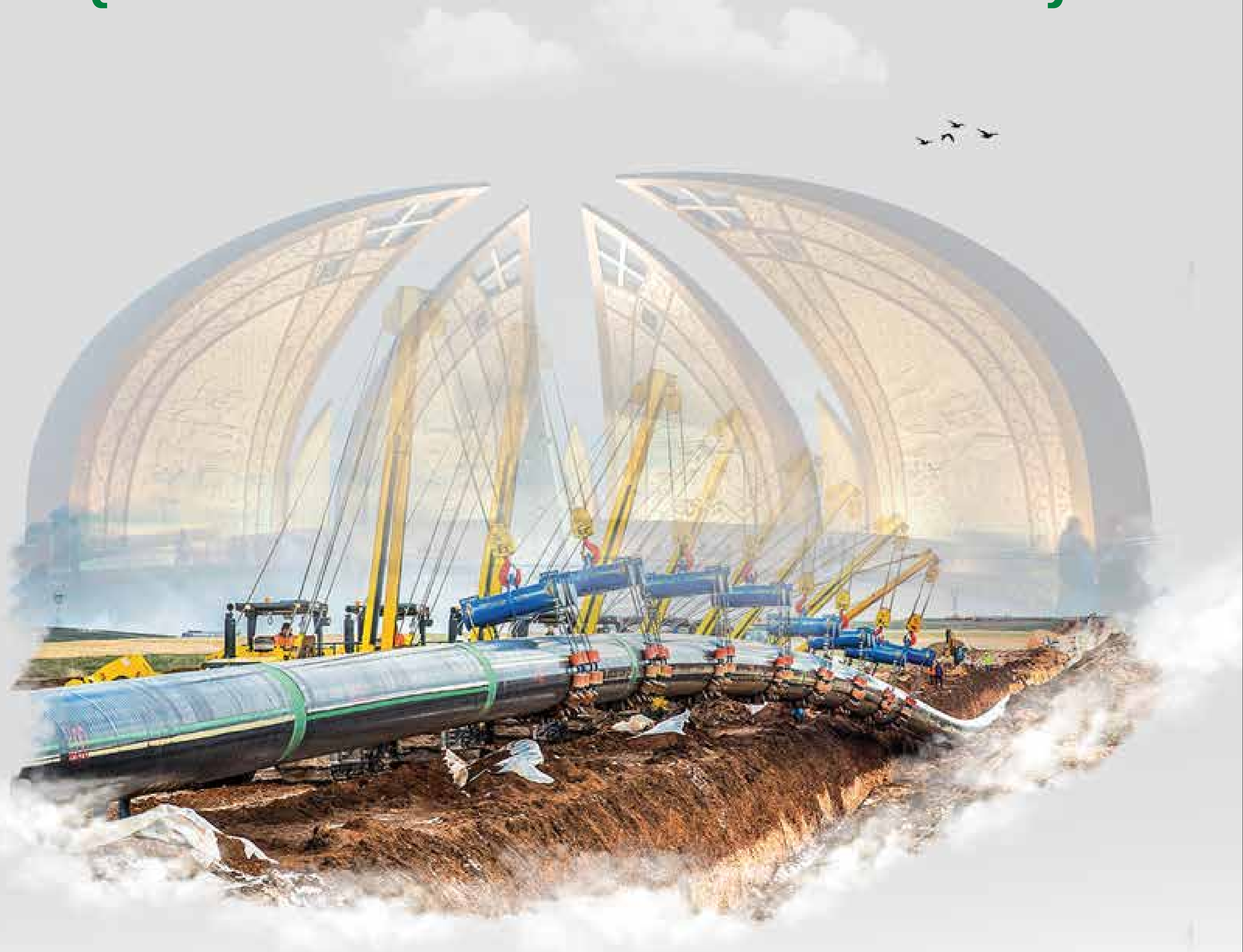
Legal Advisor
M/s Orr, Dignam & Co.
Advocates

*Mr. Muhammad Amin Rajput was appointed as Acting Managing Director/CEO by the Ministry of Energy (then Ministry of Petroleum and Natural Resources), in the absence of Mr. Khalid Rahman who was assigned the task of Gas Sector Reforms as a Team Leader. The arrangement was also endorsed by the Board.

CONTENTS



The National Monument, one of Islamabad's major public places, was constructed to signify integrity, unity and dedication. The Company's core values that underlie our tasks, how we interact with each other, and which strategies we employ to fulfill our objectives, are similar to the values this national icon portrays.



CORE VALUES

- Integrity
- Excellence
- Teamwork
- Transparency
- Creativity
- Responsibility to Stakeholders

STRIVING FOR EXCELLENCE

By the overriding force of his indomitable will, Quaid-e-Azam carved out a country for us. The traits that the Quaid possessed made him a true statesman and a leader. It is not just enough to adore the great man. The Company's focus should be on becoming bigger and better than ever and to continue to strive for excellence as it has for the past 64 years.

Our people are our pride and as a progressive natural gas utility, SSGC believes in building strong and engaged leaders. We are continously striving to build a culture of competence, professionalism, a sense of ownership and, of course, an extraordinary approach into our work ethics, all of which can help overcome a myriad of challenges the Company is confronted with today.

MAXIMIZING POTENTIAL

The Minar-e-Pakistan located in Lahore was commissioned in 1968 on the site where the All-India Muslim League passed the Lahore Resolution on March 23, 1940. The resolution eventually helped in the emergence of an independent state in 1947. Today, the need of the hour for the Company is not just to make a strong resolve to overcome hurdles, but to firmly act on them.

Our diverse operations offer a multitude of opportunities for people to grow and our commitment to developing talent helps them maximize their potential. Our objective is to become bigger and better than ever, and to continue to touch lives as we have, for the past sixty four years.

ACHIEVING ENGINEERING FEATS

With its trained manpower and state-of-the-art machineries and equipment, the Company focuses itself on commissioning transmission and distribution projects that can be compared with the best in the world. A lot of planning, organizing and attention-to-detail goes into executing a project, much like our national icon, the Shah Faisal Masjid in the capital city of Islamabad.

The widening demand-supply gap in natural gas is a major concern for the Company since it directly impacts the consumption needs of its customers. To reverse the situation, the Company has successfully ventured into alternate resoures to augment its supplies. This alternate thinking is helping us rise above emerging business challenges.

BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS
AS ON JUNE 30, 2017

Mr. Miftah Ismail
Chairman

Mr. Khalid Rahman
Managing Director*

Sardar Rizwan Kehar
Director

Mr. Muhammad Riaz Khan
Director

Nawabzada Riaz Nosherwani
Director

Agha Sher Shah
Director

Mirza Mahmood Ahmad
Director

Mr. Furqan Bahadur Khan
Director

Qazi Mohammad Saleem Siddiqui
Director

Syed Ghazanfar Abbas Jilani
Director

Mr. Abdul Ghufran
Director

Mr. Azher Ali Choudhry
Director

Mr. Muhammad Amin Rajput
Acting Managing Director*

*Mr. Muhammad Amin Rajput was appointed as Acting Managing Director/CEO by the Ministry of Energy (then Ministry of Petroleum and Natural Resources), in the absence of Mr. Khalid Rahman who was assigned the task of Gas Sector Reforms as a team leader. The arrangement was also endorsed by the Board.

BOARD OF DIRECTORS IN SESSION

SSGC's Board of Directors' meeting in session at the Head Office, Karachi.

> **"I do not believe in taking the right decision. I take a decision and make it right."**
>
> \- Quaid-e-Azam Muhammad Ali Jinnah

PRESENT
BOARD OF DIRECTORS

Lieutenant-General Javed Zia (Retd.)
Chairman

Lt. General Javed Zia (R) took over as Chairman of SSGC in November 2017. He served in the Pakistan Army for 40 years. His illustrious career culminated into his elevation as Commander Southern Command in 2010-11. Prior to that, he served as Director General of Pakistan Rangers, Sindh and Deputy Chief of General Staff. He was designated as the Adjutant General of Pakistan Army in 2008. He has been Chairman Askari Bank, Chairman Army Welfare Trust, Senior Executive Member of the DHA Pakistan Governing Body, Executive Head of DHA Islamabad and member of Policy Formulation Board of Fauji Foundation's Committee of Administration. He served as Pakistan's Ambassador to Libya from 2014 to 2016. The evacuation of approximately 8,000 Pakistanis from Libya to Pakistan stands out as one of his notable contributions during that period. He has also served as United Nations (UN) peace keeper at Somalia in 1993-94 and has participated in seminars held under the auspices of the United Nations to include seminars held at Tokyo in 2001, and at New York in 2016. The Chairman holds a Master's degres in Political Science and in Strategic Studies. He is a graduate of Command and Staff College Quetta, US Army Infantry School and National Defence University, Islamabad. He assumed his additional responsibilities as a member of the Board of Governors of Pakistan Cricket Board in August 2018. The Chairman is a recipient of Hilal-e-Imtiaz (Military) and UN Service Medal (Bar).

Mr. Muhammad Amin Rajput
Acting Managing Director*

Mr. Muhammad Amin Rajput was appointed as Acting Managing Director SSGC with effect from June 2016. He took the Company's helm of affairs after MD its Mr. Khalid Rahman was given a new responsibility of heading the Government of Pakistan's Gas Sector Reforms Project. A Chartered Accountant by profession from the Institute of Chartered Accountants of Pakistan (ICAP), Mr. Rajput did his Chartered Accountancy from KPMG Pakistan Office. He was SSGC's Chief Financial Officer prior to becoming the Company's Acting MD. He joined SSGC in March 2012 as its Chief Internal Auditor. Prior to that, Mr. Rajput worked as Chief Internal Auditor with K-Electric from 2008 to 2012. He was also Group Director, Internal Audit with the Dewan Mushtaq Group in 2007-08. Mr. Rajput has also worked for Zahid Tractors, Saudi Arabia as its Dealer (of Caterpillar and Volvo) in various capacities in its Audit and Finance Departments. He is a Certified Internal Auditor from the Institute of Internal Auditors (IIA) and has a 6-Sigma Black Belt certification from Caterpillar University.

*The contract of Mr. Khalid Rahman concluded on January 4, 2018 and the Board maintained the arrangement made by the Ministry of Energy (then Ministry of Petroleum and Natural Resources), in the absence of Mr. Rahman, till the time a regular MD/CEO is appointed.

Mirza Mahmood Ahmad
Director

Mirza Mahmood Ahmad is an established Advocate of the Supreme Court and a partner at the prestigious law firm Minto and Mirza, Advocates and Solicitors. His professional career as a lawyer spans over 29 years in which he has provided invaluable services to the fields of corporate, constitutional, regulatory and banking laws. He has been involved with some of the most challenging litigations in these areas, having represented several companies and firms before different regulatory authorities including Securities and Exchange Commission of Pakistan, the Oil and Gas Regulatory Authority and the Karachi Stock Exchange. Mr. Ahmad has several publications/consultancies and research papers to his name, including "Harmonizing the Code of Corporate Governance with other Laws/Regulations in Pakistan", a UNDP-funded research study of SECP. Mr. Ahmad also serves on the board of SNGPL as the Chairman of the Finance Committee. He is also the Chairman of the Audit Committee of Pakistan Engineering Company. Mr. Ahmad has also served on the Board of Directors of MCB-Arif Habib Investments Ltd. He is also a member of the Supreme Court Bar Association as well as the Punjab Bar Council. Mr. Ahmad has an LLM from the University of Cambridge. He has been a lecturer at Quaid-e-Azam Law College since 1996 and regularly conducts lectures at the Executive Development Centre at LUMS as well as serving as the Director of Training Sessions conducted by the Institute of Chartered Accountants Pakistan.

Sardar Rizwan Kehar
Director

Sardar Rizwan Kehar has over 36 years of experience in Pakistan and the USA in various fields including Hi-Tech, International Banking, Finance, Management, Agriculture and Consulting. Mr. Kehar holds a Bachelor's Degree in Engineering and a Masters' Degree in Management Systems and Finance. He is also an MBA in Marketing. Mr. Kehar's distinguished career is marked by various responsible positions in private and public limited companies.

Mr. Muhammad Riaz Khan

Director

Mr. Muhammad Riaz Khan has served as Managing Director/CEO of Oil and Gas Development Company Limited, Pakistan's premier oil and gas Company. He has graduated from UET, Lahore in Petroleum and Gas Engineering. He has over 30 years of diversified experience in the oil and gas E and P sector, especially in leadership/managerial skills, petroleum engineering, production, joint ventures and HRM. He has supervised the execution of several critical oil and gas field development projects. Mr. Khan has attended extensive advance courses on Management, Production, Project Development and Petroleum Economics in USA, Canada and Oxford, UK. He has also attended conferences and seminars, inland and overseas. He is a certified Director from EDC (University of Lahore). Currently, he is the Director on KPOGCL, SSGC and SSGC (LPG) Boards. He remained the Director on the Boards of PERAC and Mari Petroleum Company Limited and has also served as Director on the Board of Pirkoh Gas Company Limited. He has authored/co-authored and presented several papers. He is an active member of Pakistan Engineering Council (PEC) and the Society of Petroleum Engineers (USA).

Mr. Azher Ali Choudhry

Director

Mr. Azher Ali Choudhry received his initial education from Divisional Public School Faisalabad, PAF College Sargodha and Government College Faisalabad. He graduated from University of Agriculture, Faisalabad in 1981 and joined Central Superior Services in 1984 as an officer of Commerce and Trade Group. He holds a post-graduate diploma in designing computer applications and is a certified Microsoft Professional. Mr. Choudhry had training in "Export Strategy" and in "Exporting to European Union" from International Trade Center (ITC) Geneva and CBI, the Netherlands. Currently, he is Secretary to Government of Pakistan for Industries and Production. His previous posting was as Secretary, Board of Investment, Capital Administration and Development Division and Textile Industry Division. He had also been Pakistan's Commercial Counselor to Italy for four years.

Qazi Mohammad Saleem Siddiqui

Director

Engr. Qazi Mohammad Saleem Siddiqui graduated from Mehran University of Engineering and Technology, Jamshoro with a degree in Mechanical Engineering. He also holds certificates in International Petroleum Management from Canadian Petroleum Institute, Canada, Negotiating Upstream Oil and Gas Contracts from CWC School for Energy Studies, London and Inspirational Leadership and Creativity from London Management Centre, London. He was associated with the sugar industry for about five years before joining government service in November 1990. Since then, he has held various positions in the Ministry of Petroleum and Natural Resources, including Assistant Director (LPG), Deputy Director (Concessions), Director (Technical), Director General (Gas), Director General (Special Projects/Administration) leading to his current post as Director General (Petroleum Concessions). He has a vast experience of over 33 years of the Exploration and Production industry as well as the downstream sector in Pakistan. He has attended many courses/seminars/trainings abroad as well as locally. He has played a significant role in the formulation of Petroleum Policy 2007, Petroleum Policy 2009 and Petroleum Policy 2012 and Petroleum Exploration and Production Rules 2013. Mr. Siddiqui is also Director on the Boards of Sui Northern Gas Pipelines Limited (SNGPL) and Pakistan State Oil (PSO). He has also served as Director on the Boards of Pakistan Petroleum Limited, Mari Petroleum Company Limited and Hydrocarbon Development Institute of Pakistan. He is also a member of the Board of Governors of SAARC representing Pakistan. While representing Pakistan as Governing Board member, he was elected as Chairperson of Governing Board of SAARC Energy Centre during its 11th meeting held on September 27-28, 2016 and remained Chairperson till November 19, 2018.

Nawabzada Riaz Nosherwani

Director

A scion of Balochistan's eminent Nosherwani family, Nawabzada Riaz Nosherwani specializes in the field of minerals and natural resources. He is the owner of Charkohan Mining in Quetta and Royal Minerals Corporation and KSN Associates in Karachi. Mr. Nosherwani has a Bachelor's in Arts from the University of Balochistan and a Master's in International Relations, and is the CEO of Balochistan Welfare Agency.

Dr. Ahmed Mujtaba Memon

Director

Dr. Ahmed Mujtaba Memon brings with him a rich professional and academic background. Presently, he is working as Additional Finance Secretary (CF/HR) in the Finance Division since March, 2018. Besides being the Director in SSGC's Board, he is a member on the Boards of NESPAK, IESCO and K-Electric. Before his posting in the Finance Division, he was serving as Director General Input Output Co-efficient Organization, FBR at Karachi. Dr. Memon joined Pakistan Customs and Excise Group (currently Pakistan Customs Service) in November 1987 and has worked in various capacities in Central Excise, Sales Tax, Valuation, Adjudication and Customs functional areas. He has also worked on Asian Development Bank's 'Trade, Export Promotion and Industrialization (TEPI) Loan Project' as Secretary TEPI in FBR. His educational qualifications include MBBS, MA (Economics) and MBA Finance.

Mr. Sher Afgan Khan

Director

Mr. Sher Afgan Khan got his preliminary education, culminating in Senior Cambridge, from Aitchison College, Lahore. After completing his High School Diploma from Lahore American School, he graduated from University of Santa Clara, California, USA with a BSc degree. He joined the Civil Services of Pakistan in PAS/DMG Group in 1989. After the completion of his training, he worked in various districts as Assistant Commissioner, Executive District Officer and District Coordination Officer and in the Secretariat as Deputy Secretary and Additional Secretary in the Departments of Housing, Irrigation and Environment. He also served as Faculty/Instructor in Civil Services Academy (DMG Campus) and National School of Public Policy. Prior to joining Petroleum Division in April 2018, he worked as Additional Secretary, Ministry of Interior. Currently he is serving as the Additional Secretary, Ministry of Energy, Petroleum Division and is the Director on the Boards of Pakistan LNG Terminal Limited (PLTL), Pak Arab Refinery Limited (PARCO) and Sui Northern Gas Pipeline Limited (SNGPL).

Mr. Manzoor Ali Shaikh

Director

Mr. Manzoor Ali Shaikh, an officer of Pakistan Administrative Service Federal Government in BS20 is presently posted as Executive Director, State Life Insurance Corporation of Pakistan. Prior to his posting in SLIC, he served with the Federal and Provincial Government of Sindh in various positions. His last assignment was as Secretary to the Government of Sindh for the Labor and Human Resources Department. He has also served as Secretary Forests and Wildlife Department. He has also worked as Director General, Trade Development Authority of Pakistan, Executive Director, Trading Corporation of Pakistan, and Divisional Commissioner Sukkur Division. Manzoor Ali Shaikh joined the Civil Services in 1994 and has vast professional experience in Senior Management positions in diversified fields such as Public Sector Management, Administration, Trade and Commerce, Planning and Development, Poverty Alleviation and Crisis Management. He has attended professional training courses and workshops including those conducted by the Pakistan Institute of Corporate Governance (PICG) on Governance of Risk and Human Resource and Remuneration Committee. Mr. Manzoor Ali Shaikh has a professional degree in Civil Engineering, and has attained a Bachelor's Degree in Economics.

Directors of SSGC Board seen here during one of the meetings held during the period under review.

"Do not beg for light from the moon. Obtain it from the spark within you."

- Dr. Allama Muhammad Iqbal

BOARD OF DIRECTORS

Standing (L to R):
Qazi M. Saleem Siddiqui
Mr. Sher Afgan Khan
Mr. Azher Ali Choudhry
Dr. Ahmed Mujtaba Memon

Sitting (L to R):
Mirza Mahmood Ahmad
Lt. General Javed Zia (Retd.)
-Chairman

About the Backdrop:
The Pakistan Monument is a national landmark and heritage museum located in Islamabad.

Standing (L to R):
Mr. Manzoor Ali Shaikh
Nawabzada Riaz Nosherwani
Shoaib Ahmed - Company Secretary
Mr. M. Riaz Khan

Sitting (L to R):
Mr. M. Amin Rajput
Sardar Rizwan Kehar

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Left to Right:
Mirza Mahmood Ahmad
Mr. M. Amin Rajput
Mr. Azher Ali Choudhry
Lt. General Javed Zia (Retd.) - Chairman

About the background image:
Built in 1887, the Karachi Port Trust oversees operations of the city's port.

Left to Right:
Nawabzada Riaz Nosherwani
Sardar Rizwan Kehar
Mr. Sher Afgan Khan

Left to Right :
Mirza Mahmood Ahmad - Chairman
Mr. Manzoor Ali Shaikh
Mr. Azher Ali Choudhry

FINANCE AND PROCUREMENT COMMITTEE

About the background image:
State Bank of Pakistan is the country's central bank inaugurated by Quaid-e-Azam in July 1948.

Left to Right :
Qazi M. Saleem Siddiqui
Mr. M. Amin Rajput
Dr. Ahmed Mujtaba Memon

AUDIT COMMITTEE

Left to Right :
Mr. M. Riaz Khan
Qazi M. Saleem Siddiqui
Sardar Rizwan Kehar - Chairman
Dr. Ahmed Mujtaba Memon
Mr. M. Saleem - CIA

RISK MANAGEMENT AND LITIGATION COMMITTEE

Left to Right :
Mirza Mahmood Ahmad
Mr. Manzoor Ali Shaikh
Mr. M. Amin Rajput
Mr. M. Riaz Khan - Chairman
Nawabzada Riaz Nosherwani

About the background image:
A view of Pakistan Stock Exchange. The three exchanges of Pakistan merged their operations in January 2016 under the new name, Pakistan Stock Exchange Ltd.

SPECIAL COMMITTEE OF DIRECTORS ON UFG

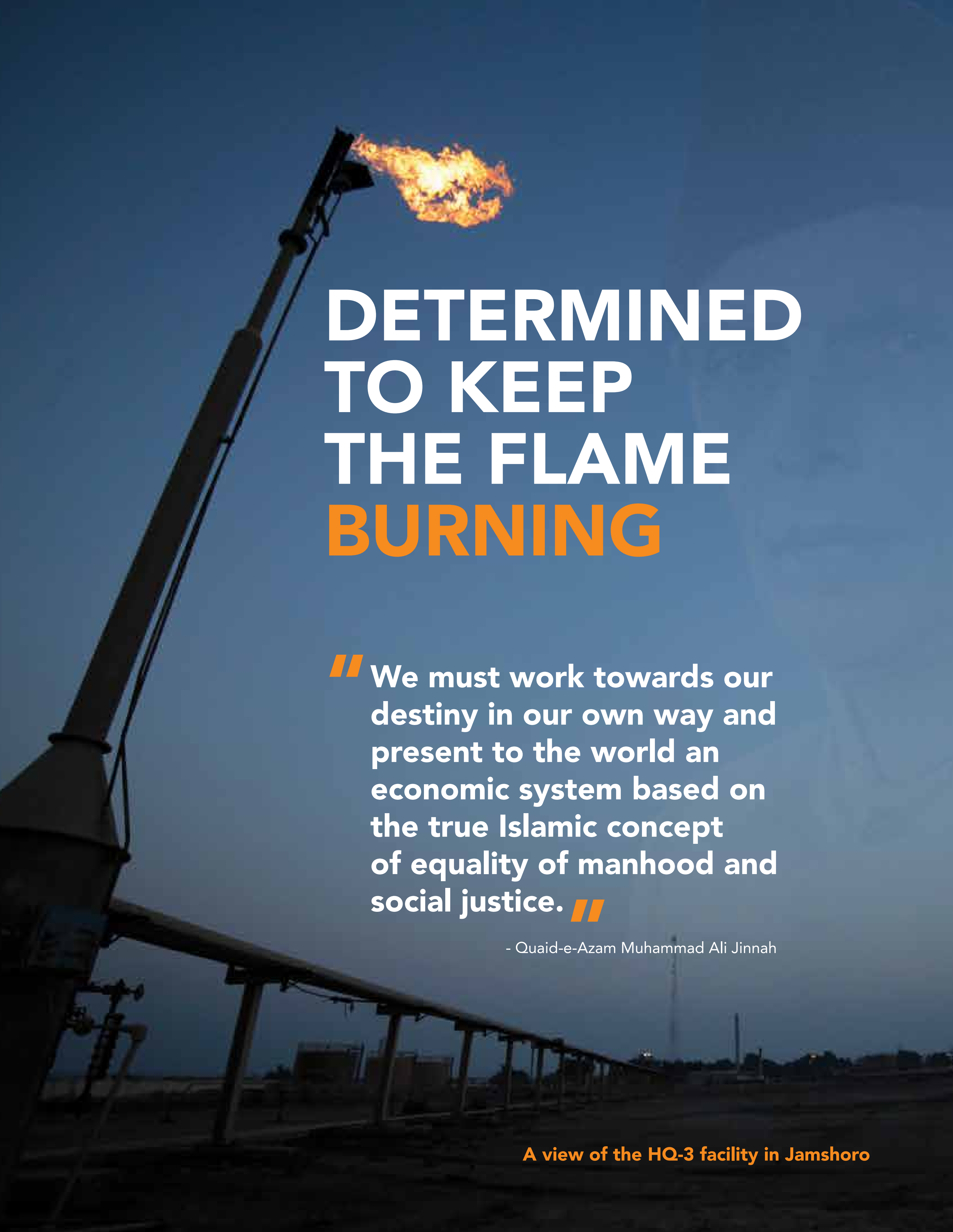
Left to Right :
Mirza Mahmood Ahmad
Mr. Sher Afgan Khan
Lt. General Javed Zia (Retd.)
Qazi M. Saleem Siddiqui

About the background image:
The Mohatta Palace is a museum built in Karachi in 1927. It was the residence of Fatima Jinnah, the sister of the Quaid-e-Azam.

Left to Right :
Mr. M. Amin Rajput
Sardar Rizwan Kehar - Chairman
Nawabzada Riaz Nosherwani
Mr. M. Riaz Khan

NOMINATION COMMITTEE

Left to Right :
Mr. Manzoor Ali Shaikh
Lt. General Javed Zia (Retd.) - Chairman
Sardar Rizwan Kehar



DETERMINED TO KEEP THE FLAME BURNING

"We must work towards our destiny in our own way and present to the world an economic system based on the true Islamic concept of equality of manhood and social justice."

- Quaid-e-Azam Muhammad Ali Jinnah

A view of the HQ-3 facility in Jamshoro

COMMITTEES OF THE BOARD

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

Board Human Resource and Remuneration Committee

The Board HR and Remuneration Committee is composed of the following:

- Lt. General Javed Zia (Retd.) — Chairman
- Mr. Muhammad Amin Rajput* — Acting Managing Director
- Sardar Rizwan Kehar — Member
- Mr. Azher Ali Choudhry — Member
- Mr. Sher Afgan Khan — Member
- Nawabzada Riaz Nosherwani — Member
- Mirza Mahmood Ahmad — Member

*Mr. Muhammad Amin Rajput was appointed as Acting Managing Director/CEO by the Board on conclusion of the contract of Mr. Khalid Rahman on January 4, 2018.

The Terms of Reference of Board HR and Remuneration Committee include the following:

- To study and evaluate all HR-related issues presented by the Management and formulate concise recommendations for the Board.
- To review the performance of the Acting Managing Director on an annual basis and recommend increment thereof.
- To review and endorse the performance/potential assessment of SGMs and GMs.
- To review and endorse promotion/demotion and other significant matters pertaining to the assignments of executives in Grades VIII and IX.
- To review the recruitment policies and procedures, and recommend the hiring of executives in Grades VIII and IX.
- To review and endorse the HR plan including, but not limited to, executive training, development, career planning, potential assessment and succession planning.

Board Finance and Procurement Committee

The Board Finance and Procurement Committee is composed of the following:

- Mirza Mahmood Ahmad — Chairman
- Mr. Muhammad Amin Rajput* — Acting Managing Director
- Dr. Ahmed Mujtaba Memon — Member
- Qazi Mohammad Saleem Siddiqui — Member
- Mr. Azher Ali Choudhry — Member
- Mr. Manzoor Ali Shaikh — Member

*Mr. Muhammad Amin Rajput was appointed as Acting Managing Director/CEO by the Board on conclusion of the contract of Mr. Khalid Rahman on January 4, 2018.

The Board Finance and Procurement Committee reviews, provides feedback and takes constructive action in the following areas:

- Corporate objectives and strategies developed by the Management,
- Annual revenue and capital budgets,
- Additional capital expenditure plans,
- Authority limits and approval policies of the Management,
- Borrowing or financial arrangements,
- Procurement Policies and,
- Procurement of materials and services exceeding the authority limits of the Management.

Board Audit Committee

The Board Audit Committee is composed of the following:

• Sardar Rizwan Kehar	Chairman
• Mr. Muhammad Riaz Khan	Member
• Qazi Mohammad Saleem Siddiqui	Member
• Dr. Ahmed Mujtaba Memon	Member

The Board Audit Committee performs the following functions:

- Ensures independence of external auditors; reviews the extent of non-audit work undertaken and the fees involved,
- Reviews quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board of Directors with focus on:
  - Major departmental issues,
  - 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 and other statutory and regulatory authorities,
  - Compliance with Management control standards and company policies including ethics, and policy for good corporate governance; and,
  - Director's Report and any other published information to ensure that it is consistent with the financial statements.
- Facilitates the external audit and discusses with the external auditors major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of the Management, where necessary),
- Reviews Management's letter issued by external auditors and management's response thereto,
- Ensures coordination between the internal and external auditors of the Company to avoid duplication or incomplete coverage as far as possible,
- Ascertains that the internal control systems including financial and operational controls, accounting system and reporting structure are adequate and effective, including risk management and security, and meets or exceeds standards for professional practice,
- Ensures continuing suitability of the organizational structure at all levels,
- Determines appropriate measures to safeguard the Company's assets and their performance, including post facto review of major investment projects and programs,

- Reviews the exposure of the Company to risk and any matters that might have a material effect on the Company's fiscal position,
- Reviews the Company's statement on internal control systems prior to endorsement by the Board of Directors,
- Institutes special projects, value for money studies or other investigations on any matter on its own initiative, or if so directed by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any external body,
- Determines compliance with the relevant statutory requirements,
- Monitors compliance with the best practices of corporate governance and identification of significant violations; and
- Considers any other issue or matter on its own or as may be assigned by the Board of Directors.

Board Risk Management and Litigation Committee

The Board Risk Management and Litigation Committee is composed of the following:

- Mr. Muhammad Riaz Khan — Chairman
- Mr. Muhammad Amin Rajput* — Acting Managing Director
- Mirza Mahmood Ahmad — Member
- Mr. Manzoor Ali Shaikh — Member
- Nawabzada Riaz Nosherwani — Member

*Mr. Muhammad Amin Rajput was appointed as Acting Managing Director/CEO by the Board on conclusion of the contract of Mr. Khalid Rahman on January 4, 2018.

The Board Risk Management and Litigation Committee performs the following functions:

- Reviews and approves the identification of Strategic, Compliance, Operational and Financial Risks (Principal Risks) of the Company by the Management,
- Reviews and approves the strategy devised by the Management to mitigate the Principal Risks,
- Reviews and approves the procedures laid down by the Management on risk assessment,
- Reviews the Company's capability to identify and manage current and new Principal Risk Categories,
- Oversees and advises the Board on the current risk exposures of the Company within and outside the principal Risk Categories and advises on the Company's future risk strategy,
- Considers reports on the nature and extent of the risk being faced by the Company, likelihood of their recurrence and their individual and cumulative impact on the Company's key performance matrix,
- Assesses whether the company's current exposure to the risks it faces is acceptable and, if not, the ability to reduce such exposure by reference to Risk Treatment and Mitigation options,
- Identifies internal and external risk trends and concentrations,
- Reviews and approves the statements included in the Company's Report and Accounts in relation to the Company's "Principal Risks and Uncertainties", and the internal controls and assurance in place within the Company for the identification and management of risk,
- Advises the Board on the Company's overall risk appetite and tolerance/resilience within and outside principal Risk Categories, taking account of the current and prospective Macro-Economic, Financial, Political, Business and Sector Environments,
- There shall be an internal risk function who is the Chief Risk Officer (CRO) in the Company. The CRO shall be accountable and facilitate to the Risk Management and Litigation Committee,
- Where there is a perceived overlap of responsibilities between the Finance and Procurement Committee, the Risk Management and Litigation Committee and the Audit Committee, the respective Chairman of the Committee has the discretion to agree to forward the relevant matter to the appropriate Committee, and any other matter entrusted by the Board of Directors.

Special Committee of Directors on UFG

• Sardar Rizwan Kehar	Chairman
• Mr. Muhammad Amin Rajput*	Acting Managing Director
• Lt. General Javed Zia (Retd.)	Member
• Nawabzada Riaz Nosherwani	Member
• Mirza Mahmood Ahmad	Member
• Mr. Sher Afgan Khan	Member
• Mr. Muhammad Riaz Khan	Member
• Qazi Mohammad Saleem Siddiqui	Member

*Mr. Muhammad Amin Rajput was appointed as Acting Managing Director/CEO by the Board on conclusion of the contract of Mr. Khalid Rahman on January 4, 2018.

The UFG Committee assist the Board in effective monitoring and control of Unaccounted-for-Gas (UFG)/ line losses. The Committee performs the following functions:

- Holds regular meetings to review, provide feedback, make recommendations and take actions out of information/data presented,
- Reviews monthly UFG statistical data of the Company and its different regions, in order to identify the geographical areas contributing to UFG and to assign tasks to relevant departments for performing UFG-reduction activities.

Board Nomination Committee

The Board Nomination Committee is composed of the following:

• Lt. General Javed Zia (Retd.)	Chairman
• Sardar Rizwan Kehar	Member
• Mr. Manzoor Ali Shaikh	Member

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 63rd Annual General Meeting of **Sui Southern Gas Company Limited** will be held at Arena, Jade Hall Karachi on Friday, February 15, 2019 at 11:00 a.m. to transact the following businesses:

Ordinary Businesses:

1. To confirm the minutes of the last Annual General Meeting of the Company held on June 30, 2017.

2. To receive and consider the Annual Audited Financial Statements of the Company for the year ended June 30, 2017 together with the Directors' Report in English and Urdu, and the Auditors' Reports thereon.

3. To appoint Auditors for the year ending June 30, 2018 and fix their remuneration. The Audit Committee of the Board has recommended the name of the retiring auditors M/s. Deloitte Yousuf Adil, Chartered Accountants, who, being eligible, have offered themselves for re-appointment.

Special Businesses:

4. To consider and, if thought fit, pass the following Special Resolution, with or without modifications, to replace the existing Article 49. (1) of the Articles of Association of the Company.

RESOLVED THAT the existing Article 49. (1) of the Articles of Association of the Company be and is hereby replaced to be read as under:

QUORUM OF THE GENERAL MEETINGS

49. 1) No business shall be transacted at any general meeting unless a quorum of members is present at that time when the meeting proceeds to business, save as herein otherwise provided, unless the articles provide for a larger number, not less than ten members present personally, or through video-link who represent not less than twenty-five percent of the total voting power, either of their own account or as proxies, shall be a quorum.

5. To consider and, if thought fit, pass the following Special Resolution, with or without modifications, to alter the Articles of Association of the Company by inserting new Articles No. 53-A and 53-B after the existing Article 53, to enable the members for e-voting, as required under the Companies (E-Voting) Regulations, 2016 issued by the Securities and Exchange Commission of Pakistan vide SRO 43(1)/2016 dated January 22, 2016.

RESOLVED THAT the Articles of Association of the Company be and is hereby amended by adding the following new Articles 53-A and 53-B after the existing Article 53.

53-A A Member may opt for e-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016 (including any statutory modification thereof), as amended from time to time. In case of e-voting, both Members and Non-Members can be appointed as proxy. The instructions to appoint Execution Officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange for e-voting if the Company receives demand for poll from at least five (5) members or by any member having not less than one tenth of the voting power."

53-B An instrument appointing a proxy relating to E-voting shall be in the following form:

I/ We __________ of ________ being a member of Sui Southern Gas Company Limited holding _______ Ordinary Share(s) as per Registered Folio No.________ hereby opt for E-voting through an intermediary and hereby consent the appointment of Execution Officer _______________ as proxy and will exercise E-voting as per the Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions. My secured e-mail address is ______________. Please send login details, password and electronic signature through e-mail.

Signature of Member(s)

CNIC No.________________________

(Signature should agree with the specimen signature registered with the Company.)

Signed in the presence of:

Signature of Witness **Signature of Witness**

CNIC No.________________________ CNIC No.________________________

6. To consider and, if thought fit, to pass the following resolution, with or without modification(s), as Special Resolution to alter the Articles of Association of the Company by inserting new Articles No. 53-C after the existing Article 53, to enable the members' facility of video conferencing as allowed by the Securities and Exchange Commission of Pakistan vide Circular No. 10 of 2014 dated May 21, 2014.

RESOLVED THAT the Articles of Association of the Company be and is hereby amended by adding the following new Article 53-C after the existing Article 53:

53-C The Company may provide the video conference facility to its Members at places other than the town in which general meeting is taking place after considering the geographical dispersal of its Members, subject to the condition that Members collectively holding ten percent (10%) or more shareholding residing at a geographical location provide their consent to participate in the general meeting through video conference at least ten (10) days prior to the date of the general meeting. The Company shall arrange video conference facility subject to availability of such facility in that city and an intimation to the Members shall be given by the Company at least five (5) days before the date of general meeting regarding the venue of video conference facility along with complete information. However, the quorum, as required under the Act, as well as the Chairman of the general meeting, shall be present at the place of the general meeting.

7. To consider and, if thought fit, pass the following Special Resolution, with or without modifications, to reword the existing Article 138. (1) of the Articles of Association of the Company.

RESOLVED THAT the existing Article 138. (1) of the Articles of Association of the Company be and is hereby reworded to be read as under:

NOTICE

138. 1) A notice (which expression shall be deemed to include any summons, notice, process, order, judgement or any other document in relation to or in the winding up of the Company) may be given by the Company to any member either personally or by sending it by post to his registered address or if he has no registered address in Pakistan, to the address, if any, supplied by the member to the Company for the giving of notices to the member against an acknowledgement or by post or courier service or through electronic means or in any other manner, subject to compliance with the conditions as may be specified by the Commission.

FURTHER RESOLVED THAT the Chief Executive Officer and/or Company Secretary be and is hereby authorized to do all acts, deeds and things, take all steps and actions necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements, so as to effectuate the alterations made in the Articles of Association and implementing all the aforesaid Special Resolutions.

8. To transact any other business with permission of the Chair.

"Statement under Section 134(3) of the Companies Act, 2017/Section 134(3)/160(1)(b) of (Repealed) Companies Ordinance, 1984, concerning the Special Resolutions, is attached along with the Notice circulated to the members of the Company, and is deemed an integral part hereof."

By order of the Board

Shoaib Ahmed
Company Secretary

Karachi: January 10, 2019

Notes

1. Closure of Shares Transfer Book

The Shares Transfer Book of the Company shall remain closed with effect from February 07, 2019 to February 15, 2019 (both days inclusive). Transfers received in order at the office of Share Registrar M/s. CDC Pakistan Limited, CDC House, 99-B, Block B, SMCHS, Main Shahrah-e-Faisal, Karachi, Phone # 111-111-500 (the Share Registrar) at the close of business on February 06, 2019 will be considered in time to attend and vote at the meeting, if approved by the Shareholders.

2. Change of Address

The shareholders are requested to notify change in their address, if any, to our Share Registrar.

3. Participation in Annual General Meeting

A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxy, in order to be effective must reach the Company's Registered Office not less than 48 hours before the time of the meeting during working hours.

An individual beneficial owner of shares must bring his/her original CNIC or Passport, Account and Participant I.D. numbers to prove his/her identity. A representative of corporate members, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 on dated: January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

4. For appointing proxies:

I. In case of individuals, the account holders or sub-account holders 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 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 corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the Proxy Form to the Company.

5. Submission of the CNIC/NTN Details (Mandatory)

As has already been notified from time to time, the Members who have not yet submitted photocopy of their valid CNIC to the Company/Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar. Corporate entities are requested to provide their National Tax Number (NTN). Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear the CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. In case of non-receipt of the copy of a valid CNIC, the Company will withhold dividend warrants of such Shareholders to comply with the said SROs of SECP

6. Withholding Tax on Dividend

Pursuant to the provisions of Finance Act, 2018 the deduction of income tax from dividend payment shall be made on the basis of following criteria:

(i) Rate of tax deduction for filer of income tax return 15%
(ii) Rate of tax deduction for non-filer of income tax return 20%

All the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of book closure date, otherwise the tax on their cash dividend will be deducted @ 15% instead of 20%. Furthermore, in order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal Shareholder(s) for the deduction of withholding tax on dividends of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal Shareholder and their Joint Holders, to the Company's Share Registrar, in writing as per format given below enabling the Company to compute withholding tax of each Shareholder accordingly.

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC No.	Shareholding Proportion (No. of Shares)	Name & CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by the Principal Shareholder and Joint Holder(s).

A valid Exemption Certificate under Section 159 of the Income Tax Ordinance, 2001 is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in the above Clause must provide a valid Tax Exemption Certificate to our Shares Registrar; otherwise tax will be deducted on the dividend amount as per the rates prescribed in Section 150 of the Ordinance.

7. Payment of Cash Dividend Electronically (Mandatory Requirement)

In accordance with the provisions of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, a listed company is required to pay the cash dividend to the Shareholders ONLY through electronic mode directly into the bank account designated by the entitled Shareholders. In this regard, Company has already sent Letters and Electronic Credit Mandate Forms to the Shareholders and issued various notices through publications in newspapers requesting the Shareholders to comply with the requirement of providing their International Bank Account Number (IBAN).

Those Shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below, and send it duly signed along with a copy of their valid CNIC to the Company's Share Registrar. Shareholders who hold shares with Participants/Central Depository Company of Pakistan (CDC) are advised to send it to the concerned Participant/CDC.	
Shareholder's Details	
Name of the Shareholder(s)	
Folio #/CDC Account No. (s)	
CNIC No. (Copy attached)	
Mobile/Landline No.	
Shareholder's Bank Details	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch Name and Address	

In case of non-provision of IBAN, the Company will have to withhold the cash dividend according to SECP directives.

8. Electronic Transmission of Financial Statements and Notices

We are pleased to inform Shareholders that the Securities and Exchange Commission of Pakistan, pursuant to SRO No. 787(I)/2014 dated September 08, 2014, permitted Companies to circulate their Annual Balance Sheet and Profit and Loss Accounts, Auditor's Report and Directors' Report etc. ("Annual Report") along with the Notice of Annual General Meeting ("Notice"), to its shareholders by email. Shareholders of the Company, who wish to receive the Company's Annual Audited Accounts and notices of Annual General Meeting by email, are requested to provide the complete Electronic Communication. However, the Company may provide hard copy of the Annual Report to such members on their request, free of cost, within seven days of receipt of such a request.

9. Unclaimed/Unpaid Entitlements

Shareholders who by any reason could not collect their dividends/bonus shares/others are advised to contact our Share Registrar to collect/enquire about their unclaimed dividends/bonus shares/others, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividends/bonus shares/others outstanding for a period of 3 years or more from the date due shall be deposited to the credit of Federal Government.

10. Request for Video Conference Facility

In term of SECP's Circular No. 10 of 2014 dated: May 21, 2014 read with the provisions contained under section 134(1)(b) of the Act, if the Company receives request/demand from Members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of the meeting, the Company will arrange the video conference facility in that city, subject to availability of the facility in that city.

In this regard, please fill the following form and submit to the registered address of the Company 10 days before holding of the Annual General Meeting (AGM). After receiving the request/demand of Members having or more shareholding in aggregate, the Company will intimate members regarding venue of video conference facility at least five (5) days before the date of AGM along with complete information necessary to enable them to access such facility.

REQUEST FOR VIDEO CONFERENCE FACILITY

I/We/Messrs. ________________________________ of ___________________, being Member(s) of Ismail Industries Limited, holder of ______________ ordinary share(s) as per Folio # ________________ and/or CDC Participant ID & Sub-Account No. ___________________, hereby opt for the video conference facility at ___________ city.

____

Signature of Member(s)

(Please affix the Company stamp in case of Corporate Entity)

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017/Section 134(3)/160(1)(b) of (Repealed) Companies Ordinance, 1984

This statement is annexed as an integral part of the Notice of the Annual General Meeting of Sui Southern Gas Company Limited to be held on Friday, February 15, 2019, at 11:00 a.m. at Arena, Jade Hall, Karachi, Pakistan, and sets out the material facts concerning the Special Business to be transacted at the Meeting.

Agenda #5: Provisions and Requirements of Quorum at the General Meetings

The existing Article 49. (1) of the Articles of Association of the Company has been replaced to commensurate and align with the provisions of Section 135 (1) (a) of the Companies Act, 2017.

Agenda #6: Provisions and Requirements of E-Voting as per Companies (E-Voting) Regulations, 2016

The Companies (E-Voting) Regulations, 2016 (the "Regulations") provide for the members of the Company with an option to vote electronically, and Regulation 5 requires the articles of association of a company to include provision for members being able to appoint another Member or a Non-Member as their proxy to vote on their behalf through electronic voting.

As such, the Shareholders' approval is being sought to amend the Articles of Association of the Company in accordance with the requirements of the Regulations.

Agenda #7: Provisions and Requirements of Video Conferencing Circular No. 10 of 2014 dated May 21, 2014

The Circular No. 10 of 2014 dated May 21, 2014 provides an option to the Members to attend the general meeting through video conferencing. As such, the shareholders' approval is being sought to amend the Articles of Association of the Company in accordance with the requirements of said Circular.

Agenda #8: Provisions and Requirements related to Notice of the General Meetings

The existing Article 138. (1) of the Articles of Association of the Company has been reworded to commensurate with the provisions of Section 473 (1) of the Companies Act, 2017.

ALTERNATE LIFELINE

SSGC has been tasked with the responsibility of setting up LPG-Air Mix Plants in remote areas of Sindh and Balochistan where conventional pipelines cannot be laid

"With faith, discipline and selfless devotion to duty, there is nothing worthwhile that you cannot achieve."

- Quaid-e-Azam Muhammad Ali Jinnah

BOARD/COMMITTEE MEETINGS

(July 1, 2016 to June 30, 2017)

BOARD MEETINGS

Name of Directors	Total Number of Meetings*	Number of Meeting(s) Attended
Mr. Miftah Ismail	08	07
Mr. Khalid Rahman**	08	00
Agha Sher Shah	08	06
Nawabzada Riaz Nosherwani	08	08
Sardar Rizwan Kehar	08	08
Mirza Mahmood Ahmad	08	08
Mr. Muhammad Riaz Khan	08	08
Syed Ghazanfar Abbas Jilani	08	08
Mr. Furqan Bahadur Khan	08	07
Qazi Mohammad Saleem Siddiqui	08	08
Mr. Azher Ali Choudhry	05	05
Mr. Abdul Ghufran	05	05
Mr. Muhammad Bilal Shaikh	03	01
Mr. Mobin Saulat	03	01
Mr. Saleem Zamindar	03	03
Ms. Nargis Ghaloo	01	01

**Mr. Muhammad Amin Rajput attended 8 meetings in place of Mr. Khalid Rahman.

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Name of Directors	Total Number of Meetings*	Number of Meeting(s) Attended
Mr. Miftah Ismail	04	04
Mr. Khalid Rahman**	04	00
Sardar Rizwan Kehar	04	04
Mr. Muhammad Riaz Khan	03	03
Mr. Saleem Zamindar	02	02
Mr. Azhar Ali Choudhry	02	02
Mr. Furqan Bahadur Khan	02	02
Nawabzada Riaz Nosherwani	02	02
Agha Sher Shah	02	01

**Mr. Muhammad Amin Rajput attended 4 meetings in place of Mr. Khalid Rahman.

BOARD FINANCE AND PROCUREMENT COMMITTEE

Name of Directors	Total Number of Meetings*	Number of Meeting(s) Attended
Mirza Mahmood Ahmad	07	07
Mr. Khalid Rahman**	07	00
Qazi Mohammad Saleem Siddiqui	07	07
Ms. Nargis Ghaloo	04	02
Mr. Furqan Bahadur Khan	04	03
Nawabzada Riaz Nosherwani	04	04
Agha Sher Shah	04	03
Mr. Azher Ali Choudhry	04	03
Mr. Abdul Ghufran	04	04
Syed Ghazanfar Abbas Jilani	04	04

**Mr. Muhammad Amin Rajput attended 7 meetings in place of Mr. Khalid Rahman.

BOARD AUDIT COMMITTEE

Name of Directors	Total Number of Meetings*	Number of Meeting(s) Attended
Agha Sher Shah	04	04
Mr. Muhammad Riaz Khan	04	04
Syed Ghazanfar Abbas Jilani	04	03
Qazi Mohammad Saleem Siddiqui	04	04
Sardar Rizwan Kehar	01	01
Ms. Nargis Ghaloo	01	01
Mr. Mobin Saulat	01	01
Mr. Saleem Zamindar	01	01

BOARD RISK MANAGEMENT AND LITIGATION COMMITTEE

Name of Directors	Total Number of Meetings*	Number of Meeting(s) Attended
Mirza Mahmood Ahmad	04	04
Mr. Khalid Rahman**	04	00
Mr. Muhammad Riaz Khan	02	02
Agha Sher Shah	02	02
Mr. Mobin Saulat	02	02
Mr. Abdul Ghufran	02	02

**Mr. Muhammad Amin Rajput attended 4 meetings in place of Mr. Khalid Rahman.

BOARD SPECIAL COMMITTEE OF DIRECTORS ON UFG

Name of Directors	Total Number of Meetings*	Number of Meeting(s) Attended
Sardar Rizwan Kehar	05	05
Mr. Khalid Rahman**	05	00
Nawabzada Riaz Nosherwani	05	05
Mr. Furqan Bahadur Khan	05	04
Mr. Muhammad Riaz Khan	05	05
Mr. Miftah Ismail	04	04
Mirza Mahmood Ahmad	04	04
Qazi Mohammad Saleem Siddiqui	01	01

**Mr. Muhammad Amin Rajput attended 4 meetings in place of Mr. Khalid Rahman.

BOARD NOMINATION COMMITTEE

Name of Directors	Total Number of Meetings*	Number of Meeting(s) Attended
Mr. Miftah Ismail	01	01
Mr. Muhammad Riaz Khan	01	01
Sardar Rizwan Kehar	01	01

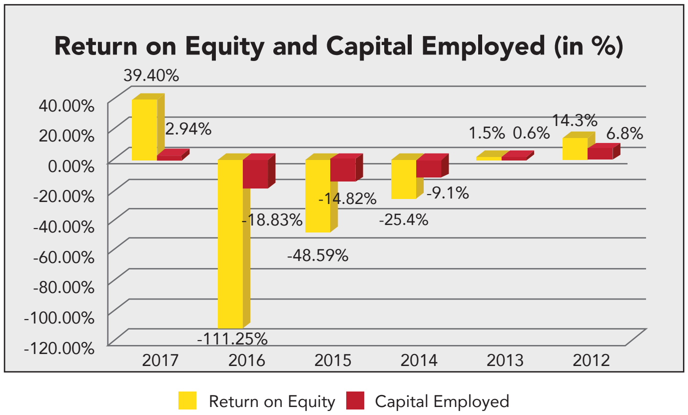
*Held during the period the concerned Director was on the Board/Committee.

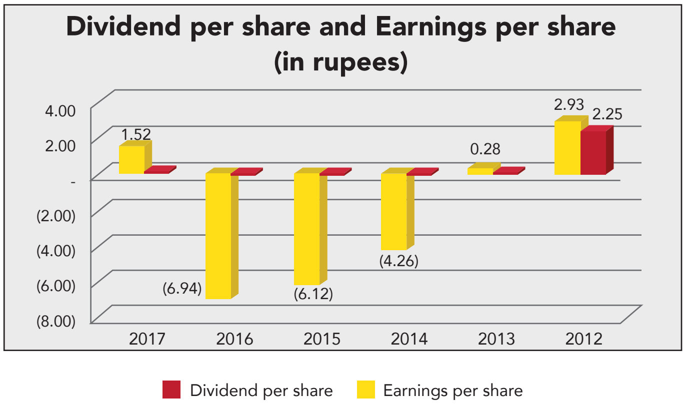
A view of a slug catcher in HQ3 Jamshoro

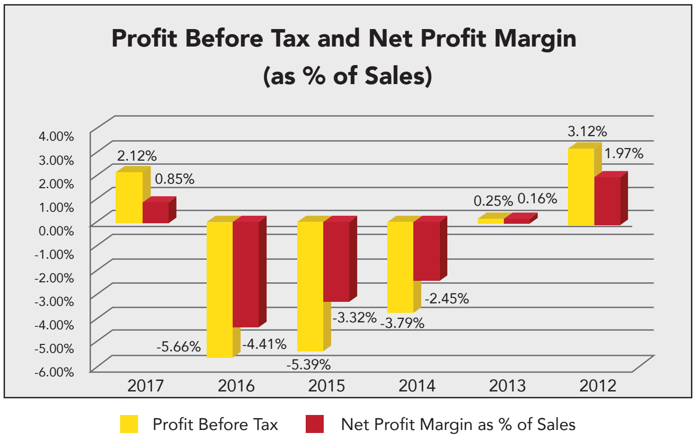
GENERAL OVERVIEW

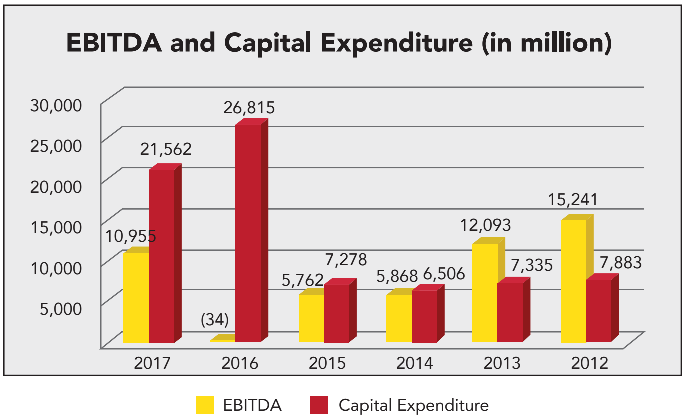
This section outlines Performance Indicators in the form of graphical representations of financial data and provides details of the Distribution Network and 6-year Financial Highlights.

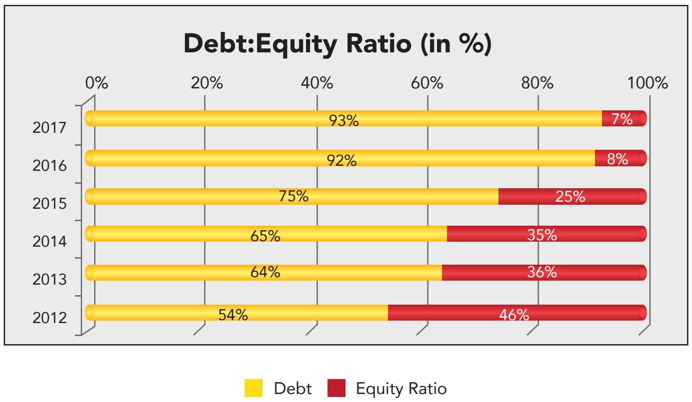
PERFORMANCE INDICATORS

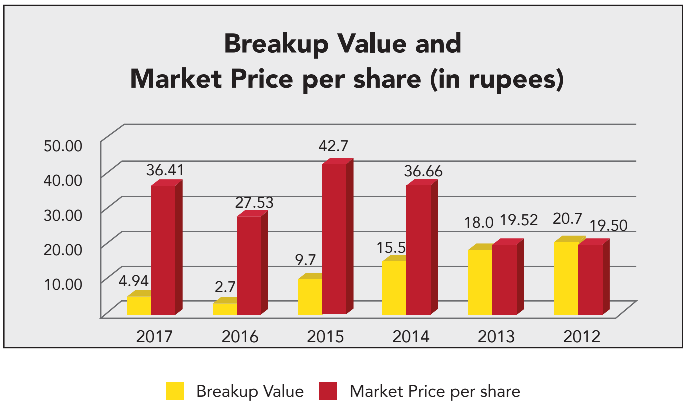












DETAILS OF DISTRIBUTION NETWORK

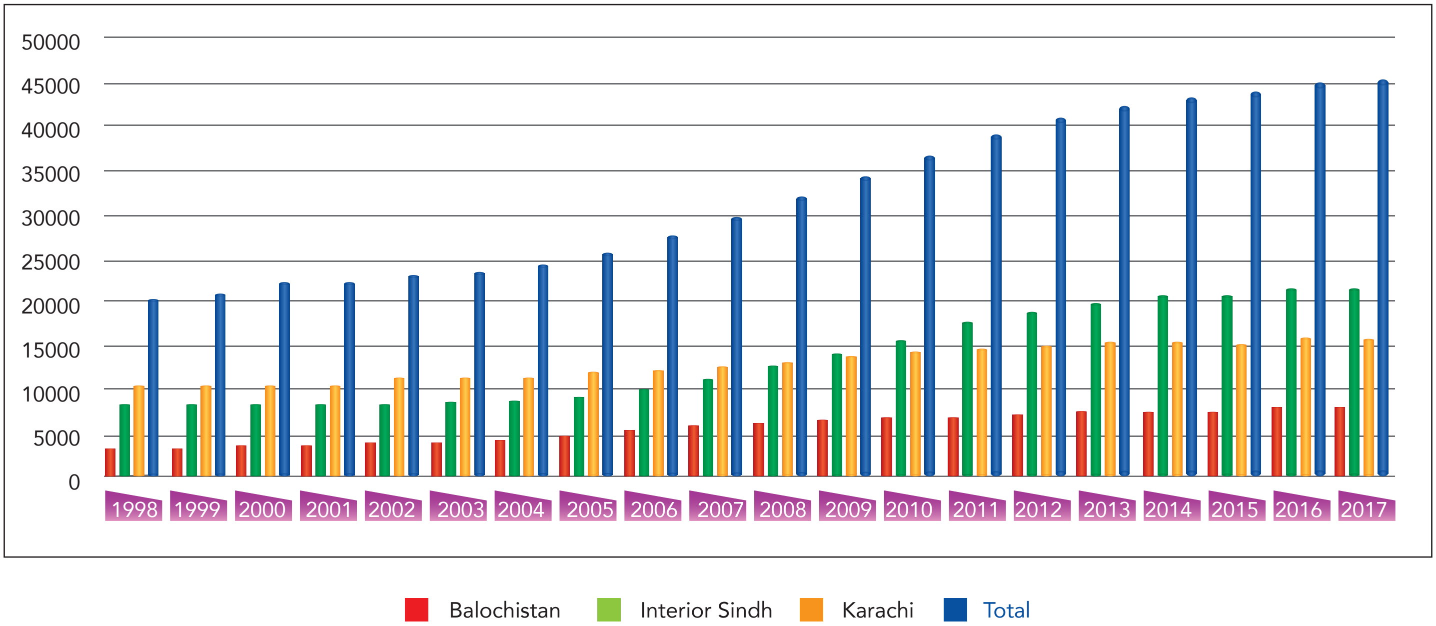
IN KILOMETERS

LEGEND #1 (1998 to 2007)

Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Balochistan	3,033	3,316	3,487	3,576	3,699	3,817	4,109	4,619	5,250	5,796
Interior Sindh	7,603	7,786	7,975	8,062	8,310	8,478	8,809	9,361	10,077	11,375
Karachi	9,615	9,978	10,323	10,521	10,881	11,121	11,422	11,784	12,215	12,659
Total	**20,251**	**21,080**	**21,785**	**22,159**	**22,890**	**23,416**	**24,340**	**25,764**	**27,542**	**29,830**

LEGEND #2 (2008 to 2017)

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Balochistan	6,193	6,505	6,690	6,841	7,117	7,263	7,368	7,518	7,685	7,838
Interior Sindh	12,484	13,951	15,697	17,626	18,826	19,937	20,347	20,757	21,280	21,672
Karachi	13,253	13,826	14,398	14,786	15,019	15,217	15,374	15,615	15,796	16,009
Total	**31,930**	**34,282**	**36,785**	**39,253**	**40,962**	**42,417**	**43,089**	**43,890**	**44,761**	**45,519**



SIX YEAR FINANCIAL HIGHLIGHTS

KEY INDICATORS

		2017	2016	2015	2014	2013	2012
Trading Results	Rs. Million						
Net Sales		156,673	138,616	162,583	153,283	151,368	130,904
Gross profit (loss)		(839)	(24,824)	(6,436)	(8,968)	3,490	2,668
Profit before tax		3,316	(7,840)	(8,769)	(5,810)	380	4,086
Profit after tax		1,336	(6,115)	(5,391)	(3,753)	248	2,581
Operating Ratios	%						
Gross margin		-0.54%	-17.91%	-4.05%	-5.85%	2.30%	2.04%
Pre tax margin		2.12%	-5.66%	-5.39%	-3.79%	0.25%	3.12%
Net margin		0.85%	-4.41%	-3.32%	-2.45%	0.16%	1.97%
Financial position	Rs. Million						
Shareholders equity		4,355	2,418	8,575	13,615	15,883	18,248
Property, plant and equipment		114,993	96,711	73,943	70,165	67,736	64,260
Net current assets		(27,102)	(39,332)	(15,581)	(5,774)	1,665	2,117
Long-term assets		4,601	4,470	2,241	1,955	2,051	2,048
Long-term liabilities		76,409	47,702	41,776	42,479	45,317	39,925
Capital employed		60,190	30,747	34,213	38,521	44,251	39,791
Performance							
Capital expenditure	Rs. Million	21,562	26,815	7,278	6,506	7,335	7,883
Asset turnover ratio		0.53	0.50	0.64	0.71	0.82	0.83
Fixed assets turnover ratio		1.48	1.62	2.26	2.22	2.30	2.11
Inventory turnover	Days	2.52	2.06	2.07	1.71	1.74	2.11
Return on equity	%	39.4%	-111.25%	-48.59%	-25.45%	1.45%	14.33%
Return on capital employed	%	2.94%	-18.83%	-14.82%	-9.07%	0.59%	6.77%
Valuation and other Ratios							
Earnings per share	Rs.	1.52	(6.94)	(6.12)	(4.26)	0.28	2.93
Cash dividend - per share		-	-	-	-	-	2.25
Dividend payout ratio	%	0%	0%	0%	0%	0%	77%
Net assets per share (breakup value)	Rs.	4.94	2.74	9.73	15.46	18.03	20.72
Market value per share at June 30th	Rs.	36.41	27.53	42.70	36.66	19.52	19.50
Price earnings ratio		24.01	(3.97)	(6.98)	(8.60)	69.28	6.65
Dividend yield	%.	0.00%	0.00%	0.00%	0.00%	0.00%	11.54%
Debt : Equity ratio		93:07	92:08	75:25	65: 35	64:36	54 : 46
Current ratio		0.88	0.82	0.93	0.97	1.01	1.02
Debt service coverage ratio		1.30	0.00	0.84	0.93	2.22	2.19

DIRECTORS' REPORT

Lt. General Javed Zia (Retd.) - Chairman SSGC

Dear Shareholder,

We are pleased to present and share the Company's 63rd Annual Report and Audited Financial Statements for the financial year June 30, 2017, together with the Auditors' Report thereon.

ENERGY OVERVIEW

Pakistan's energy sector recorded an encouraging growth over the last few years, wherein the total primary energy supply grew at a rate of 3.82%. The increase in primary energy supply is attributed to newer energy sources in the form of LNG imports made through the country's first LNG regasification terminal at Port Qasim, Karachi, in addition to the commissioning of several alternate energy projects including wind, solar, bio-gas and nuclear projects.

In order to bridge the demand-supply of natural gas of around 2 bcfd, SSGC implemented a plan to augment its existing network by developing a huge 42" dia., 342-km transmission line in order to supply RLNG to the northern part of the country that faced a massive gas crunch. During the year under review, the Company successfully commissioned all the segments of the 42' dia. pipeline including 120 kms (Pakland to Main Valve Assembly (MVA) Jamshoro) line, 64 kms (MVA Massu to MVA Lundo) line, 82 kms (Nawabshah to Nara) line and 50 kms (Lundo to Nawabshah) line. All the six compressors, each of 200 mmcfd capacity were commissioned during the year under review to meet SNGPL's pressure demand.

During the year under review, 101 LNG cargoes were successfully offloaded at EETPL LNG Terminal with the latter having injected more than 295 mmcfd volume of RLNG in SSGC's high pressure transmission network.

Aiming Higher: A view of HQ-2 facility in Daur near Nawabshah where the Company commisioned six compressors as part of the RLNG transmission project

FINANCIAL OVERVIEW

During the period under review, the Company recorded a net profit after tax of Rs. 1,336 million after incorporating major disallowances and financial costs due to outstanding debts.

The summary of financial highlights is given below:

	2016-17 (Rupees in Million)
Profit before taxation	3,316
Taxation	(1,980)
Profit after taxation	1,336

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

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

However, the Honorable Sindh High Court dismissed the Company's petitions through its judgement dated November 25, 2016. Consequently, OGRA, in its decision dated December 22, 2016, for determination of FRR for FY 2016 has allowed UFG at 4.5% and treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge, and Sale of Gas Condensate, as operating income.

The impact of the Court's judgement was that the Company was required to recognize Rs. 36.7 billion losses in its Financial Statements. Since the Company was unable to record all the losses in one year, with the permission of SECP, 50% losses i.e. Rs. 18.4 billion were recognized in 2016. For the remaining amount, the matter was submitted to ECC for allowing staggering of remaining 50% losses i.e. Rs. 18.4 billion in five years.

Besides the above, two other summaries were submitted to ECC (i) for finalization of UFG provisional benchmarks set from FYs 2010-11 to 2016-17 in line with the UFG benchmark determined by the Authority after UFG Consultant Study Report for future years

[FINANCIAL OVERVIEW]

and (ii) for allowance of UFG losses in SSGC's Distribution System as a result of RLNG swapping arrangement with SNGPL due to non-completion of dedicated pipelines.

On the above summaries, the ECC issued policy guidelines on the basis of which, OGRA allowed (i) staggering of remaining 50% losses i.e. Rs.18.4 billion in five years and (ii) the benefit of UFG study, thus reduction in UFG disallowance of Rs. 1,390 million for the current year and Rs. 4,278 million for previous years from 2013 to 2016 with a condition not to distribute profit in the form of dividend till the time that the accumulated losses are wiped out.

In the matter of additional UFG loss due to handling of RLNG volume, OGRA has found the Company's claim technically unjustified. The Company is confident to seek this claim from OGRA by pursuing the matter through the Ministry of Energy (Petroleum Division).

High UFG Disallowance

The main factor responsible for deteriorating profitability of the Company remains the high UFG volumes as against UFG benchmark set by OGRA. The factors contributing to UFG includes gas theft, measurement errors and leakages in overhead and underground pipelines. In addition to these factors, there are some external factors that are beyond the Company's control i.e., the volatile law and order situation, RLNG volume handling due to swap arrangement with SNGPL and new town extensions, all of which contributed to marked increase in UFG. The Company is making concerted efforts to control UFG by replacing defective meters, rectifying leakages, installing cyber locks at industrial premises and regularly conducting anti-gas theft raids.

Modification in External Auditor's Report

The External Auditors, M/s. Deloitte Yousuf Adil Chartered Accountants had expressed a qualified opinion in their audit report for the financial year ended 30 June 2017 for amount due from KE and PSML as well as for late payment surcharge (LPS) receivable from SNGPL and WAPDA.

Receivables from KE and PSML

During FY 2016-17, the receivable situation of K-Electric (KE) and Pakistan Steel Mills Limited (PSML) remained the same as in previous years. The Management is vigorously pursuing a recovery suit filed against KE. 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 against KE and PSML, as of June 30, 2017 is Rs. 74,449 million and Rs. 49,056 million, respectively.

LPS Receivables from SNGPL and WAPDA

The Company is facing the situation of accumulated receivables from SNGPL and WAPDA due to overall circular debt situation. However, based on the agreed terms and conditions, the Company is accruing LPS against the overdue amount. The Company is appraising this position to the concerned Government Authorities on a daily basis and

expect that this issue would be resolved as and when circular debt is addressed at a national level.

In addition to the above, the External Auditors, M/s. Deloitte Yousuf Adil Chartered Accountants had drawn attention on certain issues in their audit report for financial year ended 30 June 2017. Comments on these matters are as under:

1. To evaluate the financial resilience of the the Company the management has prepared financial projections for the next five years with the following major factors confirming management's assertions regarding sustainability of its operations as discribed in note no. 1.3 of the financial statement for the year ended FY 2016-17:

a) Investment of Rs. 14 billion would be made in LPG-Air Mix Plants, all of which are expected to be capitalized by 2020.

b) UFG allowance based on RLNG volume handling basis would be sought from OGRA as already elaborated in preceeding paragraph.

c) New Tariff Regime would provide guaranteed return on operating assets at 17.43% effective from FY 2018-19. A new Tariff Regime has also provided 50% benefit of certain non-operating incomes, thus income from sale of LPG and Natural Gas Liquid (NGL) will help in the improvement of the Company's bottom line.

d) UFG is planned to gradually reduce to 11% by 2022. Further, after the UFG study report finalized by a firm of Chartered Accountants, revised UFG allowance has been set from 4.5% to 7.6% i.e. 5% base benchmark plus 2.6%, subject to the achievement of Key Monitoring Indicators (KMIs).

The Management is confident that the above assumptions will materialize in due course.

2. Remaining unabsorbed losses arising due to the Sindh High Court decision have been staggered over five years based on decisions of competent authorities. The management is confident that staggered loss will be absorbed by 2021.

3. SSGC has discontinued recognition of LPS expenses payable to the Government controlled E&P companies (OGDCL, PPL and GHPL) effective from 01 July 2012 till the time SSGC receives LPS income from PSML and KE, which has been elaborated in the note #38.7 to the Financial Statements.

4. Litigation and other matters mentioned in Contingencies and Commitment note # 18 are being pursued aggressively for favorable resolution.

OPERATIONAL REVIEW

SSGC is guided by its core values of integrity, excellence, team work, creativity, transparency and responsibility to Stakeholders. In alignment with the Company's mission, SSGC endeavors to provide natural gas facilities to an expanding customer base in a safe, reliable and affordable manner. Division and Department-wise details of projects and achievements during FY 2016-17 are listed hereunder:

From Planning to Construction

With its trained manpower and fleet of construction equipment, machinery and vehicles, the Projects and Construction (P&C) Department is fully capable of undertaking physical construction of cross country high pressure gas pipelines, mechanical construction of compressor stations, natural gas purification and dehydration plants and similar mechanical construction works. During the year under review, the P&C Department played an integral part in laying a 42" dia., 342-km line from SSGC's Custody Transfer Station (CTS) at Port Qasim to Sawan in district Khairpur, the starting point of SNGPL's pipeline system.

Completed P&C Projects during the year under review:

- 42" dia. x 132 kms RLNG-II line from Main Valve Assembly, Lundo to Repeater Station, Nara.
- 20" dia. x 18" dia. Green and Orange Line Projects, Karachi.
- More than 100 kms of various dia. lines related to distribution schemes including new towns and villages projects and rehabilitation activities.
- HDD Crossing projects of various diameters (24", 20", 18", 16") against transmission projects.

Ongoing Projects

- 24" dia. x 33 kms line from Shikarpur to Jacobabad loopline Project.
- 12" dia. x 23 kms re-routing of Quetta-Pipeline (2 Segments).
- 42" dia., RLNG-II Valve Assembly Regulation set-up at SMS Pakland.
- Civil Works at LPG-Air Mix Plants in the towns of Awaran and Bella in Balochistan.
- 25 distribution schemes for laying 300 kms network for supply of gas to new towns and villages and for rehabilitation of lines.

Against all odds: SSGC carried out a challenging task of installing LPG-Air Mix Plants in Awaran and Bela

[OPERATIONAL REVIEW]

Transmission

During the year under review, the Transmission Division remained involved in various projects related to pipeline operation, compression and pipeline maintenance, as per following details:

Pipeline Operation:

- Purging, pressurizing and commissioning of 42” dia. x 132 kms Lundo to Nara RLNG Pipeline and 24” dia., R-LNG Interlink Pipeline from MVA Pakland (KMP-0) to MVA Khadeji (KMP-21),
- Purging, pressurizing and commissioning of newly installed SMS Sindh Nooriabad Power Plant and its 12” dia. x 17 kms supply Pipeline,
- Commissioning of R-LNG-II Compressor Station at HQ-2 Daur,
- Successfully completed lowering and backfilling of about 10,000 feet of 12" dia. Quetta Pipeline that was exposed in 2016 at various places from Sibi to Quetta due to soil erosion in Bolan Bed.

Compression:

In addition to routine and preventive compressor maintenance activities, following major jobs were also carried out in FY 2016-17:

- Replacement of Unit Control Panel-B with New Unit Control Panel at HQ-2 Daur,
- Commissioning of Station Control Panel at HQ-2,
- Commissioning of all Six Solar Compressor Units (Taurus T-60) at HQ-2,

Pipeline Maintenance:

- After excavation and stringing of pipeline, fabrication and welding for laying of proposed 20” dia. line and 24” dia. regulation set up at HQ-3 Jamshoro was done, with a total of 57 joint welds carried out,
- Commissioned Compressor Valve Yard at HQ-2 Compressor Station, by purging and pressurizing four Scrubbers, five Filter Separators, Suction Header (upto station isolation valves. i.e. SSGC battery limit), Discharge Header (upto station isolation valves. i.e. SSGC battery limit), hook-up of 42” dia. line with pig receiver and filtration set-up at CTS Sawan,
- Completed fabrication and welding of 20” dia. line with regulation set-up for Compressed Gas Reverse Flow at HQ-3,
- Installed Plidco Smith leak clamp by welding on 24” dia. Kunnar-Pasaki line for permanently repairing the leakage developed in the pipeline due to a miscreant’s act in HQ-3 section,
- Carried out 56 cold cutting jobs on different pipelines of the entire Transmission and Distribution network.

Main Pipeline Instrumentation:

- Completed up-gradation of SMSs Tando Jam and Shahdadpur to increase gas load capacity,
- Fabrication, welding, installation and commissioning of Fuel Metering Skid for Power Generation at HQ-2 Compressor.

[OPERATIONAL REVIEW]

- Replacement of eight valves with Actuator installed at suction, discharge, loading and vent side at HQ-2 Compressor station.
- Replacement of Regulators with 1" dia. control valves at SMSs Thana Bola Khan, T. M. Khan and Therri Mohabat to increase gas flow capacity.
- Replacement of one manual Gear Operator of 18" dia. Ball Valve with Auto Actuator at HQ-2 Section.
- Replacement of two 1" dia. Control Valves with 2" dia. Control Valves at SMS Jhatpat.
- Replacement of two old and worn out 4" dia. control valves at old SMS Hyderabad.

Cathodic Protection (T&D):

- **Coating refurbishment:** Coating and wrapping of 11,601 kms. (38,062 Rft.) of Transmission and Distribution Pipelines was carried out. This included sections of Indus Left Bank Pipeline (ILBP), Indus Right Bank Pipeline (IRBP), Quetta Pipelines (QPL) and Distribution main supply lines.
- **Installation of additional Cathodic Protection stations:** 34 additional CP stations were installed on ILBP, IRBP, QPL and Distribution supply pipelines.
- **Up-grading of Cathodic Protection solar system:** 10 solar powered stations were upgraded on ILBP, IRBP and BGFIP by adding solar modules and replacing old exhausted batteries, charge controllers and Cathodic Protection units.
- **Change of power source:** Installed 14 new solar systems by replacing Exhausted Thermo-electric Generators and Transformer Rectifiers for un-interrupted current supply to Transmission and Distribution pipelines.
- **Renovation of ground bed:** Renewed 67 ground beds on Transmission and Distribution pipelines.
- **Close interval potential survey:** Carried out 206 kms survey on Transmission and Distribution pipelines.
- **Cathodic Test Posts (CTP):** 394 CTPs were re-installed due to third party damages on Transmission and Distribution pipelines.
- **42" dia. RLNG pipeline:** Inspection of joint coating sleeves and Holiday inspection of 42" dia. under-construction RLNG pipeline was carried out.

A view of the Quetta Headquarters

DISTRIBUTION SOUTH

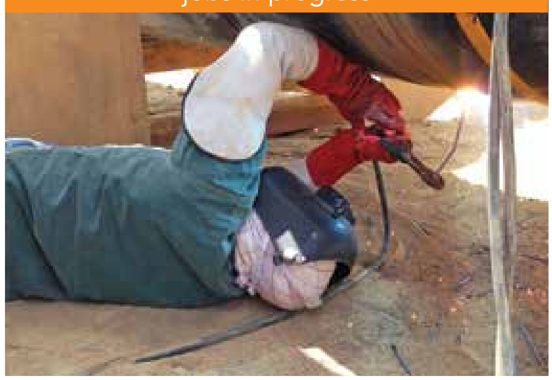
Distribution South is responsible for all areas of Karachi city. During the year under review, Distribution South carried out 104 kms of normal expansion, while adding 50,838 new customers to the system. In addition, 13 Town Border Stations (TBSs) and 9 Pressure Regulator Systems (PRSs) were installed while 18 TBSs were modified.

The Division also remained engaged in reducing the rising UFG levels. It rehabilitated 73 kms of old network and conducted 1,982 kms of underground leak survey and 13,043 underground and 10,2694 leak rectification exercises. In addition, 6 new segments were created.

Future Plans - System Expansion Projects

- 20” dia. x 7 kms pipeline expansion from DHA Desalination Plant to Clifton Dolmen Mall to increase the system pressure of the tail-end customers.
- 20” dia. x 5 kms pipeline expansion from Korangi to Landhi to increase the system capacity of the industrial network between Korangi and Landhi.
- 12” dia. x 5 kms pipeline Old City Augmentation Project from TBS Mazar-e-Quaid to TBS Lyari to increase the system pressure of the old city area.

Various rehabilitation and segmentation jobs in progress



DISTRIBUTION – NORTH

The Distribution North covers all areas in Lower and Upper Sindh including Hyderabad, Nawabshah, Larkana and Sukkur as well the entire Balochistan. During FY 2016-17, the North team conducted a number of infrastructure maintenance and expansion activities as well as UFG reduction tasks that included rehabilitation of pipeline mains and services, reinforcement, underground and overhead leak rectification, replacement of PUG meters and new connections.

Distribution North - Lower and Upper Sindh

Activities	Lower Sindh		Upper Sindh		Total Interior Sindh	
	Target FY 2016-17	Achieved	Target FY 2016-17	Achieved	Target FY 2016-17	Achieved
U/G Leak Rectification (in Kms)	1,200	4,062	500	2,115	1,700	6,177
U/G Leak Repairs (in Nos)	Actual	16,858	Actual	2,222	Actual	19,080
O/H Leak Rectification (in Nos)	205,000	132,000	36,000	65,555	241,000	197,555
Theft cases detected (in Nos)	Actual	29,054	Actual	3,283	Actual	32,337
FIRs Lodged	Actual	22	Actual	15	Actual	37

[DISTRIBUTION – NORTH]

D-North - Interior Sindh Region

During the year under review, the Distribution North Division undertook following measures:

- Expanded the system to enhance the deliverability of SSGC Distribution Network by laying 14 kms of 8" dia. gas pipeline for smooth supply of gas to Sanghar and surrounding villages.
- Created new segments to segregate the system to monitor the UFG at micro level
- Monitored daily purchase of SMSs and main TBSs for UFG control.
- Coordinated efforts to reduce the UFG by maintenance and rectification of maximum overhead and underground leakages.
- Took strict action against gas thieves by disconnecting around 32,000 theft cases and lodging 37 FIRs.
- Contributed in the reduction of UFG volume by 3,135 MMCF in FY 2016-17 as compared to FY 2015-16.
- Played a part in the upliftment of socio-economic conditions of remote areas by providing gas to 70 new towns and villages.

D-North - Balochistan Region*

During the year under review, Distribution Balochistan implemented normal expansion of 46.7 kms network, reinforcement/augmentation of 11.7 kms mains and 5.304 kms of reinforcement/replacement mains.

In addition, 64.2 kms pipeline network was laid to provide gas to new towns and villages. 1,355 kms worth of Underground leak survey/rectification and 71 overhead leak survey and rectifications were also carried out.

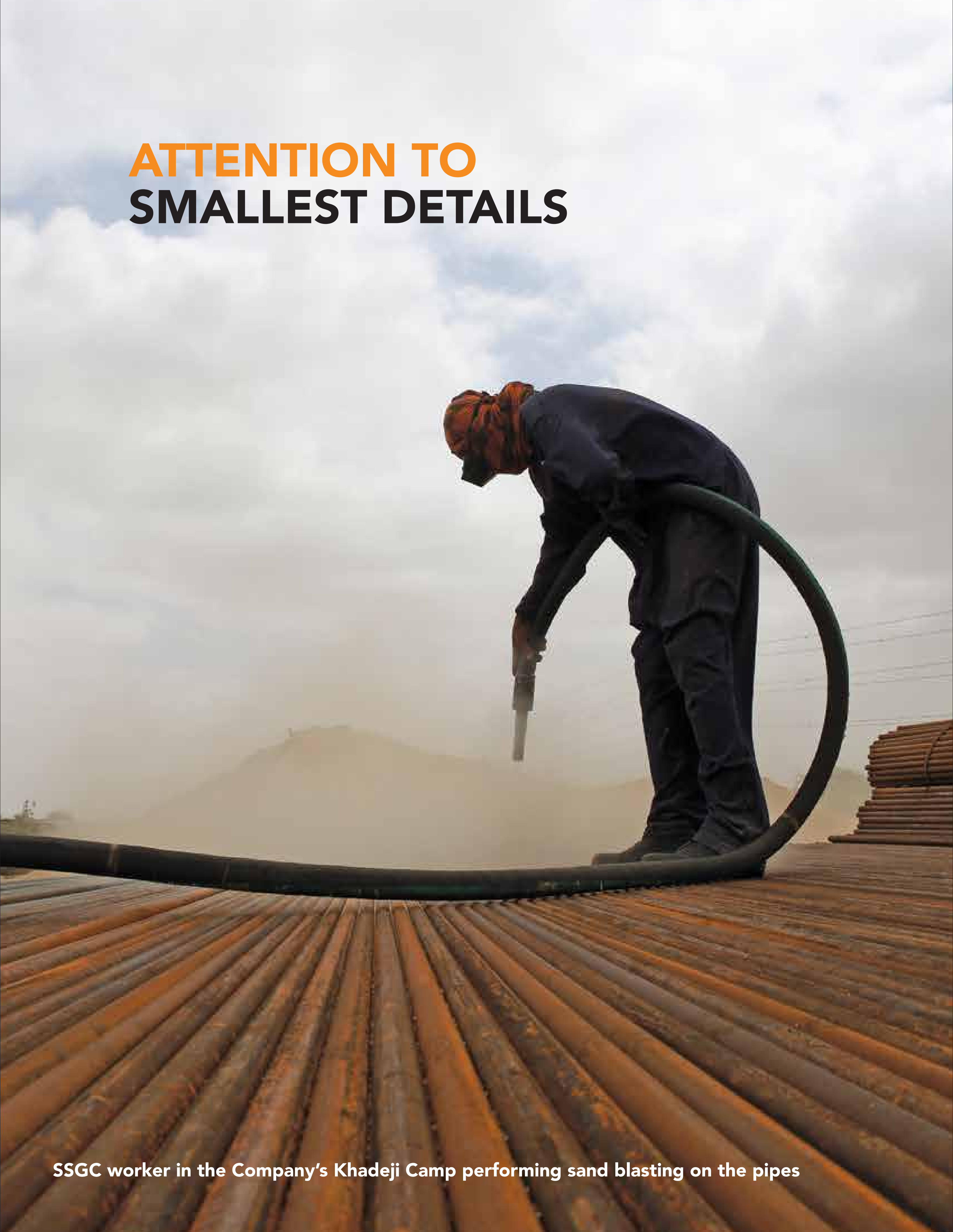
New connections were given to 8,310 domestic, 144 commercial and 2 industrial customers. Moreover, two new TBSs were added into the system, six PRSs were modified and sixteen were caged.

UFG Reduction: Due to different UFG reduction activities such as overhead and underground leak survey, leak rectification and segmentation and rehabilitation issues, UFG for Balochistan in FY 2016-17 decreased upto 7.62% with saving of 2,455 MMCF Gas.

Future Plan: The Company has planned to process the case of 25 proposed locations of Balochistan for provision of gas through LPG-Air Mix Plants during FY 2017-18.

*Quetta, Pishin, Sibi, D. A. Yar, Sui

ATTENTION TO SMALLEST DETAILS



SSGC worker in the Company's Khadeji Camp performing sand blasting on the pipes

MANAGEMENT COMMITTEE

Left to Right:
Mr. Saeed Rizvi
Mr. M. Wasim
Mr. Saeed Ahmed Larik
Mr. Asad Saeed Khan

About the background image:
The robust SSGC Head Office Building

Left to Right:
Mr. M. Amin Rajput
Dr. Ejaz Ahmed
Mr. Imran Farookhi
Mr. Irfan Zafar

LIQUIFIED GASES

During the year under review, in the Department played a pivotal role in the commissioning of the RLNG Project, undertaken by the Company to bridge the demand-supply gap of natural gas, the Department closely kept track and monitored the construction of the following projects:

Project	Objective	Achievements
Commision 42" dia., 342-kms RLNG-II pipeline by 2017	Tracking and monitoring of the procurement process of line pipe items, material, construction machinery and equipment	39 procurement Items were closely monitored to avoid delay in project completion. All items were successfully procured.
	Tracking and monitoring the construction of line pipe	**Segment-1:** 42" dia. × 120 kms (Pakland to MVA Jamshoro) Commissioned on June 30, 2017. **Segment-11:** 42" dia. × 64 kms (MVA Massu to MVA Lundo) Commissioned on June 30, 2017. **Segment-11(b):** 42" dia. × 50 kms (Lundo to Nawabshah) Commissioned on June 3, 2017. **Segment-111:** 42 in dia. × 82 kms (Nawabshah to Nara) Commissioned in January 2017.
RLNG-II Compressors	Tracking and monitoring, installation and commissioning of six RLNG compressors	• Installation and commissioning of Units 1 and 2 commissioned on January 16, 2017. • Installation and commissioning of Units 3 and 4 commissioned on February 28, 2017. • Installation and commissioning of Units 5 and 6 commissioned in March 2017.


SSGC management inspecting work at the site of HDD Pipeline Construction in Jamshoro.


Pipeline coating job in progress during the RLNG transmission project

Project	Objective	Achievements
LNG-1 Terminal Project	Operation of LNG-I Terminal	• Ramp up of RLNG flow to 600 MMCFD successfully from January 27, 2017 • A century of LNG Cargoes has been completed. To date 101 LNG Cargoes have been successfully offloaded at EETPL LNG terminal and the terminal has injected more than 295 BCF volume of RLNG in SSGC's high pressure transmission network. • Coordination with all stakeholders in LNG Supply Chain ensuring smooth operations.

Future projects

Project	Objective/Goal
To soon deliver 2 LPG-Air Mix Plants	Installation and commissioning of Plants in Awaran and Bela is in process.
To deliver 27 LPG-Air Mix Plants as per directives of Ministry of Energy (Petroleum Division)	Procurement and execution of LPG-Air Mix Plants: a) Front-end engineering design of proposed plants has been carried out. b) EPC Tender for 27 plants is under preparation. c) Co-ordination with the Ministry for financing of the plants is in process. d) Land acquisition of 27 plants is in process.

UFG CONTROL

UFG, in parlance of Gas Distribution and Transmission Company, is the difference between gas purchased in volume and gas used internally by the Company for its operations. Reduction in UFG has always been the Company's top most priority as it is growing by the year. The Company has realigned its focus and organization to manage this issue with more concerted efforts using innovative technologies and solutions.

Several major sustainable and out-of-the-box initiatives for UFG reduction have been undertaken by the Company and their results are already quite visible in the UFG numbers, both in MMCF and % age. The processes for these initiatives have been defined in a much more stringent manner that ensures control, monitoring, transparency, audit, and governance.

Our way forward has been to clearly identify issues, projects, teams, roles and requirements, plan well, define reporting and controls, identify the mechanism to measure/quantify, and set up a Program Office.

A formal UFG Strategy Document for Karachi, Sindh, and Balochistan has been defined, involving all Stakeholders, for immediate, short term, and long term measures. Results are measured against set targets on a monthly basis and resources are aligned wherever required to compliment the results.

Brainstorming session in progress for devising UFG control strategies

CUSTOMER SERVICES

Customer Relations Department

CRD is at the forefront of the Company's unfaltering commitment to customer-centricity. Here is the list of some of the Department's achievements during the year:

- Customer Facilitation Centers dealt with cases of 947,952 customers regarding installments, queries, duplicate bills, reconnection and unlocking issues etc.
- Contact Center (1199) agents received 698,408 telephone calls.
- Volume gained against disconnecting registered/un-registered customers involved in gas theft was calculated at 5.8 BCF.
- 25 FIRs were lodged against gas theft culprits.
- Decentralization of Stores in Korangi was carried out for easy issuance of material to fitters.
- Renovation and furnishing of the Contact Centre completed on time with support from other departments.
- OGRA's performance and service standards were complied in letter and spirit.
- Use of Shell Fleet Card was implemented on vehicles/motorcycles of CRD.

CRD SNAPSHOT

Activities	FY 2016-17	
	Target	Achieved
• Disconnection – Commercial	3,000	3,166
• Disconnection – Domestic	206,952	249,171
• Reconnection – Commercial	Reconnection usually done within 24 hours. However, that is dependent on the payment made by customers.	
• Reconnection – Domestic		
• Schedule Meter Replacement (Aging Base)	55,000	49,821
• PUG Meter Replacement	103,000	117,347
• Routine Meter Replacement	35,000	41,923
• Commercial Meter Replacement	3,200	3,353
• Customer Service Calls	90,400	80,214
• Leak Rectification	35,000	43,274
• Pressure Survey (Commercial)	22,550	20,786
• Rehabilitation / Leak Rectification on flat sites (Buildings)	100	100
• Internal House Line Checking (2% of domestic customers) (Karachi)	34,000	35,023

[CUSTOMER SERVICES]

Recovery of Dues

The basic task of the Recovery Department is to take necessary steps for realization of maximum possible amount due against gas bills. For the stated purpose, various tools are applied. Details are as under:

a) Notices/reminders were issued to 850,000 defaulting customers in order to remind them of their moral/legal responsibility.

b) High value defaulters of government/bulk/domestic users were contacted for making payments.

c) 252,337 defaulting customers were disconnected who owed Rs. 3,713 million to the Company.

d) Camps were established at various thickly populated apartments and localities, for their convenience, of installments prompt reconnection and other related activities.

e) And aggressive media campaign was conducted both through print media and television channels.

Recoveries in Domestic Customers' Categories

Number of actions taken	Amount Recovered (Rs.)	No. of Re-connections	Reconnection Amount (Rs.)
249,171	3,416	127,963	1,280

Recoveries in Commercial Customers Categories

Number of actions taken	Amount Recovered (Rs.)	No. of Re-connections	Reconnection Amount (Rs.)
3,166	297	1,731	139

Sector-wise details of Recoveries/Outstanding dues

Arrears - Comparative Statement

Customer Class	As on June 30, 2016	As on June 30, 2017
Domestic	5,314	5,674
Domestic Govt./Bulk	340	352
Commercial	568	508
Total (Domestic and Commercial)	6,222	6,533

[CUSTOMER SERVICES]

Billing

In FY 2016-17, the Billing Department, along with its critical activity of accurate and timely meter reading, renewed its focus towards the reduction of UFG. The year under review saw an increase in customer base to approximate 2.8 million customers, recording a monthly average sale of Rs. 15.5 billion. An average of about 362.313 BCF of gas was sold in FY 2016-17 to over 2.8 million industrial, commercial and domestic customers in the Company's franchise areas through a Distribution network. A host of quality improvement initiatives were launched during the year, aligned to the Key Monitoring Indicators (KMIs) for positive impact on business results.

Efforts were made to identify Passing Unregistered Gas (PUG) and tampered meters throughout the franchise areas, in all customer categories. An approximately 84,500 PUG/tampered meters were identified to be replaced and for the purpose of volume recovery. A survey was carried out on the nil and minimum customer data of approximately 233,000 customers to identify PUG/theft cases to be tapped into. A volume of 3.3 BCF was claimed on account of PUG meters, thus identified.

A further 43 sites were segregated and redefined as UFG zones. A total of approximately 112,000 cases were identified for rehabilitation whilst approximately 83,000 were identified as theft cases. A volume of 8.05 BCF was claimed by raising theft claims against non-registered customers while 3.82 BCF was claimed against law and order affected areas.

A total of Rs. 1,690 million was collected on account of Gas Supply Deposit (GSD) for all categories of customers.

Future initiatives:

- To increase focus on training of both in-house and outdoor staff, for improving quality of services offered to the customers.
- To renew focus on customer surveys for industrial and commercial customers.
- To enhance awareness at zonal level on KPIs, so that implementation of strategy can be trickled down.
- To use image capturing through handheld devices for verifying meter reads and for increasing sales volume.

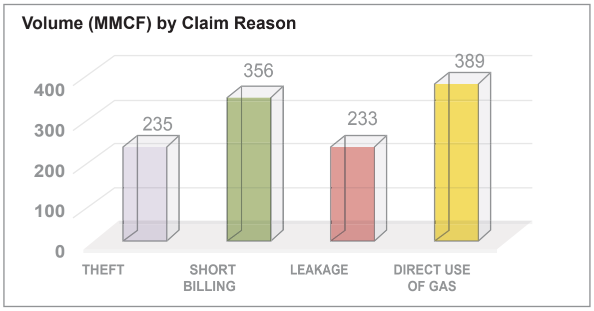
The year under review saw an increase in customer base to approximately 2.8 million customers, recording monthly average sales of Rs. 15.5 billion. An average of about 362.313 BCF of gas was sold in FY 2016-17 to over 2.8 million industrial, commercial and domestic customers.

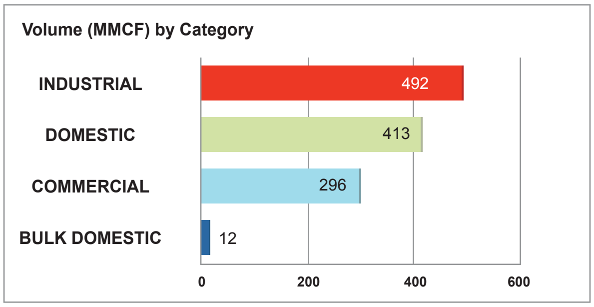
SECURITY SERVICES AND COUNTER GAS THEFT OPERATIONS

The Security Services and Counter Gas Theft Operations (SS&CGTO) is focused towards ensuring the physical security of the Company assets across the franchise areas of Sindh and Balochistan. At the same time it takes up counter-gas theft efforts, within the ambit of law and observing respect for all institutions.

PERFORMANCE SUMMARY - FY 2016-17

DESCRIPTION	Theft Identified / Claim Raised			Claims Accepted by Customers			Unacknowledged Claims		
	#	MMCF	Amount (Rs. in million)	#	MMCF	Amount (Rs. in million)	#	MMCF	Amount (Rs. in million)
KARACHI	1,043	955.98	625.710	682	663.09	355.789	361	292.89	269.921
INTERIOR SINDH	198	179.76	171.469	64	22.20	17.540	134	157.56	153.929
BALOCHISTAN	98	77.39	68.249	23	4.75	4.431	75	72.64	63.818
TOTAL	1,339	1213.13	865.428	769	690.04	377.760	570	523.09	487.668





EFFORTS TO REIN IN GAS THEFT

- **61 FIRs were lodged against gas theft culprits in coordination with the FIA and SSGC police station.**
- **17 Applications were submitted in local police stations against gas thieves.**
- **246 + legal notices were sent to unacknowledged claims customers for recovery of outstanding claim amount.**

METER MANUFACTURING PLANT

New features in G-4 and G-1.6 meters


Automatic Cutting Machine for Index Badge Plate G-4


Porosity Test Bench for G-4 Meter Parts


Automatic 7/8" External Tapping Machine


Customized Multi-spindle Tapping Machine for Bottom Case G-4

SSGC established its Meter Manufacturing Plant (MMP) in 1975 to manufacture domestic gas meters. The gas meters are the cash registers for gas utility companies. The core objective of this plant is to fulfill the country's domestic gas meter requirement with self-reliance. Furthermore, it is a statutory requirement of Gas Companies to ensure that the volume of gas consumed by the customer shall be measured by an accurate measuring device installed by the Company. The Plant is ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:1999 certified with a regular audit process as per international standards.

At present, two types of domestic gas meters are under production/assembly at MMP; namely Remus G-1.6 (2500 liter/hour capacity) completely indigenized and 3rd Generation G-4 (6000 litre/hour capacity) under the license agreement of M/s Itron, France.

Besides catering to SSGC's internal requirements, the meter plant had been supplying gas meters to Sui Northern Gas Pipelines Ltd. (SNGPL). Since 2014-15, however, SNGPL has an introduced international tendering process for meter procurement. The Meter Plant is also engaged in exporting limited quantities of G-1.6 Gas Meters to Germany since 2009.

MMP's Production, Sales and Revenues during FY 2016-17

The following table provides a snapshot of the performance of Meter Manufacturing Plant during FY 2016-17:

	G-1.6	3rd Generation G-4	Total
Production	211,850	233,000	444,850
Sales:			
SSGC	207,750	215,218	422,968
Others	1,646	54	1,700

MEASUREMENT

The Measurement Distribution is responsible for ensuring accurate measurement of gas volume through Operations and Maintenance of Customer Meter Stations (CMSs) of industrial customers, throughout the franchise areas of Sindh and Balochistan. During the year under review, the Measurement Distribution performed the following activities:

- To check the meter accuracy, 2,519 meters were field proven at customers meter stations by 10M Field Prover. The larger capacity Field Prover, having the capacity to prove/test meters upto 20,000 acre feet per hour (Acft/hr) capacity meter were commissioned during FY 2016-17. The said prover will be utilized to prove/test meter capacity upto 38M, thereby also bringing the on-site proving ability of large and medium capacity meters.
- Replaced 679 PUG, suspected tampered, slow and undersized (overload) meters to ensure accurate registration of gas volumes and to minimize measurement errors.
- Installed 193 Electronic Volume Corrector (EVC) on large industrial customer Town Border Stations (TBS). Meters with pressure and temperature transducers were used for improved gas measurement accuracy.
- Additional 588 Remote Monitoring units were installed on industrial customers/ Town Border Stations (TBS) for hourly monitoring of gas consumption of these Industries/TBSs.

Meter Repair Shop (KT and Hyderabad)

- The Meter Repair Shop repaired 444 faulty Industrial meters and 3,475 commercial meters.
- In-house proving of 191 industrial meters were carried out.
- Proving capacity of Domestic Meters at the Meter Repair Shop was enhanced and 45,430 domestic meters were proven for PUG and slowness.

PROCUREMENT PROCESSES

During FY 2016-17, in addition to normal procurement, the Company's Procurement Department played a pivotal role for the completion of 42"dia. X 342-km RLNG-2 Pipeline from SMS Pakland to MVA Nara. It was ensured by the Procurement Department that all related items pertaining to RLNG Project were received on the site and the leftover tenders of the Project were completed within the shortest possible response time, as per PPRA rules.

The Procurement Department helped import more than 200,000 meters of 42" dia. line pipes from China without incurring any demurrages at the port. The Department remained focused in obtaining the best value for money by adopting PPRA rules in true spirit and keeping itself self-abreast to meet any type of challenges for accomplishment of the projects.

The Procurement Department helped import more than 200,000 meters of 42" dia. line pipes from China without incurring any demurrages at the port.

INTERNAL AUDIT

The Internal Audit (IA) activity in SSGC is conducted in accordance with the Code of Corporate Governance, the International Standards for the Professional Practice of Internal Auditing and Standards for Information Systems Auditing issued by the Information Systems Audit and Control Association, ISACA. The IA Department is headed by the Chief Internal Auditor, who reports functionally to the Audit Committee of Directors and administratively to the Managing Director. The IA provides assurance and consulting services and adds value to the various company operations and processes by evaluating and improving the state of Risk Management, Controls and Governance Processes. The Authority, Responsibility and Reporting relationships of the IA Activity are described in the Internal Audit Charter approved by the Audit Committee. IA Code of Ethics has been devised to promote an ethical culture within the internal auditing team for the effective discharge of their duties.

The All IA Assurance Services are undertaken as per Annual Audit Plan approved by the Audit Committee and consulting services are conducted as requested by the various levels of Management. The Audit Plan for FY 2016-17 was effectively followed. Significant audit findings were reported to the Audit Committee of Directors. Corrective actions resulted in improving controls, adding value to the organization and savings through improved efficiency of operations and optimum utilization of resources.

REGULATION AND TARIFF

- SSGC successfully complied with the Oil and Gas Regulatory Authority (OGRA) specified Performance and Services Standards and License Conditions for undertaking regulated activities of transmission, distribution and sale of natural gas.

- During the year under review, on November 03, 2016, the company filed a petition before OGRA for determination of its Final Revenue Requirement (FRR) for FY 2015-16. The Authority vide its decision dated December 22, 2016 determined a reduction in the average prescribed price by Rs. 71.64 per MMBTU.

- A motion for review for FY 2015-16 was filed on January 20, 2017. However, amended motion for review was filed on June 19, 2017, seeking an average increase in prescribed price of Rs. 4.59 per MMBTU over and above the current prescribed price w.e.f July 01, 2015.

- During the period under review, SSGC filed a motion for review on DERR for FY 2016-17 on November 05, 2016 in which the Company requested an increase in prescribed price of Rs. 53.53 per MMBTU.

- On March 6, 2017, SSGC filed an Estimated Revenue Requirement for the FY 2017-18 in which the company requested an increase of Rs.114.57 per MMBTU. Public hearing was conducted on August 10, 2017. The Authority determined ERR vide its decision dated September 20, 2017, and allowed an increase Rs. 96.34 per MMBTU.

SSGC successfully complied with OGRA specified Performance and Services Standards and License Conditions for undertaking regulated activities of transmission, distribution and sale of natural gas.



HEALTH, SAFETY, ENVIRONMENT AND QUALITY ASSURANCE

HSE&QA is committed to providing a safe working environment to all SSGC employees and staff by implementing the best HSE practices throughout the franchise areas. The implementation of Integrated Management System is vital to enhance the overall HSE&QA performance and serves as a framework that demonstrates the Company's ability to execute its operations and corporate affairs in accordance with internationally recognized standards.

The Department launched its Intranet Web Portal on which the Quarterly Performance of all zones can be viewed in the form of a dashboard. Incident notification and its thorough investigation can be performed online in a systematic manner. The HSE&QA Document Library contains all pertinent documents: Policies, Standard Operating Procedures as well as related International Standards. The complete IMS handbook is also available on this web portal.

The Department played an instrumental role during the construction activities of RLNG II project. Its engineers were actively engaged in the planning and execution phases. HSE&QA's plan for RLNG-II project functioned as a roadmap to perform each operation in a safe and conducive environment utilizing resources in an efficient and effective manner. Toolbox sessions were also organized to ensure that all workers are uplifting the safety culture at workplace.

HSE&QA executives conducted trainings at Karachi, Hyderabad, Nawabshah, Sukkur, Larkana and Quetta through Learning and Development Centre on topics such as Integrated Management System, Behavior Based Safety, Defensive Driving, Emergency Response, Health Hazards of welding and cutting, Implementation of Quality Assurance, Office and Industrial Ergonomics.

SSGC was conferred with Best HSE Practices award 2016 by Employers Federation of Pakistan and 13th Annual Environmental Excellence Award 2016 by NFEH. The Company's biannual internal and external audits are currently based on ISO 14001:2004 and OHSAS 18001:2007 standards. During the last surveillance audit, no major non-conformity (NCR) was identified. As a result, the Company successfully achieved re-certification of its HSE management system in September 2016.

The Company has always complied with National Environmental Quality Standards (NEQS) and all other National Safety and Environmental Legislations. In compliance with OGRA's requirement and Pakistan Environmental Protection Act 1997-2000, the Company takes proactive measures in monitoring environmental parameters such as air emissions, effluent discharges, noise level and vehicular exhaust. These measures are monitored and measured by an EPA approved third party to ascertain permissible NEQS limits.

INFORMATION TECHNOLOGY

The Information Technology (IT) Department achieved the following during the year under review:

1) **Up-gradation of Data Center Local Area Network Core Switch:** The IT Department deployed state-of-the-art Cisco Nexus Core Local Area Network Switches to increase data network capacity, enhance reliability and substantially introduce high availability of local area connectivity for SSGC domain computers. This critical upgrade has resulted in increased end-user easiness and satisfaction while running enterprise applications and services over the local area network.

2) **Biometric Access Control System across SSGC sites and offices:** IT deployed the latest Biometric Access Control devices across SSGC franchise area in order to enhance physical access control and automated reporting of employees entries and exits in SSGC offices.

3) **Successful completion of Tagging and Segmentation in Oracle CC&B for all gas consumers across SSGC:** This includes tagging of SMS, TBS and PRS.

4) **Implementation of Case Management for Sales Department in Oracle CC&B for Karachi Region.**

5) **Deployment of GID-Cess and GDS knocking-off business reports.**

Future Plans

1) **SSGC's In-house Disaster Recovery Site:** IT has initiated a business critical project to implement In-house Disaster Recovery Site in the Hyderabad Regional Office to enable service continuity of business critical applications and IT services during business crisis events.

2) **SMS Alerts:** SSGC plans to introduce SMS-based services through which customers will be able to obtain their current bill and other details via SMS. Customers applied for new connections, will receive continuous update of status of their application via SMS.

IT has deployed state-of-the-art Cisco Nexus Core Local Area Network Switches to increase data network capacity, enhance reliability and to substantially introduce High Availability of Local Area connectivity for SSGC domain computers.

RESEARCH AND DEVELOPMENT

The R&D Department is playing an integral role in the Company's business operations, technical problems and strategic decision making. The department, which remained dormant in the past, has been revamped and has conducted base and applied research in various domains, including technological advancements, innovation, business trends, quality checks, UFG, energy conservation and appliance efficiency. One of the core functions of the R&D Department is to develop solutions to resolve technical issues of the Company. During the FY 2016-17, the department executed following projects:

Ground Penetrating Radar:

In order to facilitate the location of buried gas pipes and detect off-shoots from gas mains, extensive research work on the Ground Penetrating Radar (GPR) was carried out. To assess the capabilities, a two-day practical demonstration on GPR was conducted. It was concluded that GPR would aid in location of Metallic/HDPE pipes, detection of Un-authorized off-shoots and correction of existing erroneous drawings. After necessary approvals, the procurement of two GPRs was initiated for distribution and counter-theft operations.

Academia-Industry Collaboration:

In order to achieve reformation of business processes and to extend the agenda of resourceful national research, the R&D Department initiated the concept of "Academia-Industry Collaboration". SSGC will offer business insights and the Academia would contribute proven methodology and expertise. It would be a win-win situation for both organizations. Negotiations with top ranking national universities on "MoUs" are in progress and hopefully will be finalized within the stipulated time. An in-house online web portal for information exchange with different universities is under the development phase.

MEMS (Micro Electro Mechanical Systems): Smart Metering:

In collaboration with M/s NESCOM, development of MEMS Meters commenced. This pilot project was initiated under the R&D umbrella to support indigenous R&D and to combat UFG. A prototype model having capacity of 9 m3/hr was developed by NESCOM and tested by the Measurement Department, with results in the acceptable range of ±2%. It is equivalent to our MR-09 / Ultra-Sonic Meters. The MEMS meter is the latest technology in metering and is comparable with ultrasonic meters as both are operating on non-moving parts. M/s. NESCOM has agreed the on technology transfer of MEMS Meter to SSGC for its commercial production at the Company's Meter Plant under gradual deletion plan.

Jul Bujh, Intelligent Gas Timer Device (GTD):

Natural gas will remain essential to our national economic development and prosperity. In order to conserve it, the R&D Department introduced Jul Bujh, 'a water geyser timer device (GTD) to monitor and control gas consumption, developed by M/S Zaheen Machines. The GTD is mounted on the geyser thermostat and controls the heating according to a programmed schedule via mobile application, thus converting geysers into eco-friendly gas-saving appliances. Not only will GDT decrease the country's gas consumption, but also help consumers save thousands on gas bills.

[RESEARCH AND DEVELOPMENT]

OptaSense (UK):

A presentation was given on the Gas Leak and Intrusion Detection System by OptaSense. Their breakthrough technology turns fiber-optic cables laid alongside gas pipelines into thousands of virtual sensors which listen for threatening activities such as gas leaks, hammering, digging, opening/closing of valves etc. It also offers additional features such as pig tracking and intrusion detection on fenced perimeters. The said technology was found suitable for implementation on newly constructed transmission pipeline projects.

SYNERGI GAS Simulation and Load Management Software for Distribution Network

Upon a query from the Distribution Department for simulation software, the Department conducted extensive research, presented a complete solution suite called "Synergi Gas: Simulation and Load Management Software" by DNV-GL Group. The tool is tailor-made for the gas industry. It can extract data from GIS and simulate pressures, flows, line sizes, material, gas tracing, supply demand management etc. for rehabilitation and for new projects. Officials of DNV-GL from UAE visited SSGC and met with higher management to discuss business cooperation. Live simulation through webinars was also arranged to understand the details of engineering simulation software suite and its practical implementation in our existing system. The R&D Department also acquired six software licenses for evaluation and simulation of different field-based cases.

Online Web Portal-Let's Work Together:

With the help of the IT team, an online portal was developed on SSGC's official website which is accessible to the employees as-well as the general public. The portal provides a unique platform for anyone to share their valuable thoughts, ideas, suggestions, and proposals from unproven to those ready to deploy. Many valuable inputs have been received in the past which have been forwarded to respective departments.

Pre-Qualification of Vendors for Service Parts

Under this activity, bids for supply of Service Valves, Tees, Pressure Regulators and Swivels were received from a total of 16 suppliers. A team comprising of R&D, HSE&QA, Finance, Distribution and Procurement Executives thoroughly reviewed the documents against stringent standards, conducted comprehensive site audits and presented final evaluation report to Senior Management. Procuring quality material from approved suppliers is vital for SSGC, provided the gravity of UFG faced in the distribution networks.

HUMAN RESOURCES

The Human Resource Department is primarily concerned with the management of SSGC human capital, the most important asset of the organization. HR has been strategically active in facilitating the organization to achieve its goals. The role of HR requires integration of HR services such as the work design, recruitment, performance based rewards, performance evaluation, succession planning and training and development.

During FY 2016-17, the HR Department initiated a massive recruitment drive to recruit the right person for the right job. This encompassed hiring across multiple grade bands – from Junior Executives/Engineers to Senior Executives. The process of hiring includes a series of checks and balances to make it a merit-based transparent process, to ensure that the high quality professionals are employed. Candidates are taken through aptitude tests (NTS) and a series of planned panel interviewing prior to the final selection. These newly hired executives will bridge the existing talent gaps and by introducing new ideas to their daily work life, and will improve the productivity of SSGC. Maintaining industrial peace yet another year was the hallmark of HR contribution.

Emerging Leadership Program (ELP)

The Company initiated the enrollment of management/engineer trainees under the title of Emerging Leadership Program (ELP). The aim of this program is to develop a talent pipeline for future leadership roles. A total of 75 candidates were enrolled under the Management Trainee Program during 2017. The MTs were taken through a meticulously designed onboarding process to make them comfortable at SSGC.

Organizational Development

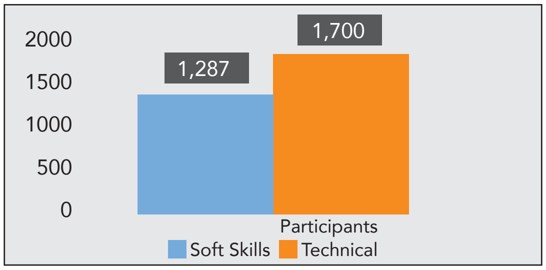
SSGC's Organizational Development (OD) function at HR is committed to enhance the capability and capacity of its human capital through diagnostics, and training and development. This will improve the efficiency and productivity at an organizational level, hence directly contributing towards our one-point agenda of reducing UFG.

OD is extremely delighted to report the rebranding of its training center as SSGC – Learning and Development Centre (LDC) previously known as Gas Training Institute (GTI).

Currently we are in the process of collaborating with the best in-class business and technical institutions. It will enable SSGC to align and update its current curriculum and embed the best in-class training and development techniques in the organizational L&D framework. This year, we achieved 3,992 man days across the organization.

Our next step is to deploy comprehensive Management Development (MD) and Leadership Engagement and Development (LEAD) programs.

A breakup of soft skills and technical trainings imparted at SSGC has been provided below:



MEDICAL SERVICES

In FY 2016-17, the Medical Services Department worked on integrated medical care which involves various groups of doctors to work on pre-existing major chronic illnesses and also on preventive measures like cessation of smoking and weight reduction.

Doctors attended seminars on different diseases for their professional growth and development and also to be abreast with new guidelines, thus reducing treatment variation based on scientific knowledge, new concepts and paradigm shift in treatment strategies, e.g. diabetes and hypertension.

The Department initiated a health survey of Executives and Employees of the Company upto the age of 40 years on different chronic diseases like hypertension, diabetes, dyslipidemia, cancers of different types.

The CMO visited all the medical centers of Sindh and Balochistan to evaluate the treatment being provided to chronic patients in order to optimize the quality of health care and bring them at par with the quality of care available at Karachi. During medical checkup of patients, some of the patients were diagnosed as suffering from critical conditions developed due to cardiac disease, which were being poorly treated there. CMO referred those patients to Karachi for proper management of diseases.

A blood donation camp was arranged at the Head Office in collaboration with the Corporate Communication Department in which Executives and Employees actively participated.

A number of Health Awareness Programs were conducted for Employees and their dependents related to mental health, diabetes, apart from diabetes fair and children health gala.

Medicare Hospital was taken on SSGC's panel. Three consultants, Dr. Mashoor Alam Shah, General Physician, Dr. Shahid Mehmood, Neurologist and Dr. Kashif, Dental Surgeon have also been included in the Company's panel.

An in-house Lab Collection facility was introduced through a tender process in all the Company's medical centers in Karachi.

SSGC-LPG (Pvt.) Ltd. (SLL)

The Earnings before Interest, Tax and Depreciation and Amortization (EBITDA) of SSGC-LPG (Pvt.) Ltd increased around 5% and reached its highest level in the last six years to PKR 435 million. The Company covered all its operating and finance costs, including Management fees of around PKR 12 million (2016: Nil) payable to the holding company, and earned an audited net profit before tax of around PKR 185 million, an increase of PKR 16 million (9%). Net Profit amounted to PKR 154 million after a tax charge of PKR 31 million mainly due to minimum tax rate (Alternate Corporate Tax) of 17% against a tax credit of PKR 42 million in the prior year due to increase in Deferred Tax Assets.

Earning per Share

Basic and diluted earnings-per-share is PKR 1.54 (2016: PKR 2.11); last year's EPS was higher compared to the current year EPS by PKR 0.57 due to net tax credit impact of PKR 0.7 per share in prior year.

Analysis of significant improvements from last year in operating results

- **Business Profitability**

The Company's strong earnings performance is reflected in continued EBITDA growth by PKR 20 million (5%) to PKR 435 million. The Company continued to show strong performance in the Terminal business with higher volume and margins that were partially offset by lower volumes and margins in LPG business.

- **LPG Terminal Business**

Terminal handling volumes grew by 30.101 MT (20%) to 183.402 MT LPG with a 42% market share (2016: 153,301 MT). This was achieved despite limited storage availability due to maintenance and recertification of storage tanks at PQA of the 6,500 MT storage facility at the terminal.

- **Operating Leverage**

The management maintained its focus on costs rationalization initiatives. Control and reduction of fixed costs were kept to a minimum which, compared to last year, only increased by PKR 19 million (14%) to PKR 151 million.

- **Financial Leverage**

Interest rates declined during the financial year, as a result of which finance cost on loan from holding company reduced by PKR 9.7 million (7.7%) to PKR 115 million due to a reduction of 57 basis points in interest rates to 6.77% (2016: 7.34%).

Short-Term Liquidity

The Company's cash position remained strong with a healthy cash and Bank balance position of PKR 184 million (2016: PKR 240 miillon) to meet its working capital requirements. In addition, a deposit of PKR 116 million has been placed to secure a bank guarantee of PKR 104 million in favour of Collector of Customs.

Cash Flows

Cash flow from operations amounted to PKR 234 million after covering advance payments for signature bonus of PKR 72.9 million and investing in net working capital of PKR 182 million which included payments to holding company.

Holding Company Trade Receivables and Payables

Overdue trade receivables and trade payables reduced significantly with the Company, settling with its holding company PKR 161 million and receiving PKR 10.4 million against trade receivables from the holding company.

[SSGC-LPG (Pvt.) Ltd.]

Capital Expenditure

Investment in tangible fixed assets grew by PKR 72 million (76%) to PKR 166 million (2016: 94 million).

The Company invested PKR 89 million in LPG cylinders to strengthen the Company's position in the packed segment.

Return on Investment

The return on total average assets, (profit before interest and tax divided by I total average assets), remained around 10% (2016: 10%). The return on equity. i.e. profit after tax divided by equity at the start of the year was around 48%.

Financial Risk and Long-Term Solvency

By June 30, 2017, Debt (loan financing) was around 3.6 times net equity; at start of the corresponding year, debt was around 5.4 times equity. Thus there was a significant reduction in financial risk due to increase in net equity from retained earnings.

Revaluation of Fixed Assets

As at June 30, 2016, an independent valuation firm, MYK Associates has re-valued tangible fixed assets of the Company at around PKR 2,788 million vs. net book value of PKR 2.155 million.

Net Worth

Net equity recorded growth of PKR 154 million (48%), to around PKR 470 million as at June 30, 2017. The surplus on revaluation of fixed assets amounting to PKR 633 million has not been recognized in the Company's books; which, if recognized, shall increase the net equity to around PKR 1,103 million.

Borrowings and Term Loan

As at June 30, 2017, the current liabilities exceeded current assets by PKR 1,962 million, mainly relating to two loans from the holding company and their accrued and unpaid interest of PKR 2.289 million. The holding company's Board of Directors has approved the re-structuring of the term loans with repayment installments over a ten-year period.

Human Resources

On June 30, 2017, the number of employees were 42. As part of the strategy to Increase focus on core activities, the payroll activities were successfully outsourced

Employee Productivity

There was an improvement in productivity, as EBITDA per employee increased to PKR 4.2 million. (2016: PKR 4.1 mllion)

Certification under ISPS Code as Independent Port Facility

As done in prior years, we carried out voluntary self-assessment end obtained certification for 2017 as an Independent Port Facility from Ministry of Ports and Shipping in December 2016.

Health, Safety and Environment

The Company considers environmental protection, occupational health, and above all, safety at work as important as providing high quality LPG product. The Board of Directors approved the HSE Policy Manual for Implementation through out the Company. There were no significant HSE miscreants during the year; only one minor road accident was reported by haulers.

Terminal Operations

The terminal at Port Qasim remained operational round-the-clock during the year with zero downtime. 51 vessels carrying 183,402 MT (2016: 39 vessels carrying 153,301 MT) of

[SSGC-LPG (Pvt.) Ltd.]

LPG were successfully offloaded during the period. This represented 42% of total marine LPG imports of the country. As last year achieved, 24/7 deliveries continued to be made to the importers. Projects like installation of MLA bypass system, safety and product measurement system were completed. The newly installed equipment will greatly enhance efficiency and accuracy in areas of product handling, monitoring and measurement.

Logistics

9 Company owned bowsers, along with up to 20 contracted bowsers, were engaged to transport LPG received from sources like JJVL, UEP and OGDCL in the South to hospitality plants in Punjab. The bowsers made more than 750 trips over around 1 million kms and transported 17,200 MT of LPG all over the country. As part of a long-term strategy to reduce reliance of contractor's bowsers, Company has ordered ten bowsers of 25 MT capacity each. Delivery of bowsers is expected by the end of December 2017.

Bottling Operations and Distribution

The Company distributed 15.845 MT of LPG to its distributors and bulk customers throughout the Country. In addition to operating own plants at PQ, Karachi and Hattar (KPK). The Company hired services of 10 bottling plants of other marketing companies in central and northern Punjab to support its distribution network.

Information Technology

As part of the strategy to improve the quality of the accounting and management information, the Company initiated the implementation process for new ERP software. Software licenses and hardware have been delivered and the Company plans to switch over to the new ERP during FY 2017-18.

Financial Reporting to the Board

Management has introduced periodic audits for financial statements to ensure prompt correction of errors and timely presentation to the Board of Financial Statements. As a result there has been a significant improvement in the completion of audit compared to previous years.

Transactions with Related Parties

There was a significant reduction in trade payables to the holding company with improvement in liquidity, and net trade payables to holding company have reduced from PKR 173 million in June 2016 to around PKR 33 million in June 2017.

Future Prospects

The Company continues to maintain a high market share in the terminal business and plans to grow its LPG marketing business and market share upon completion of the maintenance work of the storage tanks. The Board and the management are confident that the Company will further improve its financial performance and position as Company will generate terminal and storage fee from its terminal business as well as increase its market share in LPG business. With the increase in LPG market, the LPG terminal at Port Qasim is likely to generate more revenue through handling and storage of LPG to be imported by third parties within the LPG segment. The Company will also focus on expanding its bulk business segment which is more consistent in terms of volumes and relatively stable in terms of profitability. The Company also aims to diversify in terms of handling and trading other hydrocarbon products.

CSR

The Company has continued to build on a sturdy foundation of being a corporate citizen driven towards sustainable development in the areas of education, health, environment and community development and noble causes in its franchise areas of Sindh and Balochistan. These initiatives are taken by the CSR Unit of the Corporate Communication Department.

Education: During 2016-17, SSGC continued to support the financially constrained yet meritorious students in pursuing their academic goals in some of the most reputable educational institutions in the country. Some notable partnerships included providing scholarships to the deserving students of Mehran University of Engineering and Technology (MUET), Jamshoro, Quaid-e-Awam University of Engineering and Technology (QUEST), Nawabshah, Balochistan University of IT, Engineering and Management Sciences (BUITEMS), Quetta, and Sukkur IBA and IBA Karachi. Other worthy associations included providing scholarship assistance to school students of Pakistan Army's Chamalang Balochistan Education Program (Quetta) and Al-Hijrah School Trust, Ziarat. The Company continued to meet operational expenses of two TCF schools, one each in Quetta and Larkana.

Health: During the year under review, the CSR unit provided monetary support to Marie Adelaide Leprosy Centre's Triple Merger Centre in Mirpurkhas and Al-Mustafa Welfare Trust for cleft lip and palate surgery of 60 students and Eye Care Centre in Gwader The Company also gave financial support to Sindh Institute of Urology and Transplantation and Fatima Kidney Care Hospital for procuring a dialysis machine each and the Indus Hospital for acquiring 2 multi-parameter monitors. Monetary support was also provided to Darul Sukun, Omair Sana Foundation, Help International Trust and Afzal Memorial Thalassemia Foundation.

Environment and Community Development: In the area of environment, the Company collaborated with Thardeep Rural Development Programme for the installation of solar pumps, lights and hand-pumps to benefit three villages of Tharparkar. The Company also supported IUCN in its Mangrove Conservation Drive.

Noble Causes: The Company also collaborated with WWF-Pakistan for setting up ten bio-gas plants in Thatta, SOS Village in Karachi and Jamshoro for rehabilitating their ten abandoned children and Imkaan Welfare Organization for meeting the educational expenses of the under-privileged children. The CSR Unit also provided an ambulance to the Edhi Foundation, monetary support to Disabled Welfare Association for helping them procure wheel-chairs, and supported Make-a-Wish Foundation in making wishes of its terminally ill children come true.

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 Petroleum and Natural Resources 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,

Chairman, Board of Directors

Acting Managing Director

SSGC-FOREVER BROADENING HORIZONS

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Board gives prime importance to 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

The following casual vacancy occurred on the Board during the year:

1. Ms. Nargis Ghaloo resigned on 21st September, 2016.

The Board records its appreciation for the valuable services rendered by the outgoing Director Ms. Nargis Ghaloo.

The Board, in accordance with the directions given by the Ministry of Energy (then Ministry of Petroleum and Natural Resources), authorized Mohammad Amin Rajput to exercise all the powers and authority of the Managing Director as provided under Delegation of Authority Manual and to act as an Acting Managing Director SSGC as Mr. Khalid Rahman, Managing Director, was given the responsibility of heading the Gas Sector Reforms Project assigned by the Government.

Composition of the Board

During the period, election of Directors was held on October 28, 2016 wherein 11 Directors were elected.

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 Code of Corporate Governance (CCG) and the Public Sector Companies (Corporate Governance) Rules, 2013 issued by the Securities and Exchange Commission of Pakistan.

Statement on Corporate and Financial Reporting Framework

SSGC, being a public sector entity, adheres to Public Sector Companies (Corporate Governance) Rules, 2013. The Company is also listed on Pakistan Stock Exchange which requires following the Code of Corporate Governance applicable on listed Companies.

Specific statements to comply with the requirements of the Code of Corporate Governance are given below:

i) 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 non-compliance.

ii) The financial statements, prepared by the management of the Company, fairly present its state of affairs, result of its operations, cash flows and changes in equity.

iii) The Company has maintained proper books of account.

iv) Appropriate accounting policies have been applied in preparation of financial statements and change, if any, in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.

[CORPORATE GOVERNANCE]

v) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure thereof has been adequately disclosed and explained.

vi) The system of internal control is sound in design and has been effectively implemented, regularly reviewed and monitored.

vii) There are no significant doubts upon the Company's ability to continue as a going concern. As explain in detail in note no. 1.3 of the financial statements for the year ended FY 2016-17.

viii) The appointment of the Chairman and other Members of the Board and the terms of their appointment along with the remuneration policy adopted are in the best interest of the Company as well as in line with best practices. Disclosure on remuneration of members of the Board, Chief Executive/Acting Managing Director and Executives is given on page 252 of the Annual Report.

ix) Reasons for significant deviations from last year's operating results have been explained in the relevant sections of the Directors Report.

x) Key operating and financial data for the last six years has been given on page 46 of the Annual Report.

xi) Key performance indicators of the Company relating to its social objectives and outcomes have been disclosed in relevant sections of the Directors' Report.

xii) Information about outstanding taxes, duties, levies and charges is given in Notes to the Accounts.

xiii) Future prospects, risks and uncertainties have been disclosed in relevant sections of the Directors' Report.

xiv) Details of the value of investments by the following funds based on respective audited financial statements as at June 30, 2017 are given below in the table:

Rupees in millions	2017	2016
Pension Fund – Executives	1,140,000	1,108,000
Gratuity Fund – Executives	2,582,000	2,380,000
Pension Fund – Non-Executives	215,000	222,000
Gratuity Fund – Non-Executives	2,970,000	2,932,000
Provident Fund – Executives	3,569,000	3,235,000
Provident Fund – Non-Executives	3,384,000	3,129,000
Benevolent Fund – Executives	175,000	158,000

[CORPORATE GOVERNANCE]

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

xvi) A statement of the Pattern of Shareholding in the Company as at 30 June 2017 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 number 272 of the Annual Report.

xvii) Details of the trades carried out and reported by the directors, executives and their spouse and minor children are given below in the table:

#	Name of Director / Executive	No. of Shares	Purchase Price per share	Trade Date	Form of Share Certificate	Nature of Transaction
1	Mr. M. Amin Rajput (Executive Officer)	500	Rs. 39.09	October 19, 2016	Electronic	Market
2	Ms. Nargis Ghaloo (Director)	2000	Rs. 32.90	August 16. 2016	Electronic	Market
3	Mr. Saleem Zamindar (Director)	1000	Rs. 38.30	October 17, 2016	Electronic	Market

Auditors
The present auditors M/s. Deloitte Yousuf Adil & Co., Chartered Accountants retire and being eligible, have offered themselves for re-appointment.

Dividends
OGRA vide its review decision dated 24-12-2018 para 4.36 page 18 directed the company to review dividend payment policy in terms of staggering of losses of previous years w.r.t. Sindh High Court (SHC) orders until such adjustments impact is dispelled.

On behalf of the Board

Chairman, Board of Directors

Acting Managing Director

SCHEDULE I
[See paragraph 2(1)]
Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

Name of Company: Sui Southern Gas Company Limited
Name of the Line Ministry: Ministry of Petroleum and Natural Resources
For the year ended: June 30, 2017

II. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of 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" colspan="3">Provision of the Rules</th><th rowspan="2">Rule Number</th><th>YES</th><th>NO</th></tr>
<tr><th colspan="2">Tick the relevant box</th></tr>
<tr><td>1.</td><td colspan="3">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 rowspan="10">2.</td><td colspan="3">The Board has at least one-third of its total members as independent directors. At present the Board includes:</td><td rowspan="10">3(2)</td><td rowspan="10">✓</td><td rowspan="10"></td></tr>
<tr><td>Category</td><td>Names</td><td>Date of Appointment</td></tr>
<tr><td rowspan="4">Independent Directors</td><td>1. Agha Sher Shah</td><td>28-10-16</td></tr>
<tr><td>2. Nawabzada Riaz Nosherwani</td><td>28-10-16</td></tr>
<tr><td>3. Mr. Mohammad Riaz Khan</td><td>28-10-16</td></tr>
<tr><td>4. Sardar Rizwan Kehar</td><td>28-10-16</td></tr>
<tr><td>Executive Directors</td><td>1. Mr. Khalid Rahman</td><td>03-01-15</td></tr>
<tr><td rowspan="3">Executive Directors</td><td>1. Mr. Miftah Ismail</td><td>28-10-16</td></tr>
<tr><td>2. Qazi Mohammad Saleem Siddiqui</td><td>28-10-16</td></tr>
<tr><td>3. Mr. Abdul Ghufran</td><td>28-10-16</td></tr>
</table>

<table>
<tr><th rowspan="2">Sr. #</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule Number</th><th>YES</th><th>NO</th></tr>
<tr><th colspan="2">Tick the relevant box</th></tr>
<tr><td></td><td>
<table>
<tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr>
<tr><td></td><td>4. Syed Ghazanfar Abbas Jilani</td><td>28-10-16</td></tr>
<tr><td></td><td>5. Mr. Azher Ali Choudhry</td><td>28-10-16</td></tr>
<tr><td></td><td>6. Mirza Mehmood Ahmad</td><td>28-10-16</td></tr>
<tr><td></td><td>7. Mr. Furqan Bahadur Khan</td><td>28-10-16</td></tr>
</table>
</td><td></td><td></td><td></td></tr>
<tr><td>3.</td><td>The Directors have confirmed that none of them are serving as a Director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.</td><td>3(5)</td><td>✓</td><td></td></tr>
<tr><td>4.</td><td>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.</td><td>3(7)</td><td colspan="2">N/A</td></tr>
<tr><td>5.</td><td>The Chairman of the Board is working separately from the Chief Executive of the Company.</td><td>4(1)</td><td>✓</td><td></td></tr>
<tr><td>6.</td><td>The Chairman has been elected by the Board of Directors except where Chairman of the Board has been appointed by the Government.</td><td>4(4)</td><td>✓</td><td></td></tr>
<tr><td>7.</td><td>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.</td><td>5(2)</td><td colspan="2">N/A</td></tr>
<tr><td>8.</td><td>(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.</td><td>5(4)</td><td>✓

✓

✓</td><td></td></tr>
</table>

Sr. #	Provision of the Rules	Rule Number	YES	NO
			Tick the relevant box	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	**5(5)**	✓	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	**5(5)(b)(ii)**	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	**5(5)(b)(vi)**	✓	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and determining terms and conditions of service.	**5(5)(c)(ii)**	✓	
13.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	**5(5)(c)(iii)**	✓	
14.	The Board has developed a vision and mission statement and corporate strategy of the Company.	**5(6)**	✓	
15.	The Board has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates, on which they were approved or amended, has been maintained.	**5(7)**	✓	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and have submitted its request for appropriate compensation to the Government for consideration.	**5(8)**	N/A	
17.	The Board has ensured compliance with policy directions requirements received from the Government.	**5(11)**	✓	
18.	(a) The Board has met at least four times during the year.	**6(1)**	✓	
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	**6(2)**	✓	
	(c) The minutes of the meetings were appropriately recorded and circulated.	**6(3)**	✓	

<table>
<tr><th rowspan="2">Sr. #</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule Number</th><th>YES</th><th>NO</th></tr>
<tr><th colspan="2">Tick the relevant box</th></tr>
<tr><td>19.</td><td>The Board has monitored and assessed the performance of Senior Management on annual/half-yearly/quarterly basis* and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.
* Strike out whichever is not applicable</td><td>8 (2)</td><td>✓</td><td></td></tr>
<tr><td>20.</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 rowspan="3">21.</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.</td><td rowspan="3">10</td><td></td><td>✓</td></tr>
<tr><td>(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.</td><td></td><td>✓</td></tr>
<tr><td>(c)The Board has placed the annual financial statements on the Company's website.</td><td>✓</td><td></td></tr>
<tr><td>22.</td><td>All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.</td><td>11</td><td>✓</td><td></td></tr>
<tr><td rowspan="4">23.</td><td>a) The Board has formed the requisite committees, as specified in the Rules.</td><td rowspan="4">12</td><td>✓</td><td></td></tr>
<tr><td>(b) The committees were provided with written term of reference defining their duties, authority and composition.</td><td>✓</td><td></td></tr>
<tr><td>(c) The minutes of the meetings of the committees were circulated to all the Board members.</td><td>✓</td><td></td></tr>
<tr><td>(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>Audit Committee</td><td>4</td><td>Agha Sher Shah</td></tr>
<tr><td>Risk Management and Litigation Committee</td><td>4</td><td>Mr. Mohammad Riaz Khan</td></tr>
<tr><td>Human Resource and Remuneration Committee</td><td>6</td><td>Mr. Miftah Ismail</td></tr>
<tr><td>Finance and Procurement Committee</td><td>7</td><td>Syed Ghazanfar Abbas Jilani</td></tr>
<tr><td>Nomination Committee</td><td>3</td><td>Mr. Miftah Ismail</td></tr>
</table></td><td>✓</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Sr. #</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule Number</th><th>YES</th><th>NO</th></tr>
<tr><th colspan="2">Tick the relevant box</th></tr>
<tr><td>24.</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>25.</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>26.</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>27.</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>28.</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>29.</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>30.</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>31.</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>Agha Sher Shah</td><td>Independent Director</td><td>MBA</td></tr>
<tr><td>Mr. Riaz Khan</td><td>Independent Director</td><td>Graduate</td></tr>
<tr><td>Qazi Mohammad. Saleem Siddiqui</td><td>Non-Executive Director</td><td>Graduate</td></tr>
<tr><td>Syed Ghazanfar Abbas Jilani</td><td>Non-Executive Director</td><td>MBA</td></tr>
</table>
The Chief Executive and Chairman of the Board are not members of the Audit Committee</td><td>21 (1) and 21(2)</td><td>✓</td><td></td></tr>
</table>

Sr. #	Provision of the Rules	Rule Number	YES	NO
			Tick the relevant box	
32.	(a) The Chief Financial Officer, the Chief Internal Auditor, and a representative of the external auditors attended all meetings of the Audit Committee at which issues relating to accounts and audit were discussed. (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)**	✓ ✓ ✓	
33.	(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**	✓ ✓ ✓	
34.	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	**23(4)**	✓	
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	**23(5)**	✓	

Muhammad Amin Rajput
Managing Director / CEO

Lieutenant General
Javed Zia (Retd.)
Chairman

SCHEDULE II
See Paragraph 2(3)
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, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

Sr. #	Rule/ Sub-rule/ Regulation no.	Rule/Sub-rule/Observation	Reasons for Non-compliance	Future Course of Action
1.	10(1)	• Every Public Sector Company shall, within one month of the close of first, second and third quarter of its year of account, prepare a profit and loss account for, and balance-sheet as at the end of, that quarter, whether audited or otherwise, for the Board's approval. Annual report including annual financial statements shall be placed on the Public Sector Company's website. Quarterly accounts are not prepared for the Board's approval within one month from the close of the accounts. Further first quarter is neither prepared nor presented to the Board for approval	The reason for non-finalization of Quarterly, Half yearly and delay in finalization of Annual Accounts are appropriately communicated to SECP and PSX.	Noted for compliance

Certain additional disclosures as required under Code of Corporate Governance (the Code).

a) All the Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

b) All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and Non-Executive Directors, have been taken by the Board/Shareholders.

c) All the meetings of the Board were presided over by the Chairman.

d) The "closed period", prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and Pakistan Stock Exchange.

e) 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, that they or any of the partners of the firm their spouses and minor children donot hold shares of the company.

f) Material/Price-Sensitive Information has been disseminated among all market participations at once through stock exchange

Muhammad Amin Rajput
Managing Director / CEO

Lieutenant General
Javed Zia (Retd.)
Chairman

FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of Sui Southern Gas Company Limited ("the Company") as at June 30, 2017, and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof (here-in after referred to as unconsolidated financial statements), for the year then ended and we state that except for the possible effects of matters stated in paragraphs (a) and (b) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

Except for the possible effects of the matters stated in paragraphs (a) and (b) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) As disclosed in notes 27.1 and 27.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 32,378 million (2016: Rs. 35,949 million) and Rs. 22,310 million (2016: Rs. 21,708 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 the 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 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 Company on LPS, and large accumulation of their respective overdue amounts, we were unable to determine the extent to which the total amounts due from KE and PSML were likely to be recovered and the time frame over which such recovery will be made;

b) As disclosed in note 30 to the unconsolidated financial statements, interest accrued includes interest receivable of Rs. 5,855 million and Rs. 3,232 million from Sui Northern Gas Pipelines Limited (SNGPL) and Water and Power Development Authority (WAPDA) respectively. A significant portion of such receivables include overdue amounts, which have been considered good by the management and classified as current assets in the unconsolidated financial statements. Due to dispute with WAPDA, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered and the time frame over which such recovery will be made;

c) in our opinion, except for the possible effects of the matters stated in paragraphs (a) and (b) above, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

d) in our opinion:

(i) except for the possible effects of the matters stated in paragraphs (a) and (b) above, the unconsolidated balance sheet and unconsolidated profit and loss account, unconsolidated statement of comprehensive income, together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

e) except for the possible effects of the matters stated in paragraphs (a) and (b) above, in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and the unconsolidated statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2017 and of the loss, total comprehensive income, its cash flows and changes in equity for the year then ended; and

f) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to the following matters:

i) note 1.3 to the unconsolidated financial statements that describes the reasons why Company's profitability and financial position and performance has been declined over the years and the steps planned by the management, which will result in improvement in the Company's profitability over the next few years;

(ii) note 2.1.1 to the unconsolidated financial statements that describes the reasons why the Company has staggered the effect of Sindh High Court decision over a period of five financial years from 2017 to 2021 based on the permission received from Economic Coordination Committee (ECC), Securities and Exchange Commission of Pakistan (SECP) and Oil and Gas Regulatory Authority (OGRA);

(iii) note 18 to the unconsolidated financial statements that describe that the Company is subject to various material litigations and claims involving different courts. The outcome of these cases is uncertain and beyond management's control; and

iv) note 38.7 to the unconsolidated financial statements that states that the Company has reversed the late payment surcharge (LPS) expense Rs. 26,222 million on delayed payables pertaining to gas supplied by Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) with effect from July 01, 2012 to June 30, 2016 and not recorded LPS expense for the year ended June 30, 2017 amounting to Rs. 7,569 million for reasons described in the said note.

Our opinion is not qualified in respect of above matters.

Deloitte Yousuf Adil
Chartered Accountants

Audit Engagement Partner:
Hena Sadiq

January 07, 2019
Karachi

SSGC

UNCONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2017

	Note	2017	2016
		(Rupees in '000)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000
Issued, subscribed and paid-up capital	4	8,809,163	8,809,163
Reserves	5	4,907,401	4,907,401
Surplus on re-measurement of available for sale securities		518,699	201,787
Accumulated losses		(9,880,716)	(11,500,489)
		4,354,547	2,417,862
Surplus on revaluation of fixed assets	6	11,728,265	11,728,265
LIABILITIES			
Non-current liabilities			
Long term finance	7	48,790,294	22,573,040
Long term deposits	8	14,222,296	12,462,204
Employee benefits	10	4,886,461	4,704,086
Obligation against pipeline	11	982,731	1,027,886
Deferred credit	12	5,320,034	5,842,485
Long term advances	13	2,207,355	1,092,831
Total non-current liabilities		76,409,171	47,702,532
Current liabilities			
Current portion of long term finance	14	7,045,427	5,756,246
Short term borrowings	15	2,900,653	4,860,212
Trade and other payables	16	196,236,111	189,609,842
Current portion of obligation against pipeline	11	45,155	41,287
Current portion of deferred credit	12	422,867	427,547
Interest accrued	17	16,898,655	16,532,459
Total current liabilities		223,548,868	217,227,593
Total liabilities		299,958,039	264,930,125
Contingencies and commitments	18		
Total equity and liabilities		316,040,851	279,076,252

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

	Note	2017	2016
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	19	114,993,177	96,711,045
Intangible assets	20	74,148	24,643
Deferred tax	9	2,476,353	2,668,942
Long term investments	21	1,560,328	1,243,416
Net investment in finance lease	22	304,579	362,394
Long term loans and advances	23	171,407	162,426
Long term deposits		14,365	8,302
Total non-current assets		119,594,357	101,181,168
Current assets			
Stores, spares and loose tools	24	2,472,190	2,146,869
Stock-in-trade	25	1,139,269	801,819
Current maturity of net investment in finance lease	22	57,815	110,161
Customers' installation work in progress	26	165,402	184,508
Trade debts	27	82,137,595	86,285,447
Loans and advances	28	2,642,233	2,643,911
Advances, deposits and short term prepayments	29	146,751	481,877
Interest accrued	30	10,594,367	9,191,342
Other receivables	31	77,326,874	55,108,009
Taxation - net	32	18,867,146	19,986,902
Cash and bank balances	33	896,852	954,239
Total current assets		196,446,494	177,895,084
Total assets		316,040,851	279,076,252

Chairman   Chief Financial Officer   Managing Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Sales		187,028,899	214,637,472
Sales tax		(25,665,983)	(31,234,047)
		161,362,916	183,403,425
Gas development surcharge		(4,689,641)	(44,787,323)
Net sales		156,673,275	138,616,102
Cost of sales	34	(157,512,161)	(163,440,128)
Gross loss		(838,886)	(24,824,026)
Administrative and selling expenses	35	(4,311,328)	(3,840,688)
Other operating expenses	36	(3,293,096)	(2,355,905)
		(7,604,424)	(6,196,593)
		(8,443,310)	(31,020,619)
Other operating income	37	6,555,113	2,694,871
Operating loss		(1,888,197)	(28,325,748)
Other non-operating income	38	6,896,466	23,104,574
Finance cost	39	(1,692,477)	(2,618,390)
Profit / (loss) before taxation		3,315,792	(7,839,564)
Taxation	40	(1,979,962)	1,724,611
Profit / (loss) for the year		1,335,830	(6,114,953)
		(Rupees)	
Basic and diluted earning per share	42	1.52	(6.94)

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

Chairman | Chief Financial Officer | Managing Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Profit / (loss) for the year		1,335,830	(6,114,953)
Other comprehensive income			
Item that may be reclassified subsequently to profit and loss account:			
- Unrealised gain / (loss) on re-measurement of available for sale securities		316,912	(38,205)
Items that will not be reclassified subsequently to profit and loss account:			
- Remeasurement of post retirement benefits obligation		(946,477)	13,779
- Impact of deferred tax		283,943	(4,134)
- Gas development surcharge	31.1.2	946,477	(13,779)
		283,943	(4,134)
Total comprehensive profit / (loss) for the year		1,936,685	(6,157,292)

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

Chairman | Chief Financial Officer | Managing Director

UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		3,315,792	(7,839,564)
Adjustments for non-cash and other items	43	9,463,667	(8,414,083)
Working capital changes	44	(14,815,207)	41,660,169
Financial charges paid		(2,962,673)	(2,231,930)
Employee benefits paid		(87,971)	(95,386)
Payment for retirement benefits		(511,075)	(599,282)
Long term deposits received - net		1,760,092	1,849,145
Deposits paid - net		(6,063)	(745)
Loans and advances to employees - net		(7,303)	(342,842)
Interest income received		58,584	426,693
Income taxes paid		(383,674)	(3,201,063)
Net cash (used in) / generated from operating activities		(4,175,831)	21,211,112
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(21,490,340)	(26,795,223)
Payments for intangible assets		(72,067)	(19,661)
Proceeds from sale of property, plant and equipment		89,749	135,770
Lease rental from net investment in finance lease		177,910	216,378
Payment for obligation against pipeline		(135,732)	(135,732)
Dividend received		2,163	1,186
Net cash used in investing activities		(21,428,317)	(26,597,282)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		32,986,444	9,613,527
Repayments of local currency loans		(5,465,880)	(8,094,563)
Customer finance received		9,345	-
Repayment of customer finance		(23,473)	(32,877)
Dividend paid		(116)	(828)
Net cash generated from financing activities		27,506,320	1,485,259
Net increase / (decrease) in cash and cash equivalents		1,902,172	(3,900,911)
Cash and cash equivalents at beginning of the year		(3,905,973)	(5,062)
Cash and cash equivalents at end of the year		(2,003,801)	(3,905,973)
Cash and cash equivalent comprises:			
Cash and bank balances		896,852	954,239
Short term borrowings		(2,900,653)	(4,860,212)
		(2,003,801)	(3,905,973)

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

Chairman

Chief Financial Officer

Managing Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid-up capital	Capital reserves (Note 5)	Revenue reserves (Note 5)	Surplus on re-measurement of available for sale securities	Accumulated losses	Total
	(Rupees in '000)					
Balance as at June 30, 2015	8,809,163	234,868	4,672,533	239,992	(5,381,402)	8,575,154
Total comprehensive loss for the year ended June 30, 2016						
Loss for the year	-	-	-	-	(6,114,953)	(6,114,953)
Other comprehensive loss for the year	-	-	-	(38,205)	(4,134)	(42,339)
Total comprehensive loss for the year	-	-	-	(38,205)	(6,119,087)	(6,157,292)
Balance as at June 30, 2016	8,809,163	234,868	4,672,533	201,787	(11,500,489)	2,417,862
Total comprehensive income for the year ended June 30, 2017						
Profit for the year	-	-	-	-	1,335,830	1,335,830
Other comprehensive income for the year	-	-	-	316,912	283,943	600,855
Total comprehensive income for the year	-	-	-	316,912	1,619,773	1,936,685
Balance as at June 30, 2017	8,809,163	234,868	4,672,533	518,699	(9,880,716)	4,354,547

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

Chairman | Chief Financial Officer | Managing Director

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.

1.2 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA), the Company is provided a minimum annual return before taxation of 17% per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial and other non-operating expenses and non-operating income. The determination of annual required return is reviewed by OGRA, under the terms of the license for transmission, distribution and sale of natural gas, targets and parameters set by OGRA. Income earned in excess / short of the above guaranteed return is payable to / recoverable from the Government of Pakistan (GoP) and is adjusted from / to the gas development surcharge balance payable to / receivable from the GoP.

1.3 Financial Performance

During the year, the Company has earned profit after tax of Rs. 1,336 million resulting in reduction of its accumulated losses by Rs. 1,620 million and strengthening equity to Rs. 4,355 million after including the impact of staggering (refer note 2.1.1). However, as at year end, current liabilities exceed its current asset by Rs. 27,102 million and accumulated losses stood at Rs. 9,881 million. The Company has been incurring losses since financial year 2014 attributable mainly to high percentage of unaccounted for gas (UFG) and its disallowance over and above the limit allowed by OGRA, disallowance of bad debts over and above the limit allowed by OGRA and dismissal of Company's petitions by Sindh High Court (refer note 1.4.1).

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

- In FY 2016, the Board of Directors of the Company has conceptually approved the construction of 30 LPG air mix plants with an estimated cost of Rs. 14 billion. Out of 30 LPG air mix plants, 10 plants are under construction and management is confident to complete all these plants by 2020.

Upon capitalisation of the above mentioned assets, the Company will be entitled to 17.43% return.

- Banks have relaxed debt to equity ratio of the Company from 80:20 to 95:05 from financial year 2016 to 2019.

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Company is allowed UFG based on RLNG handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. Based on this, management will include RLNG volumes in determining the UFG disallowance in FY 2018 and 2019.

  Management had already claimed an amount of Rs. 4,328 million in respect of the above matter from OGRA in Financial Year 2016-17 which was disallowed by OGRA through its decision dated December 24, 2018 stated that the Company stance is technically unjustifiable. Further, the dedicated pipeline is now operational therefore the issue of handling RLNG (of SNGPL) by the Company in its distribution system and its impact on UFG, if any, does no longer prevail.

  The management is confident to seek this claim from OGRA and if required to again pursue the matter through Ministry of Energy (Petroleum division) to the Government.

- Under new tariff regime, effective from the month of July 2018, OGRA has allowed 50% of income, derived from Jamshoro Joint Venture Limited (JJVL), as retainable by the Company. Under such regime, the Company is expected to earn reasonable profits through the sale of LPG and NGL business which will result in increasing the profitability and financial performance of the Company in FY 2019 and onwards.

The company will also be entitled to the guaranteed return on operating asset from 17% to 17.43% from FY 2019 for next three years.

- While determining the guaranteed return of the Company for the future years, UFG has been determined based on KMI's set by OGRA dated February 28, 2018.

  As per UFG study report finalised by a firm of chartered accountants, revised UFG allowance has been determined from 4.5% to 7.6% (5% base benchmark and 2.6% based on achievement of KMIs). The Company has achieved upto 90% KMIs which will allow higher limit of UFG allowance in future years and will also result in decline of actual UFG volume which will have positive impact on financial performance of the Company.

- The Company is also evaluating the option to issue shares to improve the equity and cash flows of the Company.

Board / management believes that in view of above mentioned steps / plans, the Company's profitability and financial position will improve in the next few years.

1.4 Determination of revenue requirements

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

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

On November 25, 2016, Sindh High Court has dismissed the Company's petitions through its judgement. Consequently, OGRA in its decision dated December 22, 2016 for determination of FRR for FY 2016 has allowed UFG at 4.5% and treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge, and Sale of Gas Condensate as operating income and therefore the management has considered the same decision while determining the 17% guaranteed return for the financial year 2017.

The Company has filed civil petition for leave to appeal in the Supreme Court of Pakistan on January 25, 2017, against the abovementioned Sindh High Court judgement.

Meanwhile after finalisation of UFG study report, ECC advise OGRA, to reconcile and finalize / adjust the provisional UFG benchmarks set from FY 2013 to 2017 of the sui companies in line with the recommendations of the UFG Study report. Accordingly OGRA, allowed previously held up benefit in respect of volume pilfered by non-consumers as well as volume consumed in law and order affected areas.

As a result of this benefit, reduction in UFG disallowance amounting to Rs.1,390 million for current year and Rs. 4,278 million for previous years (FY 2013 to FY 2016) has been accounted for in these unconsolidated financial statements.

2. BASIS FOR PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements (the financial statements) have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 shall prevail. For the determination of Gas Development Surcharge, the directives of OGRA and the OGRA Ordinance, 2002 have been followed.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial statements have been prepared under the Companies Ordinance 1984.

2.1.1 Staggering of Losses arising due to Sindh High Court decision

As disclosed in note 1.4.1, OGRA has disallowed certain expenses for the years ended 2011 to 2015. Consequently, management had approached Securities and Exchange Commission of Pakistan (SECP) through its letter dated December 14, 2016 to allow staggered recognition of the disallowed expenses of Rs. 36,718 million in 3 years. The permission from SECP was sought based on the grounds that recognition of such disallowances in one year will reflect very adverse results and financial position of the Company, considering that OGRA's determination of some significant aspects of revenue requirements are provisional and are likely to be revised.

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

Based on above 50% impact (Rs. 18,359 million) of the decision of Sindh High Court for financial years 2011 to 2015 was accounted for in FY 2015-16. The remaining Rs. 18,359 million was required to be accounted for in FY 2016-17. However, considering financial position of the Company and the fact that the loss of Rs. 36,718 million pertains to 5 financial years, a summary was moved by Ministry of Energy (Petroleum Division) to Economic Coordination Committee (ECC) for allowing staggering of Rs. 18,359 million in 5 years. The ECC approved the summary through letter dated May 31, 2018 advising SECP to allow staggering of remaining Rs. 18,359 million in five years. The Company approached SECP after considering ECC decision, who through its letter dated June 27, 2018 advised the board to make the necessary decision to present a true and fair view of the Company's financial position and performance. Based on the letter received from SECP, the OGRA, in its decision dated December 24, 2018, endorsed the staggering of remaining Rs. 18,359 million over a period of five years.

Therefore, the remaining accumulated losses of Rs. 18,359 million have been staggered and will be recorded in equal amounts of Rs. 3,672 million in five years form FY 2016-17 to FY 2020-21.

2.2 Basis of measurement

The unconsolidated financial statements have been prepared under the historical cost convention, except for certain investments stated in note 21 which are carried at their fair values, employee benefits which are valued at their present value using actuarial assumptions and freehold and leasehold land which are carried at revalued amount.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in the subsequent year are discussed in note 51.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2017

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / Amendments / Interpretations	Effective Date (accounting period beginning on or after)
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016

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

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

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

	Effective Date (accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

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

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

3.3 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.

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

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. Capital work in progress are stated at cost, less accumulated impairment loss, 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 fixed assets.

The cost of the property, plant and equipment includes:

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

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

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 expenditure (including normal repairs and maintenance) is recognised in the unconsolidated profit and loss account as an expense when it is incurred.

Capital work in progress

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

Depreciation

- **Compressors and transmission lines**

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

- Other operating assets

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

Useful lives of the assets are mentioned in the note 19.1 to these financial statements.

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

Intangible assets

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

Definite life

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

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

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

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 profit and loss account.

Gains and losses on disposal

Gains and losses on disposal are taken to the unconsolidated profit and loss account.

Leased assets

Leased assets in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment loss, if any. Depreciation on assets subject to finance lease is recognised in the same manner as for owned operating assets.

3.4 Investments

Available-for-sale

Investments which are intended to be held for an indefinite period and may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale investments. These investments are initially recognised at fair value, being the cost of the consideration given and transaction cost. After initial recognition, investments classified as available-for-sale are re-measured at fair value, determined with reference to the year-end quoted rates. Gains or losses on re-measurement of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in unconsolidated profit and loss account. Impairment losses recognised in unconsolidated profit and loss for an investment in an equity instrument classified as available for sale shall not be reversed through unconsolidated profit and loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in unconsolidated profit and loss, the impairment loss shall be reversed, with the amount of the reversal recognised in unconsolidated profit and loss account.

Held to maturity

Investments with fixed or determinable maturity where management has both the positive intent and ability to hold till maturity are classified as held-to-maturity. These investments are measured initially at its fair value plus transaction costs that are directly attributable to these investments. Subsequent to initial measurement, held to maturity investments are measured at amortised cost using effective interest method. All investments categorised under held to maturity are subject to annual review for impairment. Provision for impairment in value, if any, is taken to unconsolidated profit and loss account.

Investment in subsidiary

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

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

Date of recognition

All purchases and sales of investments that require delivery within the time frame established by regulations or market convention (regular way) are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investments.

De-recognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risk and rewards of ownership.

3.5 Net investment in finance lease

Contractual arrangements, the fulfillment 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.

3.6 Stores, spares and loose tools

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

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

3.7 Stock-in-trade

Gas in pipelines

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

Meter manufacturing division

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

3.8 Trade debts and other receivables

Trade debts and other receivables are recognised at fair values plus directly attributable cost, if any.

A provision for impairment of trade and other receivables is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.9 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.

3.10 Mark-up bearing borrowings

Long term financing

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

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

Leases

The Company accounts for lease obligations by recording the asset and the corresponding liability determined on the basis of discounted value of minimum lease payments. Financial charges are recognised in the unconsolidated profit and loss account.

3.11 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.

3.12 Deferred credit

Amounts received from customers before July 1, 2009 and the Government as contributions and grants for providing service connections, extension of gas mains, laying of distribution lines, etc. are deferred and recognised in the unconsolidated profit and loss account over the useful lives of the related assets starting from the commissioning of such assets.

Contribution from customers

Advance taken from customers on or after July 1, 2009 for laying of distribution lines is recognised in the unconsolidated profit and loss account when the connection to the network is completed, immediately in accordance with the requirements of IFRIC-18 "Transfer of Assets from Customers".

3.13 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 balance sheet 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.

3.14 Revenue recognition

- Revenue from gas sales is recognised on the basis of gas supplied to customers at rates periodically announced by the OGRA.

- Meter rental income is recognised monthly at specified rates for various categories of customers.

- Revenue from sale of meters, liquid petroleum gas and gas condensate is recognised on dispatch to the customers.

- Deferred credit from Government and customers before July 1, 2009 is amortised and related income is recognised in the unconsolidated profit and loss account over the useful lives on commissioning of the related assets.

- Deferred credit from customers after July 01, 2009 for laying of distribution lines is recognised in the unconsolidated profit and loss when the network connection is completed, immediately in accordance with the requirements of IFRIC-18 "Transfer of Assets from Customers".

- Income from new service connections is recognised in unconsolidated profit and loss account immediately on commissioning of related assets.

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

- Return on term deposits and royalty income are recognised on time proportion basis by reference to the principal outstanding at the effective interest rate.

- Late payment surcharge is recognised from the date the billed amount is overdue.

3.15 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that financial asset or group of financial asset is impaired. A financial asset or group of financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. In case of quoted equity securities, classified as AFS impairment is assessed based on significant or prolonged decline in market prices of securities.

An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss had been recognised. An impairment loss is reversed only to the extent that the financial assets carrying value after the reversal does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised. Reversal of impairment is recognised in profit and loss account except in the case of available for sale instruments where the reversal is included in the other comprehensive income.

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 profit and loss account, for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

3.16 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 statement of comprehensive income. Gas development surcharge with respect to actuarial gains / losses are recognised in other comprehensive income, instead of profit and loss account.

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

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

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

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

- 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 the unconsolidated profit and loss account.

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

3.17 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.

3.18 Foreign currency translation

Transactions in foreign currencies are translated into Pak rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are taken to the unconsolidated profit and loss account.

3.19 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value and subsequently at fair value or amortised cost as the case may be. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are derecognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the unconsolidated profit and loss account immediately.

3.20 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 profit and loss account, 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.

3.21 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the financial statements 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.

3.22 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.

3.23 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 Company and short term liquid investments that are readily convertible to known amounts of cash.

3.24 Earnings per share

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

3.25 Dividend and reserves appropriation

Dividend is recognised as a liability in the financial statements in the period in which it is declared. Movement in reserves is recognised in the year in which it is approved.

3.26 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Discount on issue of shares is separately reported in 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.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017 (Numbers)	2016		2017 (Rupees in '000)	2016
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	2,195,666	2,195,666
661,349,755	661,349,755	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	6,613,497	6,613,497
880,916,309	880,916,309		8,809,163	8,809,163

4.1 The Company has one class of ordinary shares which carry no right to fixed income. The holders 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.

	Note	2017 (Rupees in '000)	2016
5. RESERVES			
Capital reserves			
Share capital restructuring reserve	5.1	146,868	146,868
Fixed assets replacement reserve	5.2	88,000	88,000
		234,868	234,868
Revenue reserves			
Dividend equalisation reserve		36,000	36,000
Special reserve I	5.3	333,141	333,141
Special reserve II	5.4	1,800,000	1,800,000
General reserve	5.5	2,015,653	2,015,653
Reserve for interest on sales tax refund	5.6	487,739	487,739
		4,672,533	4,672,533
		4,907,401	4,907,401

5.1 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.

5.2 Fixed assets replacement reserve

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

5.3 Special reserve I

This represents accumulated balance arising on a price increase of Rs. 4.10 per MCF granted to the Company by the Government of Pakistan in January 1987 retrospectively from July 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.

5.4 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.

5.5 General reserve

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

5.6 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.

6. SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book values resulting from the revaluation of the Company's freehold and leasehold land carried out by an independent valuer K.G. Traders (Private) Limited to determine the fair value as of June 30, 2016. The valuation was based on market research. The last valuation was carried out by Ocean Surveyors (Private) Limited in 2011.

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

	2017	2016
	(Rupees in '000)	
Freehold land	454,156	454,156
Leasehold land	208,351	208,351
	662,507	662,507

6.1 Details of the Company's freehold and leasehold land and information about fair value hierarchy, explained in note 48.4.1, as at June 30, 2017 are as follows.

	Level 1	Level 2	Level 3	Total
	-------------------------------Rupees in '000-----------------------------			
Freehold land	-	5,453,582	-	5,453,582
Leasehold land	-	6,937,190	-	6,937,190

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

	Note	2017	2016
		(Rupees in '000)	

7. LONG TERM FINANCE

	Note	2017	2016
Secured			
Loans from banking companies	7.1	46,084,648	19,437,725
Unsecured			
Front end fee of foreign currency loan	7.2	23,950	23,950
Customer finance	7.3	190,927	194,236
Government of Sindh loans	7.4	2,490,769	2,917,129
		2,705,646	3,135,315
		48,790,294	22,573,040

7.1 Loans from banking companies

	Installment payable	Repayment period	Mark-up rate p.a. (above 3 months and 6 month* KIBOR)	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Bank AlFalah Limited	quarterly	2015 - 2017	0.75%	7.1.3	-	500,000
United Bank Limited	quarterly	2015 - 2017	0.75%	7.1.3	-	750,000
Meezan Bank Limited	quarterly	2015 - 2017	0.75%	7.1.3	-	1,000,000
Faysal Bank Limited	quarterly	2015 - 2018	0.70%	7.1.3	500,000	1,000,000
United Bank Limited - Lead Consortium	quarterly	2015 - 2018	0.70%	7.1.3	1,333,333	2,666,667
Meezan Bank Limited	quarterly	2015 - 2018	0.70%	7.1.3	666,667	1,333,333
Habib Bank Limited	quarterly	2015 - 2018	0.70%	7.1.3	333,333	666,667
Bank AlFalah Limited - Lead Consortium	quarterly	2018 - 2019	0.40%	7.1.3	7,000,000	7,000,000
Habib Bank Limited	quarterly	2018 - 2022	0.50%	7.1.3	3,000,000	3,000,000
United Bank Limited - Lead Consortium	semi annually	2018 - 2022	0.50% *	7.1.1 & 7.1.3	15,000,000	3,000,000
Habib Bank Limited - Lead Consortium	semi annually	2018 - 2026	1.10% *	7.1.2	25,000,000	4,000,000
Unamortised transaction cost					(365,352)	(395,609)
					52,467,981	24,521,058
Less: Current portion shown under current liabilities				14	(6,383,333)	(5,083,333)
					46,084,648	19,437,725

7.1.1 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. As at June 30, 2017, the Company has utilised total sanctioned amount.

7.1.2 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, 2017, the Company has utilised Rs. 25,000 million out of the total sanctioned amount. The financial arrangements have been secured by GoP guarantee and ranking charge created by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

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

7.1.4 The Company is required to maintain debt to equity at 80:20. In FY 2016, the Company has obtained relaxation letter from respective banks. As per the relaxation letter issued by banks, debt to equity ratio has been revised from 80:20 to 95:05 from financial year 2016 to 2019.

7.2 Front end fee of foreign currency loan

	Installment payable	Repayment period	Mark-up rate per annum	Note	**2017**	2016
					(Rupees in '000)	
IBRD LOAN - 81540	Half-yearly	2020 - 2036	11.80%	7.2.1	23,950	23,950

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

	Note	2017	2016
		(Rupees in '000)	

7.3 Customer finance

	Note	2017	2016
Customer finance	7.3.1	203,021	217,149
Less: Current portion shown under current liabilities	14	(12,094)	(22,913)
		190,927	194,236

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

7.4 Government of Sindh loans

	Installment payable	Principal repayment period	Mark-up rate p.a.	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Government of Sindh loan - II	yearly	2011 - 2020	4%	7.4.1	270,000	360,000
Government of Sindh loan - III	yearly	2012 - 2021	4%	7.4.1	400,000	500,000
Government of Sindh loan - IV	yearly	2014 - 2023	4%	7.4.1	600,000	700,000
Government of Sindh loan - V	yearly	2015 - 2024	4%	7.4.1	770,000	880,000
Government of Sindh loan - VI	yearly	2015 - 2024	4%	7.4.1	700,000	800,000
Government of Sindh loan - VII	yearly	2016 - 2025	4%	7.4.1	1,200,000	1,350,000
Less: Impact of discounting of Government of Sindh loans				7.4.2	(799,231)	(1,022,871)
					3,140,769	3,567,129
Less: Current portion shown under current liabilities (650,000)					14	(650,000)
					2,490,769	2,917,129

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

7.4.2 This represents the benefit of lower interest rate on Government of Sindh Loan II, III, IV, V, VI and VII, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan II, III, IV, V, VI and VII amounting to Rs. 6,500 million, and its initial fair value amounting to Rs. 4,272 million. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

7.4.3 The Government of Sindh through its letter dated December 18, 2017, approved the conversion of Rs. 3,000 million of loan into grant for all the schemes which do not qualify per customer cost criteria. Based on this, the management has reversed impairment on operating assets amounting to Rs. 1,190 million relating to all unfeasible projects financed through such loan. The treatment of the grant is discussed in note 3.12.

8. LONG TERM DEPOSITS

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Security deposits from:			
- gas customers	8.1	14,039,952	12,281,193
- gas contractors	8.2	182,344	181,011
		14,222,296	12,462,204

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

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

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

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

9. DEFERRED TAX

Deferred tax comprises of taxable / (deductible) temporary differences in respect of the following:

	2017			
	Opening	Charge / (reversal) to profit and loss account	Charge / (reversal) to OCI	Closing
	(Rupees in '000)			
Taxable temporary differences				
Accelerated tax depreciation	10,459,386	3,792,247	-	14,251,633
Net investment in finance lease	141,767	(33,049)	-	108,718
Deductible temporary differences				
Provision against employee benefits	(1,411,226)	240,156	(294,868)	(1,465,938)
Provision against impaired debts and other receivables and receivable from staff pension fund	(3,898,338)	(831,131)	10,925	(4,718,544)
Provision against impaired store and spares	(84,518)	(3,709)	-	(88,227)
Liability not paid within three years	(6,569,043)	(2,732,315)	-	(9,301,358)
Carry forward of tax losses	(960,044)	557,470	-	(402,574)
Minimum income tax	-	(834,020)	-	(834,020)
Obligation under finance lease	(320,752)	320,752	-	-
Others	(26,174)	131	-	(26,043)
	(2,668,942)	476,532	(283,943)	(2,476,353)

	2016			
	Opening	Charge / (reversal) to profit and loss account	Charge / (reversal) to OCI	Closing
	(Rupees in '000)			
Taxable temporary differences				
Accelerated tax depreciation	10,079,985	379,401	-	10,459,386
Net investment in finance lease	174,815	(33,048)	-	141,767
Deductible temporary differences				
Provision against employee benefits	(1,406,383)	(167,157)	162,314	(1,411,226)
Provision against impaired debts and other receivables and receivable from staff pension fund	(3,291,999)	(564,712)	(41,627)	(3,898,338)
Provision against impaired store and spares	(74,767)	(9,751)	-	(84,518)
Liability not paid within three years	(3,718,884)	(2,850,159)	-	(6,569,043)
Carry forward of tax losses	(1,721,372)	761,328	-	(960,044)
Obligation under finance lease	(332,077)	11,325	-	(320,752)
Others	(875)	91,254	(116,553)	(26,174)
	(291,557)	(2,381,519)	4,134	(2,668,942)

9.1 The Company has an aggregate amount of deferred tax asset of Rs. 2,476 million (2016: Rs. 2,669 million) which represents management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Company would be able to set off the taxable profits earned in future years against taxable losses carried forward and other taxable temporary differences relating to prior years. The Company has prepared five years financial projections for future taxable profits, which have been approved by the Board of Directors of the Company, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as increase in return on operating assets from 17% to 17.43% (effective from the month July 2018), reduction in UFG volume and disallowance, UFG allowance of RLNG volume handling in sale price of RLNG, higher margin on sale of LPG and NGL. Management believes that it is probable that the Company will be able to achieve the taxable profits and consequently, the deferred tax asset will be fully realised in future.

	Note	2017	2016
		(Rupees in '000)	
10. EMPLOYEE BENEFITS			
Provision for post retirement medical and free gas supply facilities - executives	41.2	4,115,304	4,050,285
Provision for compensated absences - executives	10.1	771,157	653,801
		4,886,461	4,704,086
10.1 Provision for compensated absences - executives			
Balance as at July 01		653,801	576,685
Provision during the year		117,356	77,116
Balance as at June 30		771,157	653,801
11. OBLIGATION AGAINST PIPELINE			
Principal amount of obligation against pipeline	11.1	1,027,886	1,069,173
Less: current portion of obligation against pipeline		(45,155)	(41,287)
		982,731	1,027,886

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

	Note	2017	2016
		(Rupees in '000)	
12. DEFERRED CREDIT			
Government of Pakistan contributions / grants			
Balance as at July 01		3,707,033	3,821,638
Additions / adjustments during the year		106,418	150,028
Transferred to unconsolidated profit and loss account	12.1	(273,855)	(264,633)
Balance as at June 30		3,539,596	3,707,033
Contribution from customers			
Balance as at July 01		1,326,845	1,495,302
Transferred to unconsolidated profit and loss account	12.2	(157,936)	(168,457)
Balance as at June 30		1,168,909	1,326,845
Government of Sindh grants			
Balance as at July 01		1,236,154	2,227,897
Transferred to unconsolidated profit and loss account	7.4.2	(201,758)	(991,743)
Balance as at June 30		1,034,396	1,236,154
		5,742,901	6,270,032
Less: Current portion of deferred credit		(422,867)	(427,547)
		5,320,034	5,842,485

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 This represents amount received from customers for the cost of service lines and gas mains, etc. These are taken to unconsolidated profit and loss account based on the policy stated in note 3.12 to these unconsolidated financial statements.

12.3 Pipelines constructed / built under deferred credit arrangement are not given 17% minimum guaranteed return. However, Unaccounted for Gas (UFG) losses on such pipelines are considered in the determination of the Company's guaranteed return.

13. 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. As stated in note 3.12 to these unconsolidated financial statements, such deferred credit is amortised over the estimated useful lives of related assets.

	Note	2017	2016
		(Rupees in '000)	
14. CURRENT PORTION OF LONG TERM FINANCE			
Loans from banking companies	7.1	6,383,333	5,083,333
Customer finance	7.3	12,094	22,913
Government of Sindh loans	7.4	650,000	650,000
		7,045,427	5,756,246

15. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs.14,625 million (2016: Rs. 9,625 million) and subject to markup upto 0.60% (2016: 0.60%) above the one month KIBOR. These facilities are secured by first pari passu, first joint supplemental hypothecation and ranking charge over present and future stock in trade and book debts of the Company.

The aggregate unavailed short term borrowing facilities amounted to Rs. 11,725 million (2016: Rs. 4,765 million).

	Note	2017	2016
		(Rupees in '000)	
16. TRADE AND OTHER PAYABLES			
Creditors for:			
- gas supplies	16.1	167,233,189	142,435,625
- supplies		943,528	1,346,667
		168,176,717	143,782,292
Amount received from customers for laying of mains, etc.		2,361,457	2,182,955
Engro Elengy Terminal Limited		2,098,162	1,392,301
Accrued liabilities		3,193,262	4,099,054
Advance from LPG customers		22,002	182,135
Provision for compensated absences - non executives	16.2	266,887	220,431
Payable to gratuity fund	41.1	3,778,334	2,562,657
Deposits / retention money		895,166	563,973
Bills payable		59,498	323,849
Advance for sharing right of way	16.3	18,088	18,088
Unclaimed dividend		285,721	285,837
Withholding tax		92,175	147,209
Sales tax and Federal excise duty		282,275	324,338
Sindh sales tax		54,322	159,174
Processing charges payable to JJVL	31.5	7,115,280	5,782,506
Gas infrastructure development cess payable	16.4	7,264,457	8,680,409
Gas development surcharge payable to GoP	31.1	-	18,604,884
Unclaimed term finance certificate redemption profit		1,800	1,800
Inter State Gas System (Private) Limited (ISGSL)		1,555	20,321
Workers' Profit Participation Fund	16.5	12,860	-
Others	16.6	256,093	275,629
		196,236,111	189,609,842

16.1 As at June 30, 2017, amount of Rs. 121,487 million (2016: Rs. 112,690 million) is payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (2016: Rs. 15,832 million) on their balances which have been presented in note 17. LPS expense not recorded in these unconsolidated financial statements is amounting to Rs. 33,791 million as disclosed in note 38.7.

	2017	2016
	(Rupees in '000)	
16.2 Provision for compensated absences - non-executives		
Balance as at July 01	220,431	219,207
Provision during the year	46,456	1,224
Balance as at June 30	266,887	220,431

16.3 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.

16.4 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 Honorable Peshawar High Court declared the levy, imposition and recovery of the Cess unconstitutional with the direction to refund the “Cess” so far collected. Honorable 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 the “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 Honorable Sindh High Court gave a stay order to various parties against the promulgation of Presidential order on September 25, 2014.

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

On October 26, 2016, the Learned single Judge of Honorable Sindh High Court had 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 Honorable 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.

	2017	2016
	(Rupees in '000)	
16.5 Workers' Profit Participation Fund		
Balance as at July 01	(161,655)	(1,567,655)
Amount received	-	1,406,000
Expense recorded for the year	174,515	-
Balance as at June 30	12,860	(161,655)

16.6 This includes Rs. 103 million (2016: Rs. 103 million) on account of amount payable to disconnected customers for gas supply deposits.

	Note	2017	2016
		(Rupees in '000)	

17. INTEREST ACCRUED

	Note	2017	2016
Long term finance - loans from banking companies		419,156	192,158
Long term deposits from customers		355,318	309,941
Short term borrowings		94,839	26,035
Late payment surcharge on processing charges		192,105	167,088
Late payment surcharge on gas development surcharge		4,826	4,826
Late payment surcharge on gas supplies	16.1 , 18.1.3 & 38.7	15,832,411	15,832,411
		16,898,655	16,532,459

	2017	2016
	(Rupees in '000)	

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

	2017	2016
18.1.1 Guarantees issued on behalf of the Company	4,157,181	4,402,534

18.1.2 Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged claims against the Company amounting to Rs. 39,463 million (2016: Rs. 35,182 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Company and JPCL. As at June 30, 2018, this amount has been increased to Rs. 44,989 million. JPCL has raised another claim of Rs. 5.793 million (2016: Rs. 5.793 million) for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Company. The MP & NR vide its letter dated April 24, 2017, has also directed that the outstanding issues pertaining to the claims by JPCL be resolved and has proposed that a committee be constituted comprising of members from two companies and the concerned ministries to resolve the matter as it involves parties who represent / relate to Government of Pakistan.

No provision has been made against the said claims as management is confident that ultimately these claims will not be payable. Further, management believes that in case matter is decided against the Company, the entire amount will be claimed from OGRA in the determination of revenue requirements of the Company.

18.1.3 As disclosed in note 38.7, 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 amounting to Rs. 7,569 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.

18.1.4 Habibullah Coastal Power Company (Private) Limited (HCPCL) has claimed Rs.3,067 million as at July 26, 2016, from the Company for short supply of gas under the provisions of an agreement dated March 31, 1996, between the Company and HCPCL. HCPCL has also disputed late payment surcharge (LPS) charged by the Company and errors in previous billing amounting to Rs. 660 million and is not paying full amount of gas bills including LPS. Consequently, the receivable balance due from HCPCL has increased to Rs. 6,196 million as at year end. HCPCL has also invoked arbitration as per article of Gas Sale Agreement. In the instant arbitral proceedings, the Company has also raised a counter claim of Rs. 9,117 million which represents claim on account of failing to 'take or pay' for the gas made available to HCPCL, outstanding gas deposit and unpaid gas bills.

On February 24, 2017, the International Chamber of Commerce (ICC) has issued partial award on preliminary issues wherein it was held by the Tribunal that in line with past decision, HCPCL would be eligible to claim the liquidated damages from the Company subject to verification of amount by technical expert. However, the ICC also accepted the Company right to assert its 'take or pay' counter claim from December 2009 which amounts to Rs. 5,233 million up to December 2015.

On April 30, 2018, the decision of arbitration proceeding has been issued by the International court of arbitration and issue an order favor of HCPCL and the Company is required to pay to HCPCL as a final reward in the form of indemnity, damages, interest and legal and professional charges amounting to Rs. 4,377 million.

Management has not recorded the provision based on the ground that ECC through its meeting held on February 07, 2018 approved in principle, the proposal regarding waiver of liquidated damages claimed by WAPDA to HCPCL till June 30, 2017.

In case matter is decided against the Company, management is confident that the entire amount will be claimed from the OGRA in the determination of revenue requirements of the Company in line with decision made by the OGRA on the similar matter in the financial year 2009.

18.1.5 As disclosed in note 31.5,38.1, 38.5 and 38.6 and for other matters arbitration proceedings between JJVL and the Company has been initiated under the Pakistan Arbitration Act 1940 to settle the outstanding disputes between the parties. Accordingly, both the parties have appointed their respective arbitrators and filed their respective claims.

On June 13, 2018, Supreme Court of Pakistan (SCP) in its decision concluded that the Company would not supply any gas to JJVL for the purpose of processing. Further a firm of chartered accountant was appointed to conduct a complete audit of JJVL within a period of two month to ascertain and determine the amount to be paid by JJVL to the Company. Such matter relating to claimed amount will be undertaken after the report is submitted to SCP.

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. With respect to the Freight matter, SCP will settle the same and an appropriate order shall be passed in this regard. Further, firm of chartered accountants in his 2nd report submitted in SCP proposed an agreement between the parties with a sharing ratio of 57:43 in favor of the Company against supply of wet gas to JJVL plant by the Company, subject to payment of admitted liability by JJVL of Rs. 1,500 million by January 16, 2019.

SCP reviewed the agreement between the two parties as recommended by firm of chartered accountants and endorsed it as just and in national interest. SCP also directed the Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement.

Management is considering the recoverability of the receivable balance and may record further provision, if any, after the final report issued by the SCP. The arbitration is currently adjourned till the final order of the SCP and all the disputed matters taken to arbitration will be settled once the arbitration is completed, hence no provision is recorded in these unconsolidated financial statements.

18.1.6 Demand finance facilities have been given to the Company's employees by certain banks for the purchase of vehicles against the Company's guarantee and hypothecation of Company's stock of pipes, gas meters, and the company's investment in shares having a face value of Rs. 0.5 million (2016: Rs. 0.5 million).

18.1.7 Previously the Income Tax Appellate Tribunal (ITAT) had decided an Appeal in favor of Income Tax Department on the issue of capital gain made on disposal of LPG business in the financial year 2001 resulting in tax impact of Rs. 143 million. Management has filed an appeal before High Court. The management is of the view that sale of LPG business being in nature of slump transaction was not chargeable to tax under the Income Tax Ordinance, 2001. Accordingly, no provision regarding the said claim has been made in these unconsolidated financial statements as the management, based on its legal advisor's opinion, are confident that the matter would be resolved in favor of the Company.

18.1.8 The Additional Collector (Adjudication) Sales Tax and Federal Excise passed an order against the Company with a demand of Rs. 311 million for the years 2002-03, 2003-04 and 2005-06 in respect of sales tax on disposal of fixed assets, incorrect adjustment against exempt supplies, non-payment of sales tax on transportation charges, late payment surcharge and service connection charges along with default surcharge and penalty. The Income Tax Appellate Tribunal has set-aside the case and remanded back to Tax Department for hearing the case afresh. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.1.9 Income tax authorities have issued notices under section 122 / 177 of the Income Tax Ordinance, 2001 for the tax years 2008 to 2015, disallowing certain expenses. The Company has filed petition in the Sindh High Court to seek the authoritative interpretation of the Court, in respect of disallowance of interest on delayed payment of gas bills on account of failure to deduct withholding tax under section 151(1)(d) read with section 158 of the Income Tax Ordinance, 2001, disallowance of depreciation on fixed assets held under musharka arrangement and disallowances for Unaccounted For Gas (UFG). No provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.1.10 The Deputy Commissioner Inland Revenue passed an order for the financial year 2009-10 against the Company with a demand of Rs. 1,635 million, along with default surcharge and penalty on account of disallowance of input sales tax on line losses / Unaccounted for Gas (UFG) along with other observations.

The case was contested upto the level of Appellate Tribunal Inland Revenue (ATIR) and the ATIR, while upholding the decision of the Commissioner (Appeals), allowed credit of input Sales Tax on UFG to the extent of OGRA benchmark. This has resulted in reduction of demand to Rs. 149 million. The Company has filed Reference to High Court to avail benefit of full input tax credit. On filing of suit by the Company, the Sindh High Court has stayed demand for FY 2009-10.

The Company and its legal counsel are of the opinion that the Company has a strong case on merits since Sales tax Law does not specifically disallow input tax credit on line losses and further the Full Bench of the Appellate Tribunal Inland Revenue, in case of SNGPL, has held that input tax credit on UFG is allowable in full and furthermore electricity distribution companies are being allowed input tax credit on line losses by FBR in normal manner.

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

18.1.11 The Additional Commissioner Inland Revenue passed an order against the Company with a demand of Rs. 1,725 million in respect of disallowance of tax depreciation on additions to fixed assets and exchange loss in income tax audit for tax year 2011.

The Commissioner (Appeals) has decided the issue of exchange loss in Company's favor while the issue of tax depreciation has been remanded back to tax department for hearing the case afresh. Tax department has also filed appeal before Appellate Tribunal on issue of exchange loss which has been decided in favor of the Company by the Commissioner (Appeals).

In the remand back proceedings, the Deputy Commissioner Inland Revenue (DCIR) has passed an order under section 122(4)/ 122(1) of the Ordinance for the tax year 2011 whereby he has again disallowed the initial and normal depreciation on fixed assets on the ground that the Company has not provided necessary documentary evidences in relation to installation and capitalization of the projects. However, in the appeal filed before the Commissioner (Appeals) against this order, the Commissioner (Appeals) has again remanded back the matter to the Department to examine the issue afresh. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.1.12 The Additional Commissioner Inland Revenue passed an order against the Company with demand of Rs. 1,314 million alongwith default surcharge and penalty for illegal adjustment of withholding sales tax against input invoices. The principal tax demand was recovered by the authority. However, the Company has filed a reference with FBR for waiver of default surcharge and penalty, which is pending. The Sindh 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 counsel are confident that the outcome of the case will be in favor of the Company.

18.1.13 The Deputy Commissioner Inland Revenue (DCIR) had passed an order for the tax year 2010 against the Company with a demand of Rs. 432 million. The demand was 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 had 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, 2007-08 and 2008-09 claimed in the Income Tax Return for the financial year 2009-10. The Commissioner (Appeals) had maintained the disallowances except for interest free loans and directed tax department that credit of taxes paid, and minimum tax adjustments for FY 2005-2006 and FY 2008-09 be allowed after verification. The Commissioner (Appeals) has not given decision on addition under section 34(5) and refund adjustment. Against the Commissioner (Appeals) order, the Company has filed appeal before Appellate Tribunal Inland Revenue which is pending for hearing whereas the Tax Department has also filed appeal before Appellate Tribunal on issue decided in the Company's favor.

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 2008-09 whereas issues of refund adjustment for FY 2008-09, partial adjustment for minimum tax for FY 2005-06 and credit of tax deducted at source were again remanded back to DCIR.

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

18.1.14 Income tax authorities have issued show cause notice to the Company for recovery of additional tax of Rs. 422 million for late deposit of withholding income tax on payment to permanent establishments of non-resident Exploration and Production Companies for the year 2013 & 2014. The Company has filed an appeal in the Sindh High Court, which through its order dated March 10, 2017 has remanded back the matter to the Department. No order has been passed as yet in the remanded back proceedings. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.1.15 The Company is subject to various other claims totaling Rs. 162 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

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

		2017	2016
		(Rupees in '000)	
18.1.17	Claims against the Company not acknowledge as debt	77,477	77,477
	The management is confident that ultimately these claims would not be payable.		
18.2	**Commitments**		
	Commitments for capital and other expenditure	4,288,671	13,228,470

	Note	2017	2016
		(Rupees in '000)	
19. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	19.1	106,267,254	73,277,736
Capital work in progress	19.5	8,725,923	23,433,309
		114,993,177	96,711,045

19.1 Operating assets

	2017							
	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
	As at July 01, 2016	Additions / (deletions) / transfers * Revaluation ** Impairment ***	As at June 30, 2017	As at July 01, 2016	Depreciation / (deletions) / transfers *	As at June 30, 2017	As at June 30, 2017	
	(Rupees in '000)							
Freehold land	5,453,582	22,452 - - *	5,476,034	-	- - - *	-	5,476,034	-
Leasehold land	6,937,190	1,441 - - *	6,938,631	-	- - - *	-	6,938,631	-
Buildings on freehold land	324,492	- - - *	324,492	261,370	11,704 - - *	273,074	51,418	20
Buildings on leasehold land	2,367,305	131,870 - (2,342) *	2,496,833	1,387,162	124,336 - 826 *	1,512,324	984,509	20
Roads, pavements and related infrastructures	656,926	137,761 - 2,339 *	797,026	198,235	61,636 - (1,010) *	258,861	538,165	20
Gas transmission pipelines	27,079,812	24,790,990 - 725,564 *	52,596,366	14,004,773	522,050 - 663,659 *	15,190,482	37,405,884	40
Gas distribution system	71,081,257	5,319,063 (659,880) - * 1,190,000 ***	76,930,440	30,855,068	4,272,489 (540,304) - * - ***	34,587,253	42,343,187	10-20
Compressors	3,616,296	5,794,228 - - *	9,410,524	2,411,900	191,260 - 10,208 *	2,613,368	6,797,156	17
Telecommunication	1,046,250	93,420 - 3,287 *	1,142,957	659,171	85,505 - 2,258 *	746,934	396,023	2 & 6.67
Plant and machinery	3,055,802	310,707 - (18) *	3,366,491	1,753,032	210,585 - (313) *	1,963,304	1,403,187	10
Tools and equipment	412,208	70,712 - 23 *	482,943	369,762	39,065 - (3,111) *	405,716	77,227	3
Motor vehicles	2,591,076	631,398 (122,914) (842) *	3,098,718	1,500,885	265,800 (92,407) 1,807 *	1,676,085	1,422,633	5
Furniture and fixture	572,199	13,704 - (3,304) *	582,599	492,141	31,916 - (3,761) *	520,296	62,303	5
Office equipment	438,328	109,068 - (1,713) *	545,683	352,930	37,189 - (116) *	390,003	155,680	5
Computer and ancillary equipments	974,240	96,376 (141) 2,569 *	1,073,044	844,690	82,375 (82) 146 *	927,129	145,915	3
Supervisory control and data acquisition system	1,142,477	- - - *	1,142,477	667,408	65,223 - (471) *	732,160	410,317	6.67
Construction equipment	2,370,185	724,655 - 3 *	3,094,843	1,083,362	349,397 - 3,099 *	1,435,858	1,658,985	5
	130,119,625	38,247,845 (782,935) 725,566 * - ** 1,190,000 ***	169,500,101	56,841,889	6,350,530 (632,793) 673,221 * - ** - ***	63,232,847	106,267,254	

	2016							
	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
	As at July 01, 2015	Additions / (deletions) / transfers * Revaluation ** Impairment ***	As at June 30, 2016	As at July 01, 2015	Depreciation / (deletions) / transfers *	As at June 30, 2016	As at June 30, 2016	
	(Rupees in '000)							
Freehold land	4,434,792	397,405 - - * 621,385 **	5,453,582	-	- - - * - **	-	5,453,582	-
Leasehold land	6,082,257	- - - * 854,933 **	6,937,190	-	- - - * - **	-	6,937,190	-
Buildings on freehold land	324,492	- - - *	324,492	247,406	13,964 - - *	261,370	63,122	20
Buildings on leasehold land	2,197,929	169,376 - - *	2,367,305	1,260,438	126,724 - - *	1,387,162	980,143	20
Roads, pavements and related infrastructures	656,926	- - - *	656,926	189,993	8,242 - - *	198,235	458,691	20
Gas transmission pipelines	24,932,520	2,147,292 - - *	27,079,812	13,680,629	324,144 - - *	14,004,773	13,075,039	40
Gas distribution system	65,265,695	7,082,196 (76,634) - * (1,190,000) ***	71,081,257	26,911,250	4,020,452 (76,634) - * - ***	30,855,068	40,226,189	10-20
Compressors	2,464,372	1,151,924 - - *	3,616,296	2,319,769	92,131 - - *	2,411,900	1,204,396	8-16
Telecommunication	896,838	149,412 - - *	1,046,250	591,251	67,920 - - *	659,171	387,079	2 & 6.67
Plant and machinery	2,636,211	419,563 - 28 *	3,055,802	1,565,115	189,438 - (1,521)*	1,753,032	1,302,770	10
Tools and equipment	377,109	34,436 - 663 *	412,208	341,433	27,784 - 545 *	369,762	42,446	3
Motor vehicles	2,321,191	429,564 (159,679) - *	2,591,076	1,453,044	169,885 (122,045) 1 *	1,500,885	1,090,191	5
Furniture and fixture	549,419	23,338 - (558) *	572,199	462,125	30,574 - (558)*	492,141	80,058	5
Office equipment	404,425	34,035 - (132) *	438,328	321,997	31,065 - (132)*	352,930	85,398	5
Computer and ancillary equipments	856,136	117,485 - 619 *	974,240	785,302	58,769 - 619 *	844,690	129,550	3
Supervisory control and data acquisition system	684,772	457,705 - - *	1,142,477	646,816	20,592 - - *	667,408	475,069	6.67
Construction equipment	1,131,415	1,250,027 (11,257) - *	2,370,185	1,033,471	59,482 (11,257) 1,666 *	1,083,362	1,286,823	5
	116,216,499	13,863,758 (247,570) 620 * 1,476,318 ** (1,190,000) ***	130,119,625	51,810,039	5,241,166 (209,936) 620 * - ** - ***	56,841,889	73,277,736	

	2017	2016
	(Rupees in '000)	

19.2 Details of depreciation for the year are as follows:

	2017	2016
Transmission and distribution costs	5,576,181	4,848,963
Administrative expenses	244,169	209,956
Selling expenses	17,894	15,263
	5,838,244	5,074,182
Meter manufacturing division	26,302	25,939
LPG air mix	59,093	55,925
Capitalised on projects	426,891	85,120
	6,350,530	5,241,166

19.3 Disposal of property, plant and equipment

Details of disposal of operating assets are as follows:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sales	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Gas distribution system							
Written down value not exceeding Rs. 50,000 each	73,080	73,080	-	-	-	Replacement	Not applicable
Written down value not exceeding Rs. 50,000 each	171,434	170,538	896	-	(896)	Gas meters retired	Written off
Written down value exceeding Rs. 50,000 each	415,366	296,686	118,680	-	(118,680)	Gas meters retired	Written off
Computer and ancillary equipment							
Written down value not exceeding Rs. 50,000 each	79	79	-	44	44	3rd party claims	Insurance claim - NICL
Written down value exceeding Rs. 50,000 each	62	3	59	62	3	3rd party claims	Kashif Qadeer
Motor vehicles							
Written down value not exceeding Rs. 50,000 each							
Potohar Jeep	436	429	7	-	(7)	3rd party claims	Insurance claim - NICL
Toyota Pickup	472	472	-	130	130	3rd party claims	Insurance claim - NICL
Tractor	361	361	-	-	-	3rd party claims	Insurance claim - NICL
Motor Cycle	41	41	-	-	-	3rd party claims	Insurance claim - NICL
Motor Cycle	56	42	14	15	1	3rd party claims	Insurance claim - NICL
Mitsubishi Jeep	995	979	16	360	344	Open auction	Munawar Hussain
Pajero Jeep	995	995	-	380	380	Open auction	Munawar Hussain
PotoharJeep	424	424	-	350	350	Open auction	Muhammad Faraz Ahmed

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sales	Mode of disposal	Particulars of buyers
				(Rupees in '000)			
Low Bed Trailer	5,054	5,054	-	1,150	1,150	Open auction	Munawar Hussain
Nissan Pickup	604	604	-	295	295	Open auction	Afzal
Nissan Pickup	604	604	-	345	345	Open auction	Muhammad Jalal
Nissan Pickup	589	589	-	395	395	Open auction	Muhammad Jalal
Nissan Pickup	604	604	-	485	485	Open auction	Muhammad Jalal
Nissan Pickup	283	283	-	470	470	Open auction	Shereen Agha
Nissan Pickup	604	604	-	550	550	Open auction	Syed Asghar Ali
Suzuki Cultus	555	546	9	355	346	Open auction	Zubair
Suzuki Cultus	560	551	9	355	346	Open auction	Banho Khan
Suzuki Khyber	382	382	-	240	240	Open auction	Haleem Gobal
Suzuki Mehran	301	296	5	180	175	Open auction	Mehtab
Suzuki Pickup	237	237	-	155	155	Open auction	Khalid Anwar
Suzuki Pickup	237	237	-	175	175	Open auction	Saqib Nisar
Suzuki Pickup	235	231	4	225	221	Open auction	Abdul Rehman
Suzuki Pickup	249	245	4	205	201	Open auction	Mehtab Khattak
Suzuki Pickup	249	245	4	210	206	Open auction	Muzaffar Gul
Suzuki Pickup	312	307	5	230	225	Open auction	Liaquat Ali
Suzuki Pickup	355	349	6	275	269	Open auction	Muhammad Ashraf Javid
Suzuki Pickup	363	357	6	290	284	Open auction	Lachman
Suzuki Van	243	243	-	170	170	Open auction	Adeel Shoukat Hussain
Suzuki Van	391	391	-	275	275	Open auction	Rashid Ayoob
Suzuki Van	273	273	-	225	225	Open auction	Zia-ud-din
Suzuki Van	367	361	6	270	264	Open auction	Nouman Ahmed Siddiqu
Suzuki Van	391	385	6	270	264	Open auction	Mehtab Khattak
Suzuki Van	371	365	6	355	349	Open auction	Waheed Nazir Shaikh
Toyota Pickup	485	485	-	530	530	Open auction	Akhtar Munir
Toyota Pickup	730	730	-	505	505	Open auction	Muhammad Haleem
Toyota Pickup	799	799	-	770	770	Open auction	Muhammad Shakeel
Toyota Pickup	608	608	-	590	590	Open auction	Muzaffar Gul
Toyota Pickup	895	880	15	900	885	Open auction	Ahsan Aziz
Toyota Pickup	895	880	15	745	730	Open auction	Anwar Ali
Toyota Pickup	895	880	15	715	700	Open auction	Anwar Ali
Toyota Pickup	895	880	15	735	720	Open auction	Mubarak Hussain
Toyota Pickup	895	880	15	790	775	Open auction	Qamar Zaman
Isuzu Truck	1,586	1,586	-	1,555	1,555	Open auction	Mubarak Hussain
Isuzu Truck	120	120	-	1,105	1,105	Open auction	Muhammad Faraz Ahmed
Isuzu Truck	1,586	1,586	-	1,605	1,605	Open auction	Muhammad Naveed
Isuzu Truck	753	753	-	1,700	1,700	Open auction	Saqib Nisar
Isuzu Truck	1	1	-	700	700	Open auction	Saqib Nisar
Isuzu Truck	1	1	-	815	815	Open auction	Saqib Nisar
Mazda Truck	350	350	-	1,150	1,150	Open auction	Shujat Khattak
Mitsubishi Truck	1	1	-	1,300	1,300	Open auction	Anwar Ali
Motor Cycle	35	35	-	22	22	Open auction	Mohammad Ayoub
Motor Cycle	47	47	-	14	14	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	51	41	10	15	5	Open auction	Muhammad Younis
Motor Cycle	51	41	10	15	5	Open auction	Muhammad Younis
Motor Cycle	51	42	9	15	6	Open auction	Muhammad Younis

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sales	Mode of disposal	Particulars of buyers
			(Rupees in '000)				
Motor Cycle	52	41	11	15	4	Open auction	Muhammad Younis
Motor Cycle	52	41	11	15	4	Open auction	Muhammad Younis
Motor Cycle	52	41	11	15	4	Open auction	Muhammad Younis
Motor Cycle	52	41	11	15	4	Open auction	Muhammad Younis
Motor Cycle	59	46	13	14	1	Open auction	Muhammad Younis
Motor Cycle	67	54	13	14	1	Open auction	Muhammad Younis
Motor Cycle	67	54	13	14	1	Open auction	Muhammad Younis
Motor Cycle	67	54	13	14	1	Open auction	Muhammad Younis
Motor Cycle	68	54	14	14	-	Open auction	Muhammad Younis
Motor Cycle	68	54	14	14	-	Open auction	Muhammad Younis
Motor Cycle	68	54	14	14	-	Open auction	Muhammad Younis
Written down value exceeding Rs. 50,000 each							
Suzuki Cultus	1,076	377	699	830	131	3rd party claims	Insurance claim - NICL
Suzuki Pickup	675	373	302	530	228	3rd party claims	Insurance claim - NICL
Suzuki Pickup	686	277	409	560	151	3rd party claims	Insurance claim - NICL
Toyota Pickup	3,232	2,111	1,121	2,930	1,809	3rd party claims	Insurance claim - NICL
Toyota Pickup	1,885	731	1,154	1,560	406	3rd party claims	Insurance claim - NICL
Toyota Pickup	3,351	1,921	1,430	2,780	1,350	3rd party claims	Insurance claim - NICL
Corolla Car	969	678	291	925	634	Open auction	Mohan Singh
Kia Jeep	1,549	1,239	310	640	330	Open auction	Naeem Ahmed
Kia Jeep	1,549	1,239	310	675	365	Open auction	NZ Traders
Potohar Jeep	626	501	125	595	470	Open auction	Murtaza Khan Babar
Mitsubishi Pickup	1,633	1,306	327	570	243	Open auction	Muhammad Abdul Rahim
Mitsubishi Pickup	1,662	1,330	332	410	78	Open auction	Muhammad Abdul Rahim
Mitsubishi Pickup	1,662	1,330	332	500	168	Open auction	Muhammad Abdul Rahim
Mitsubishi Pickup	1,911	1,529	382	535	153	Open auction	Muhammad Abdul Rahim
Mitsubishi Pickup	1,999	1,599	400	760	360	Open auction	Muhammad Abdul Rahim
Suzuki Cultus	585	410	175	395	220	Open auction	Banho Khan
Suzuki Cultus	595	417	178	400	222	Open auction	Banho Khan
Suzuki Cultus	595	417	178	375	197	Open auction	Liaquat Ali
Suzuki Pickup	350	287	63	295	232	Open auction	Mohammad Rayadh
Suzuki Pickup	354	292	62	310	248	Open auction	Zain
Suzuki Pickup	314	251	63	310	247	Open auction	Saqib Nisar
Suzuki Pickup	314	251	63	300	237	Open auction	Zia-ud-din
Suzuki Pickup	338	270	68	320	252	Open auction	Malik Munawar Hussain
Suzuki Pickup	339	271	68	250	182	Open auction	Khalid Anwar
Suzuki Pickup	339	271	68	365	297	Open auction	Mehtab Khattak
Suzuki Pickup	339	271	68	330	262	Open auction	Saqib Nisar
Suzuki Pickup	339	271	68	325	257	Open auction	Zia-ud-din
Suzuki Pickup	344	275	69	320	251	Open auction	Khalid Anwar
Suzuki Pickup	344	275	69	315	246	Open auction	Muzaffar Gul
Suzuki Pickup	344	275	69	325	256	Open auction	Rashid Ayoob
Suzuki Pickup	344	275	69	350	281	Open auction	Saqib Nisar
Suzuki Pickup	344	275	69	310	241	Open auction	Syed Basit Bin Saleem
Suzuki Pickup	344	275	69	325	256	Open auction	Abdur Rasheed
Suzuki Pickup	344	275	69	320	251	Open auction	Akhtar Munir
Suzuki Pickup	344	275	69	355	286	Open auction	Pir Muhammad
Suzuki Pickup	350	280	70	365	295	Open auction	Haider Ali
Suzuki Pickup	350	280	70	365	295	Open auction	Lachman
Suzuki Pickup	352	282	70	360	290	Open auction	Saqib Nisar
Suzuki Pickup	354	283	71	310	239	Open auction	Abdul Qasim Bangash
Suzuki Pickup	354	283	71	295	224	Open auction	Jamal Shah

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sales	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Suzuki Pickup	360	288	72	350	278	Open auction	Naseer Ahmed
Suzuki Pickup	389	311	78	385	307	Open auction	Saqib Nisar
Suzuki Pickup	391	313	78	350	272	Open auction	Azimullah
Suzuki Pickup	391	313	78	335	257	Open auction	Waheed Nazir Shaikh
Suzuki Pickup	391	313	78	330	252	Open auction	Zia-ud-din
Suzuki Pickup	393	314	79	380	301	Open auction	Saqib Nisar
Suzuki Pickup	394	316	78	380	302	Open auction	Saqib Nisar
Suzuki Pickup	396	316	80	320	240	Open auction	Khalid Anwar
Suzuki Pickup	396	316	80	320	240	Open auction	Mohammad Rayadh
Suzuki Pickup	396	316	80	365	285	Open auction	Yaser Habib
Suzuki Pickup	402	322	80	365	285	Open auction	Khalid Anwar
Suzuki Pickup	402	322	80	345	265	Open auction	Murtaza Khan Babar
Suzuki Pickup	496	397	99	400	301	Open auction	Abdul Qasim Bangash
Suzuki Pickup	496	397	99	410	311	Open auction	KGM Alloys Muhammad Asif
Suzuki Pickup	496	397	99	455	356	Open auction	Saqib Nisar
Suzuki Pickup	496	397	99	440	341	Open auction	Saqib Nisar
Suzuki Pickup	496	397	99	430	331	Open auction	Saqib Nisar
Suzuki Pickup	496	397	99	400	301	Open auction	Saqib Nisar
Suzuki Pickup	531	425	106	395	289	Open auction	Muhammad Umer
Suzuki Pickup	545	436	109	375	266	Open auction	KGM Alloys Muhammad Asif
Suzuki Pickup	545	436	109	300	191	Open auction	Mehtab Khattak
Suzuki Van	361	289	72	400	328	Open auction	Mehtab Khattak
Suzuki Van	389	316	73	310	237	Open auction	M.Sarfaraz
Suzuki Van	367	294	73	305	232	Open auction	Muhammad Ashraf Javid
Suzuki Van	367	294	73	315	242	Open auction	Nouman Ahmed Siddiqu
Suzuki Van	389	316	73	265	192	Open auction	Syed Basit Bin Saleem
Suzuki Van	396	317	79	385	306	Open auction	Mehtab Khattak
Suzuki Van	401	321	80	365	285	Open auction	Ashraf Javid
Suzuki Van	404	323	81	370	289	Open auction	Azimullah
Suzuki Van	404	323	81	365	284	Open auction	Saqib Nisar
Suzuki Van	404	323	81	425	344	Open auction	Zia-ud-din
Suzuki Van	405	323	82	300	218	Open auction	Taroo Mal
Suzuki Van	410	328	82	270	188	Open auction	Haider Ali
Suzuki Van	423	339	84	380	296	Open auction	Taroo Mal
Suzuki Van	423	339	84	375	291	Open auction	Zahir Shah Khan
Suzuki Van	436	348	88	360	272	Open auction	Taroo Mal
Suzuki Van	446	357	89	300	211	Open auction	Adnan Ahmed Mirza
Suzuki Van	446	357	89	335	246	Open auction	Nouman Ahmed Siddiqu
Suzuki Van	446	357	89	360	271	Open auction	Taroo Mal
Suzuki Van	467	374	93	395	302	Open auction	Syed Basit Bin Saleem
Toyota Pickup	799	639	160	920	760	Open auction	Muhammad Shakeel
Toyota Pickup	815	652	163	895	732	Open auction	Khalid Anwar
Toyota Pickup	815	652	163	810	647	Open auction	Muhammad Atiq
Toyota Pickup	819	655	164	1,095	931	Open auction	Banho Khan
Toyota Pickup	819	655	164	800	636	Open auction	Muhammad Hussain
Toyota Pickup	823	658	165	860	695	Open auction	Waheed Nazir Shaikh
Toyota Pickup	828	662	166	1,060	894	Open auction	Khalid Anwar
Toyota Pickup	834	667	167	835	668	Open auction	Munawar Hussain
Toyota Pickup	835	668	167	875	708	Open auction	Banho Khan
Toyota Pickup	835	668	167	885	718	Open auction	Muhammad Hussain
Toyota Pickup	835	668	167	740	573	Open auction	Muhammad Naveed

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sales	Mode of disposal	Particulars of buyers
			(Rupees in '000)				
Toyota Pickup	835	668	167	835	668	Open auction	Syed Iqbal Hussain Shah
Toyota Pickup	850	680	170	735	565	Open auction	Waheed Nazir Shaikh
Toyota Pickup	851	681	170	710	540	Open auction	Muhammad Umer
Toyota Pickup	851	681	170	700	530	Open auction	Saqib Nisar
Toyota Pickup	867	694	173	880	707	Open auction	Saqib Nisar
Toyota Pickup	895	716	179	660	481	Open auction	Muhammad Hussain
Toyota Pickup	973	779	194	1,070	876	Open auction	Mirajuddin
Toyota Pickup	1,067	853	214	955	741	Open auction	Saqib Nisar
Toyota Pickup	2,206	1,765	441	615	174	Open auction	Muhammad Asif
Toyota Pickup	2,206	1,765	441	610	169	Open auction	Muhammad Faraz Ahmed
Shehzore Truck	678	543	135	925	790	Open auction	Khalid Anwar
Honda Civic	2,681	759	1,922	1,328	(594)	Service rules	Fayyaz Merchant
Toyota Corolla	1,758	841	917	485	(432)	Service rules	Muhammad Ahmed Siddiqui
Toyota Corolla	1,850	412	1,438	1,099	(339)	Service rules	Muhammad Saleem Mangi
Suzuki Cultus	1,047	428	619	306	(313)	Service rules	Abdul Rasheed Khan
Suzuki Cultus	1,076	252	824	624	(200)	Service rules	Khalil Ibrahim Memon
Suzuki Cultus	1,076	240	836	643	(193)	Service rules	Mohammad Shoaib
Suzuki Cultus	981	664	317	74	(243)	Service rules	Kashif Qadir
Suzuki Cultus	981	663	318	74	(244)	Service rules	Abdul Mannan
Suzuki Cultus	981	570	411	74	(337)	Service rules	Tariq Pervez
Suzuki Cultus	1,042	425	617	319	(298)	Service rules	Abdul Karim
Suzuki Cultus	1,047	429	618	297	(321)	Service rules	Qaid Johar Dawson
Suzuki Cultus	1,047	429	618	345	(273)	Service rules	Haseebur Rehman
Suzuki Cultus	1,076	290	786	553	(233)	Service rules	Khalid Hussain
Suzuki Cultus	1,076	315	761	514	(247)	Service rules	Akhtar Fazal Mahmood
Suzuki Cultus	1,076	302	774	535	(239)	Service rules	Rashid Mansoor
Suzuki Cultus	1,076	365	711	471	(240)	Service rules	Anis Ahmed Khan
30-Jun-17	782,935	632,793	150,142	89,749	(60,393)		
30-Jun-16	247,570	209,936	37,634	135,770	98,136		

19.4 Borrowing costs capitalised during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 1,773 million (2016: Rs. 950 million). Borrowing costs related to general borrowings were capitalised at the rate of 6.42% (2016: 6.57%).

19.4.1 Market value of buildings / civil works, roads, pavements and related infrastructure, compressors, plant and machinery, construction equipment, motor vehicles and gas transmission and distribution pipelines is Rs. 131,862 million as per the valuation carried out as at June 30, 2016 by an independent valuer namely K.G. Traders (Private) Limited. However, no impact of revaluation has been incorporated in these unconsolidated financial statements as cost model has been adopted for aforesaid assets.

	Note	2017	2016
		(Rupees in '000)	

19.5 Capital work in progress

	Note	2017	2016
Projects:			
- Gas distribution system		3,118,612	3,317,275
- Gas transmission system		1,576,136	10,081,016
- Cost of buildings under construction and others		65,619	167,244
		4,760,367	13,565,535
Stores and spares held for capital projects	19.5.1	3,982,090	9,960,532
LPG air mix plant		238,591	112,970
		4,220,681	10,073,502
Impairment of capital work in progress		(255,125)	(205,728)
		8,725,923	23,433,309

19.5.1 Stores and spares held for capital projects

	2017	2016
Gas distribution and transmission	4,127,355	10,100,178
Provision for impaired stores and spares	(145,265)	(139,646)
	3,982,090	9,960,532

20. INTANGIBLE ASSETS

		COST			AMORTISATION			Written down value as at June 30,	Useful life (years)
		As at July 01,	Additions	As at June 30,	As at July 01,	For the year	As at June 30,		
		(Rupees in '000)							
Computer software	2017	518,279	72,066	590,345	493,636	22,561	516,197	74,148	3
	2016	498,618	19,661	518,279	462,707	30,929	493,636	24,643	3

	Note	Percentage of holding (if over 10%)	2017	2016
			(Rupees in '000)	

21. LONG TERM INVESTMENTS

	Note	Percentage of holding (if over 10%)	2017	2016
Investments in related parties				
Subsidiary:				
SSGC LPG (Private) Limited				
100,000,000 (2016: 100,000,000) ordinary shares of Rs.10 each		100	1,000,000	1,000,000
Sui Southern Gas Provident Fund Trust Company (Private) Limited				
100 (2016: 100) ordinary shares of Rs. 10 each		100	1	1
Associate:				
Unquoted companies - available for sale				
Inter State Gas System (Private) Limited (ISGSL) 510,000 (2016: 510,000) ordinary shares of Rs. 10 each	21.1 & 21.2		5,100	5,100
Quoted companies - available for sale				
Sui Northern Gas Pipelines Limited (SNGPL) 2,414,174 (2016: 2,414,174) ordinary shares of Rs. 10 each	21.1 & 21.3		359,519	87,610
			1,364,620	1,092,711
Other investments				
Quoted companies - available for sale				
Pakistan Refinery Limited				
3,150,000 (2016: 3,150,000) ordinary shares of Rs. 10 each			167,769	129,717
United Bank Limited				
118,628 (2016: 118,628) ordinary shares of Rs. 10 each			27,939	20,988
Unquoted companies (at cost)				
Pakistan Tourism Development Corporation				
5,000 (2016: 5,000) ordinary shares of Rs. 10 each			50	50
			195,758	150,755
Provision against impairment in value of investments at cost			(50)	(50)
			195,708	150,705
			1,560,328	1,243,416

21.1 Investments in SNGPL and ISGSL represent investment in 'associated companies' in terms of provisions of Companies Ordinance 1984. However, the Company has not accounted for them as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company does not have significant influence in these associated companies.

21.2 Inter State Gas System (Private) Limited (ISGSL) entered into a service agreement with the Company and SNGPL which was effective from July 01, 2003, whereby ISGSL is mainly required to ascertain, identify and advise the Company and SNGPL on the most convenient and reliable sources of natural gas, which can be imported. The whole operation of ISGSL, is carried out in connection with the service agreement and ISGSL, was allowed under the agreement to recover its cost / expenditure from the Company and SNGPL. The Company beared 51% of the expenses of ISGSL, as per the directives of Economic Coordination Committee (ECC) of the Cabinet.

During the year, ECC in its meeting dated December 15, 2016 has decided that Government Holding (Private) Limited, being the parent company, shall made all future funding of ISGSL project. Based on this, the OGRA in its decision dated December 24, 2018, allowed Rs. 15 million and considered the same as full and final payment in this regard.

21.3 Sale of these shares has been restricted by the Government of Pakistan due to its privatisation, till further directives.

22. NET INVESTMENT IN FINANCE LEASE

	June 30, 2017		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
		(Rupees in '000)	
Not later than one year	114,771	56,956	57,815
Later than one year and not later than five years	434,025	129,446	304,579
Later than five years	-	-	-
	434,025	129,446	304,579
	548,796	186,402	362,394

	June 30, 2016		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
		(Rupees in '000)	
Not later than one year	180,941	70,780	110,161
Later than one year and not later than five years	409,439	165,691	243,748
Later than five years	142,543	23,897	118,646
	551,982	189,588	362,394
	732,923	260,368	472,555

22.1 The Company entered into agreements with Oil and Gas Development Company Limited (OGDCL), Sui Northern Gas Pipelines Limited and ENI Pakistan Limited to use the Company's transmission pipelines for distribution of gas. The terms of the agreements entered into are for a substantial portion of the useful economic lives of the related assets. The agreement with OGDCL and ENI Pakistan expired on June 30, 2013 and November 25, 2015 respectively and management is negotiating for renewal of these agreements.

The interest rates used to discount future minimum lease payments under the leases are based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in finance leases.

	Note	2017	2016
		(Rupees in '000)	
23. LONG TERM LOANS AND ADVANCES - Secured, considered good			
Due from executives	23.1 & 23.2	1,048	1,608
Less: receivable within one year	28	(263)	(408)
		785	1,200
Due from other employees	23.1 & 23.2	203,903	194,362
Less: receivable within one year	28	(33,281)	(33,136)
		170,622	161,226
		171,407	162,426

23.1 Reconciliation of the carrying amount of loans and advances:

	2017 Executives	2017 Other employees	2016 Executives	2016 Other employees
	(Rupees in '000)			
Balance at the beginning of the year	1,608	194,362	2,252	182,324
Disbursements	-	55,328	-	50,909
Repayments	(560)	(45,787)	(644)	(38,871)
	1,048	203,903	1,608	194,362

23.2 These loans represent house building and transport loans to the employees under the terms of employment and are recoverable in monthly installments 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.

23.3 The maximum aggregate amount of long term loans due from the executives at the end of any month during the year was Rs. 1.608 million (2016: Rs. 2.252 million).

	2017	2016
	(Rupees in '000)	
24. STORES, SPARES AND LOOSE TOOLS		
Stores	352,129	361,497
Spares	2,009,436	1,457,406
Stores and spares in transit	380,510	579,540
Loose tools	775	768
	2,742,850	2,399,211
Provision against impaired inventory		
Balance as at July 01	(252,342)	(232,766)
Provision made during the year	(18,318)	(19,576)
Balance as at June 30	(270,660)	(252,342)
	2,472,190	2,146,869
24.1 Stores, spares and loose tools are held for the following operations:		
Transmission	1,932,238	1,324,215
Distribution	539,952	822,654
	2,472,190	2,146,869
25 STOCK-IN-TRADE		
Gas		
Gas in pipelines	463,978	336,034
Stock of Synthetic Natural Gas	10,739	13,578
	474,717	349,612
Gas meters		
Components	453,974	345,810
Work-in-process	7,921	7,328
Finished meters	172,875	122,827
	634,770	475,965
Stock of Liquefied Petroleum Gas	53,212	5,626
Provision against impaired inventory		
Balance as at July 01	(29,384)	(16,456)
Reversal / (provision) made during the year	5,954	(12,928)
Balance as at June 30	(23,430)	(29,384)
	1,139,269	801,819

26. 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 34.2 of these unconsolidated financial statements.

	Note	2017	2016
		(Rupees in '000)	
27. TRADE DEBTS			
Secured		18,073,913	17,426,817
Unsecured		77,829,529	80,021,993
	27.1 & 27.2	95,903,442	97,448,810
Provision against impaired debts	27.3	(13,765,847)	(11,163,363)
		82,137,595	86,285,447

27.1 As K-Electric Limited (KE) has been defaulting and not making payment of Late Payment Surcharge (LPS) and the Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, the Company effective from July 01, 2012 decided to account for LPS from KE on receipt basis as per IAS 18 "Revenue" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 32,378 million (2016: Rs. 35,949 million) as at June 30, 2017 receivables from KE. Out of this, Rs. 29,652 million (2016: Rs. 31,402 million) as at June 30, 2017 are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 74,449 million (2016: Rs. 67,838 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

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

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

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

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

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

27.2 As Pakistan Steel Mills Corporation (Private) Limited (PSML) has been defaulting and not making payment of Late Payment Surcharge (LPS), the Company effective from July 01, 2012 decided to account for LPS from PSML on receipt basis as per IAS 18 "Revenue" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 22,310 million (2016: Rs. 21,708 million) including overdue balance of Rs. 22,260 million (2016: Rs. 21,659 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 49,056 million (2016: Rs. 43,266 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

	2017	2016
	(Rupees in '000)	
27.3 Movement of provision against impaired debts		
Balance as at July 01	11,163,363	9,215,486
Provision for the year	2,602,484	1,947,877
Balance as at June 30	13,765,847	11,163,363

27.4 Aging of trade debts from related parties

	2017			
	Not later than 1 month	**Later than 1 month but not later than 6 months**	**Later than 6 months**	**Total**
	(Rupees in '000)			
Not due balances	4,691,767	-	-	4,691,767
Past due but not impaired	-	11,441,649	42,409,015	53,850,664
	4,691,767	11,441,649	42,409,015	58,542,431

	2016			
	Not later than 1 month	Later than 1 month but not later than 6 months	Later than 6 months	Total
	(Rupees in '000)			
Not due balances	6,709,271	-	-	6,709,271
Past due but not impaired	-	22,078,322	34,931,689	57,010,011
	6,709,271	22,078,322	34,931,689	63,719,282

	Note	**2017**	2016
		(Rupees in '000)	
28. LOANS AND ADVANCES - Considered good			
Loan to a related party	28.1	1,710,103	1,710,103
Advances to:			
- executives	28.2	98,546	98,546
- other employees	28.2	800,040	801,718
		898,586	900,264
Current portion of long term loans:			
- executives	23	263	408
- other employees	23	33,281	33,136
		33,544	33,544
		2,642,233	2,643,911

28.1 This amount represents unsecured loan provided to SSGC LPG (Private) Limited (a wholly owned subsidiary), carrying mark-up equivalent to the weighted average borrowing rate of the Company.

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

	Note	2017	2016
		(Rupees in '000)	
29. ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS			
Advances for goods and services - unsecured, considered good		30,325	367,864
Trade deposits - unsecured, considered good		1,882	9,174
Prepayments		114,544	104,839
		146,751	481,877
30. INTEREST ACCRUED			
Interest accrued on late payment of bills / invoices from:			
- WAPDA		3,231,947	2,978,891
- SNGPL		5,855,468	4,967,624
- JJVL		522,092	375,424
		9,609,507	8,321,939
Interest accrued on bank deposits		2,457	2,785
Interest accrued on sales tax refund	5.6	487,739	487,739
Interest accrued to related party	30.1	579,056	463,271
		10,678,759	9,275,734
Provision against impaired accrued income		(84,392)	(84,392)
		10,594,367	9,191,342

30.1 This amount represents interest accrued on amount due from SSGC LPG (Private) Limited (a wholly owned subsidiary). The amount includes interest accrued on a short term loan amounting to Rs. 543 million (2016: Rs. 427 million) and interest accrued on late payment of bills against sale of LPG amounting to Rs. 36 million (2016: Rs. 36 million).

	Note	2017	2016
		(Rupees in '000)	
31. OTHER RECEIVABLES - considered good			
Gas development surcharge receivable from GoP	31.1	21,264,629	-
Staff pension fund	41.1	383,727	515,263
Receivable for sale of gas condensate		42,949	78,972
Sui Northern Gas Pipelines Limited	31.2	25,198,417	25,677,084
Jamshoro Joint Venture Limited	31.4 & 31.5	10,794,328	10,435,616
SSGC LPG (Private) Limited		73,953	242,819
Workers' Profit Participation Fund	16.5	-	161,655
Sales tax receivable	31.3	21,249,747	19,665,771
Sindh sales tax		112,569	112,569
Pipeline rentals		18,154	18,154
Receivable against asset contribution	31.6	359,348	389,907
Miscellaneous receivables		175,412	156,558
		79,673,233	57,454,368
Provision against impaired receivables		(2,346,359)	(2,346,359)
		77,326,874	55,108,009

31.1 Gas development surcharge receivable from GoP

31.1.1 This includes Rs. 390 million (2016: 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, as a matter of abundant caution full provision has been made in these financial statements.

31.1.2 The Company has accounted for actuarial gains and losses in determining revenue requirement of the Company for the year ended June 30, 2017 having total impact of Rs. 946 million (2016: Rs.14 million).

The Company has recognized such Gas Development Surcharge in other comprehensive income instead of profit and loss account on the premise that actuarial gains have also been recognized in other comprehensive income.

	Note	**2017**	2016
		(Rupees in '000)	
31.1.3 Gas Development Surcharge			
GDS (payable) /receivable		(18,604,884)	25,798,540
Recovered during the year		(37,006,536)	(16,325,254)
Paid during the year		43,152,007	-
Impact of staggering	2.1.1	(3,671,785)	(18,358,923)
Price increase / (decrease) adjustment during the year		36,449,350	(9,705,468)
Claim under IAS 19 during the year		946,477	(13,779)
		21,264,629	(18,604,884)

31.2 As at year end, receivable balance from SNGPL comprises of the following:

	Note	**2017**	2016
		(Rupees in '000)	
Uniform cost of gas		10,906,950	17,565,056
Lease rentals		5,529	58,729
Contingent rent		3,535	3,535
Capacity and utilisation charges of RLNG	31.2.1	9,217,988	7,191,242
LSA margins of RLNG		400,853	334,867
RLNG transportation income		4,663,562	523,655
		25,198,417	25,677,084

31.2.1 The Company has invoiced an amount of Rs. 27,928 million, including Sindh Sales Tax of Rs. 3,357 million, till June 30, 2017 to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

SNGPL has disputed the terminal charges that have not been allowed to it by OGRA, terminal charges of a third party (i.e. Pak-Arab Fertilizer Limited (PAFL) and terminal charges with respect to those quantities which were not supplied to SNGPL. SNGPL is of the view that it will only pay terminal charges as per OGRA Notification and for those quantities which are actually supplied to SNGPL and not the actual cost billed by the Company. For quantity supplied to PAFL, PAFL is now making payment directly to the Company according to the payment plan finalised.

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. During the year, OGRA in its decision dated October 7, 2016 regarding determination of RLNG price, has allowed the terminal charges at actual.

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, another 18 BCF (in total 30 BCF) of RLNG volume has allocated 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 molecules when dedicated pipeline is available.

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

31.3 Sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Sales Tax refunds are processed through FBR's Sales Tax Automated Refund Repository (STARR) system. Due to several snags in the functioning of STARR, valid input sales tax claims of the Company are deferred. Realizing the problems of STARR, in August 2010, dispensation from processing of sales tax refunds through the STARR system was allowed by FBR through a letter and substantial refunds were released after issuance of this letter under corporate guarantee (subject to post refund audit). However, above said dispensation was also withdrawn by FBR in May 2012. After withdrawal of said dispensation, the deferred refunds are issued to the Company on the basis of manual verification of documents (third party vendor sales tax returns) by tax authorities. The management is making vigorous efforts for realization of these refunds. During the year, FBR has released the sales tax refunds amounting to Rs. 4,900 million.

31.4 During the year 2013-14, the Supreme Court of Pakistan passed an order dated December 04, 2013 with respect to the Constitution Petition No. 5 of 2011 and Human Rights Case No.15744 - P of 2009, whereby the Implementation Agreement of Badin gas field dated August 12, 2003 signed between the Company and Jamshoro Joint Venture Limited (JJVL) was declared void from the date of its inception. The Court constituted a committee to calculate royalty payments (on the LPG extracted to date) on the basis of the Saudi Aramco reference price plus freight charges instead of the "Reference Price" for the full period during which the Implementation Agreement had been operational. However, the freight amount is yet to be finalized for which the Court has appointed an Advocate Supreme Court to determine the matter which is still pending. Refer note 18.1.5 relating to status of arbitration with JJVL

31.5 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, Federal Excise Duty and Sindh Sales Tax on Franchise Services amounting to Rs. 260 million (2016: Rs. 260 million), Rs. 6,861 million (2016: Rs. 6,921 million), Rs. 1,954 million (2016: Rs. 1,564 million), Rs. 1,070 million (2016: Rs. 1,070 million) and Rs. 646 million (2016: Rs. 646 million) respectively.

As at year end, amount payable to JJVL is Rs. 7,115 million (2016: Rs. 5,783 million) as disclosed in note 16 to these unconsolidated financial statements. Refer note 18.1.5 relating to status of arbitration with JJVL.

31.6 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	2017	2016
		(Rupees in '000)	
32. TAXATION - NET			
Advance tax		27,461,703	27,078,029
Provision for tax		(8,594,557)	(7,091,127)
		18,867,146	19,986,902

	Note	2017	2016
		(Rupees in '000)	

33. CASH AND BANK BALANCES

	Note	2017	2016
Cash at banks			
- deposit accounts		597,109	508,208
- current accounts		291,535	435,884
		888,644	944,092
Cash in hand	33.1	8,208	10,147
		896,852	954,239

33.1 This includes foreign currency cash in hand amounting to Rs. 1.6 million (2016: Rs. 1.6 million).

	Note	2017	2016
		(Rupees in '000)	

34. COST OF SALES

	Note	2017	2016
Cost of gas	34.1	140,658,550	147,284,596
Transmission and distribution costs	34.2	16,853,611	16,155,532
		157,512,161	163,440,128

34.1 Cost of gas

	Note	2017	2016
Gas in pipelines as at July 01		336,034	341,904
Gas purchases		160,210,265	180,777,694
		160,546,299	181,119,598
Gas consumed internally		(3,383,873)	(4,122,110)
Inward price adjustment	34.1.1	(16,039,898)	(29,376,858)
Gas in pipelines as at June 30		(463,978)	(336,034)
		(19,887,749)	(33,835,002)
		140,658,550	147,284,596

34.1.1 Under section 21 of the Oil and Gas Regulatory Authority Ordinance, 2002, the Government of Pakistan has issued a policy guideline to ensure the uniformity of gas prices for customers throughout the country. Accordingly, under this policy guideline and pursuant to an agreement between the Company and Sui Northern Gas Pipelines Limited effective from July 1, 2003, the cost of gas purchased is being worked out by both the Companies on an overall average basis in such a manner that input of gas for both Companies become uniform. Under this agreement, the Company with lower weighted average cost of gas is required to pay to the other Company so that the overall weighted average rate of well head gas price of both the Companies is the same.

34.1.2 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 volume for its operations. UFG results from a number of factors which inter alia comprises of gas leakages both underground and over ground, measurement errors, meter tampering, meter getting slow with time and use, illegal connections and such other connections which bypass the meters installed. While it is almost impossible to estimate the amount of gas theft in UFG, it is estimated that it is a significant percentage of the total UFG.

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

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

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

UFG after adjusting OGRA allowance for volume pilfered by non-customers and volumes consued in law and order affected areas (local conditions factor) for the year ended June 30, 2017 is 12.29% (2016: 13.26%). Fixed UFG benchmark component has been set at 4.5% for both years and allowance for local conditions factor for the year ended June 30, 2017 is 2.6% (2016: 1.96%).

	Note	2017	2016
		(Rupees in '000)	
34.2 Transmission and distribution costs			
Salaries, wages and benefits		8,279,649	7,408,232
Contribution / accrual in respect of staff retirement benefit schemes	34.2.1	1,336,606	1,300,904
Depreciation on operating assets	19.2	5,576,181	4,848,963
Repairs and maintenance		1,331,518	1,138,275
Stores, spares and supplies consumed		492,010	529,903
Gas consumed internally		353,958	467,935
Legal and professional		63,436	157,391
Software maintenance		41,957	8,417
Electricity		93,232	102,558
Security expenses		543,198	460,318
Insurance and royalty		104,174	102,547
Travelling		52,680	43,751
Material and labor used on customers' installation		34,386	37,485
Impairment of capital work in progress		49,397	59,740
Impairment of operating assets	34.2.2	-	1,190,000
Postage and revenue stamps		2,934	2,844
Rent, rates and taxes		117,949	114,930
Others		514,617	293,916
		18,987,882	18,268,109
Recoveries / allocations to:			
Gas distribution system capital expenditure		(1,667,343)	(1,581,809)
Installation costs recovered from customers	26	(60,491)	(82,357)
		(1,727,834)	(1,664,166)
Recoveries of service cost from:			
- Sui Northern Gas Pipelines Limited - a related party	34.2.3	(374,188)	(407,573)
- Other customers		-	(17,072)
		(374,188)	(424,645)
Allocation to sale of gas condensate		(20,388)	(23,766)
Reimbursement of management fee from SSGC LPG (Private) Limited		(11,861)	-
		16,853,611	16,155,532

	Note	2017	2016
		(Rupees in '000)	

34.2.1 Contribution / accrual in respect of staff retirement benefit schemes

Contribution to the provident fund		217,890	184,424
Charge in respect of pension funds:			
- executives		128,431	162,133
- non-executives		83,596	81,119
Charge in respect of gratuity funds:			
- executives		213,169	142,259
- non-executives		78,194	81,283
Accrual in respect of unfunded post retirement medical facility		451,513	571,346
Accrual in respect of compensated absences			
- executives		117,356	77,116
- non-executives		46,457	1,224
		1,336,606	1,300,904

34.2.2 This represents impaired operating assets which have been disallowed by OGRA in determination of 17% return on operating assets, as these assets exceeded the per customer cost criteria prescribed by Ministry of Petroleum and Natural Resources.

34.2.3 This includes recovery in respect of obligation against pipeline transferred to the Company from Engro Elengy Terminal Limited amounting to Rs.135 million.

	Note	2017	2016
		(Rupees in '000)	

35. ADMINISTRATIVE AND SELLING EXPENSES

Administrative expenses	35.1	2,761,636	2,383,645
Selling expenses	35.2	1,549,692	1,457,043
		4,311,328	3,840,688

35.1 Administrative expenses

Salaries, wages and benefits		1,646,905	1,416,552
Contribution / accrual in respect of staff retirement benefit schemes	35.1.1	157,558	100,569
Depreciation on operating assets	19.2	244,169	209,956
Amortisation of intangible assets	20	22,561	30,929
Repairs and maintenance		101,241	127,879
Stores, spares and supplies consumed		28,749	52,133
Legal and professional		297,481	136,408
Software maintenance		92,223	96,853
Electricity		5,244	5,473
Security expenses		11,183	10,068
Insurance and royalty		14,531	16,856
Travelling		54,366	52,935
Postage and revenue stamps		6,757	9,820
Rent, rates and taxes		7,203	17,067
Others		126,494	158,856
		2,816,665	2,442,354
Allocation to meter manufacturing division		(55,029)	(58,709)
		2,761,636	2,383,645

	Note	2017	2016
		(Rupees in '000)	

35.1.1 Contribution / accrual in respect of staff retirement benefit schemes

		2017	2016
Contribution to the provident fund		41,012	34,308
Charge in respect of pension funds:			
- executives		58,828	28,242
- non-executives		942	3,687
Charge in respect of gratuity funds:			
- executives		18,813	26,490
- non-executives		3,159	3,731
Accrual in respect of unfunded post retirement:			
- gas facility		31,201	4,111
- medical facility		3,603	-
		157,558	100,569

35.2 Selling expenses

	Note	2017	2016
Salaries, wages and benefits		891,714	803,088
Contribution / accrual in respect of staff retirement benefit schemes	35.2.1	79,210	87,051
Depreciation on operating assets	19.2	17,894	15,263
Repairs and maintenance		3,189	2,481
Stores, spares and supplies consumed		15,967	20,407
Electricity		90,485	84,788
Insurance and royalty		806	809
Travelling		1,399	1,047
Billing and collection charges		402,801	396,538
Postage and revenue stamps		436	584
Rent, rates and taxes		35,055	30,364
Others		10,736	14,623
		1,549,692	1,457,043

35.2.1 Contribution / accrual in respect of staff retirement benefit schemes

		2017	2016
Contribution to the provident fund		30,260	25,721
Charge in respect of pension funds:			
- executives		14,084	16,965
- non-executives		3,440	14,231
Charge in respect of gratuity funds:			
- executives		18,269	15,908
- non-executives		13,157	14,226
		79,210	87,051

	Note	2017	2016
		(Rupees in '000)	

36. OTHER OPERATING EXPENSES

	Note	2017	2016
Auditors' remuneration			
- Statutory audit		4,000	3,750
- Fee for other audit related services		1,930	2,530
- Fee for taxation services		16,645	16,645
- Out of pocket expenses		625	268
		23,200	23,193
Sports expenses		63,381	58,897
Corporate social responsibility		26,349	46,463
Provision against impaired debts and other receivables		2,602,484	1,947,877
Provision against impaired stores and spares		23,939	29,527
Exchange loss		318,589	243,441
Loss on disposal of property, plant and equipment		60,639	-
Reversal of LPS from SSGC LPG (Private) Limited		-	6,507
Workers Profit Participation Fund		174,515	-
		3,293,096	2,355,905

37. OTHER OPERATING INCOME

	Note	2017	2016
Income from other than financial assets			
Meter rentals		734,638	718,779
RLNG transportation income		4,146,045	459,347
Recognition of income against deferred credit		401,390	406,096
Income from new service connections and asset contribution		285,151	299,543
Income from LPG air mix distribution - net	37.1	141,164	128,886
Recoveries from customers		104,378	78,940
Gain on disposal of property, plant and equipment		-	98,136
Liquidated damages recovered		582,111	264,175
Advertising income		1,062	4,657
Income from sale of tender documents		5,414	5,001
Scrap sales		50,550	49,943
Miscellaneous		103,210	181,368
		6,555,113	2,694,871

37.1 Income from LPG air mix distribution - net

	Note	2017	2016
Sales		32,809	23,866
Cross subsidy		460,671	397,735
Cost of sales		(255,827)	(199,492)
Gross profit		237,653	222,109
Distribution, selling and administrative expenses			
Salaries, wages and other benefits		(36,471)	(31,254)
Depreciation expenses	19.2	(59,093)	(55,925)
Other operating expenses		(33,739)	(35,507)
		(129,303)	(122,686)
Amortisation of deferred credit		30,495	26,994
Other income		2,319	2,469
Profit for the year		141,164	128,886

	Note	2017	2016
		(Rupees in '000)	
38. OTHER NON-OPERATING INCOME			
Income from financial assets			
Late payment surcharge		3,187,260	2,197,704
Income from net investment in finance lease		-	27,257
Income for receivable against asset contribution		38,043	40,559
Interest income on loan to related party		115,785	125,181
Return on:			
- term deposits and profit and loss bank accounts		56,977	174,110
		3,398,065	2,564,811
Interest income on late payment of gas bills from			
- Jamshoro Joint Venture Limited (JJVL)	38.1	147,948	275,630
- Water & Power Development Authority (WAPDA)		253,056	241,614
- Sui Northern Gas Pipelines Limited (SNGPL)		887,843	1,146,820
- SSGC LPG (Private) Limited		-	110
		1,288,847	1,664,174
Dividend income		2,163	1,186
		4,689,075	4,230,171
Income from investment in debts, loans, advances and receivables from related party			
Income from net investment in finance lease	38.2	67,748	78,959
Others			
Sale of gas condensate - net		(90,392)	(249,333)
Income from LPG and NGL - net	38.4, 38.5 & 38.6	356,199	174,271
Rental income from SSGC LPG (Private) Limited		721	352
Meter manufacturing division (loss) / profit - net	38.3	(1,567)	14,805
		264,961	(59,905)
Reversal of finance cost	38.7	-	17,570,220
Reversal of impairment on operating assets	38.8	1,190,000	-
Income against LNG service agreement		482,924	293,386
Amortisation of government grant		201,758	991,743
		6,896,466	23,104,574

38.1 Interest is charged on the receivable from JJVL at the State Bank of Pakistan discount rate plus 2%. Interest is charged at KIBOR + 1% on reconciled outstanding amount as at December 31, 2014 to be repaid in 12 equal quarterly installments. Refer note 18.1.5 for status of arbitration proceedings with JJVL.

38.2 This represents income from SNGPL relating to net investment in finance lease.

	Note	2017	2016
		(Rupees in '000)	

38.3 Meter manufacturing division profit - net

	Note	2017	2016
Gross sales of gas meters			
- Company's consumption		1,635,778	1,388,422
- Outside sales		15,461	430,946
		1,651,239	1,819,368
Sales tax		(253,994)	(261,405)
Net sales		1,397,245	1,557,963
Cost of sales			
- Raw material consumed		814,779	930,098
- Stores and spares		6,539	6,539
- Fuel, power and electricity		17,635	12,373
- Salaries wages and other benefits	38.3.2	470,272	498,479
- Insurance		779	706
- Repairs and maintenance		2,791	2,714
- Depreciation	19.2	26,302	25,939
- Transportation		2	3,419
- Other expenses		471	13,589
Cost of goods sold		1,339,570	1,493,856
Gross profit		57,675	64,107
Administrative expenses		(55,029)	(58,709)
Liquidity damages		(8,071)	-
Operating (loss) / profit		(5,425)	5,398
Other income		3,858	9,407
Net (loss) / profit		(1,567)	14,805

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

		2017	2016
38.3.2 Salaries, wages and other benefits		454,182	485,169
Provident fund contribution		10,704	5,411
Pension fund		1,636	3,984
Gratuity		3,750	3,915
		470,272	498,479

38.4 This amount includes sale of LPG to SSGC LPG (Private) Limited (wholly owned subsidiary) amounting to Rs. 582 million (2016: Rs. 556 million).

38.5 The Company has an arrangement with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields and provide the Company with mutually agreed quantity of LPG extracted and retain the rest for onward use. The Company paid processing charges of $235/MT for the months on which JJVL's production share is below 53.55% and $220/MT if JJVL's production share is more than 53.55%.

The net income from LPG business has declined due to steady decline in LPG prices in line with decline in global oil prices in 2016, in line with decline in global oil prices. Since, the Company is paying fixed processing charges to JJVL, it has to fully absorb the effect of declining prices of LPG. Consequently, the Company sent termination notices of MoU with JJVL dated May 4, 2016; however, JJVL has taken stay order from Sindh High Court against such termination on May 16, 2016. Refer note 18.1.5 for status of arbitration proceedings with JJVL.

38.6 It includes sale of NGL to JJVL amounting to Rs. 1,440 million on the basis of provisional selling prices and after adjusting extraction charges and shrinkage cost the net loss from sale of NGL is Rs. 327 million. The provisional sales and processing charges of NGL are subject to change as result of negotiation / arbitration from JJVL. Refer note 18.1.5 for status of arbitration proceedings with JJVL.

38.7 As disclosed in note 27.1 and 27.2, effective from July 1, 2012, the Company has been accounting for LPS from KE and PSML on receipt basis as per IAS 18 "Revenue". 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 approved accounting 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 fulfillment of all the codal formalities. Based on the letter received from MP & NR, and the legal opinion, the Company has reversed the LPS expense on delayed payments on gas supplies effective from July 1, 2012. Further it has been decided that the Company will record and pay such expense in the period only when it receives LPS income from KE and PSML.

Had the management not reversed the LPS expense payable from July 1, 2012 to June 30, 2016 of Rs. 26,222 million and recorded LPS expense for the year ended June 30, 2017 amounting to Rs.7,569 million on outstanding payables to Government Controlled E&P Companies, the effect on these unconsolidated financial statements would be as follows:

	(Rupees in '000)
- Increase in loss before tax	33,790,979
- Increase in loss after tax / accumulated losses	23,653,685
- Increase in loss per share - Rupees	26.85

38.8 In FY 2016, the management has recorded the impairment of amounting to Rs. 1,190 million on unfeasible projects financed by Government of Sindh loan. On December 18, 2017, the Government of Sindh has approved the conversion of loan into grant amounting to Rs. 3,000 million for all the scheme which do not qualify the per consumer cost criteria.

Based on the above approval, the OGRA in it decision dated May 10, 2018 allowed all the schemes pertaining to FY 2012 to FY 2017 which do not meet the qualifying criteria, accordingly, management has reversed the impairment recorded on such assets.

	2017	2016
	(Rupees in '000)	
39. FINANCE COST		
Mark-up on:		
- loans from banking companies	2,308,016	1,615,985
- short term borrowings	205,904	70,509
- customers' deposits	341,278	286,154
- customer finance	679	1,050
- Government of Sindh loans	407,238	1,414,797
- obligation against pipeline	94,445	97,982
- others	38,933	81,935
	3,396,493	3,568,412
Less: Finance cost capitalised during the year	(1,704,016)	(950,022)
	1,692,477	2,618,390

	2017	2016
	(Rupees in '000)	

40. TAXATION

	2017	2016
Current year		
Current tax	(1,503,430)	(656,908)
Deferred tax	(476,532)	2,381,519
	(1,979,962)	1,724,611

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

	2017	2016
Accounting gain / (loss) for the year	3,315,792	(7,839,564)
Tax rate	31%	32%
Tax charge @ 31% (2016: 32%)	1,027,895	(2,508,660)
Effect of change in rate	15,884	127,141
Effect of lower tax rate on dividend income	675	119
Super tax	55,258	75,667
Minimum income tax u/s 153 (1) (b) and 113	1,447,902	581,122
others	(567,652)	-
	1,979,962	(1,724,611)

41. STAFF RETIREMENT BENEFITS

41.1 Funded post retirement pension and gratuity schemes

As mentioned in note 3.16 to these 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, 2017 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:

	2017			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
(Asset) / liability in unconsolidated balance sheet				
Fair value of plan assets	(1,179,749)	(2,557,549)	(184,687)	(2,904,594)
Present value of defined benefit obligation	957,501	4,969,429	23,208	4,271,048
	(222,248)	2,411,880	(161,479)	1,366,454
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2016	820,786	4,381,868	17,019	3,465,299
Current service cost	30,543	253,150	-	164,971
Interest cost	60,223	310,872	1,153	246,527
Remeasurement	88,633	485,430	7,805	887,040
Benefits paid	(42,684)	(461,891)	(2,769)	(492,789)
Obligation as at June 30, 2017	957,501	4,969,429	23,208	4,271,048

	2017			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Movement in fair value of plan assets				
Fair value as at July 01, 2016	1,125,981	2,360,896	227,087	2,923,614
Expected return on plan assets	81,588	169,391	15,859	208,605
Remeasurement	36,555	76,168	23,468	66,425
Benefits paid	(42,684)	(461,891)	(2,769)	(492,789)
Contribution to the fund	170,665	220,629	24,815	94,966
Amount transferred (out) / in	(192,356)	192,356	(103,773)	103,773
Fair value as at June 30, 2017	1,179,749	2,557,549	184,687	2,904,594
Movement in (asset) / liability in unconsolidated balance sheet				
(Asset) / liability as at July 01, 2016	(305,195)	2,020,972	(210,068)	541,685
Expense recognised for the year	201,534	202,275	89,067	99,120
Remeasurement	52,078	409,262	(15,663)	820,615
Contribution to the fund	(170,665)	(220,629)	(24,815)	(94,966)
(Asset) / liability in unconsolidated balance sheet	(222,248)	2,411,880	(161,479)	1,366,454
Expense recognised in the unconsolidated profit and loss account				
Expense recognised in the unconsolidated profit and loss account during the current year in respect of the above schemes were as follows:				
Current service cost	30,543	253,150	-	164,971
Interest cost	60,223	310,872	1,153	246,527
Interest income on plan assets	(81,588)	(169,391)	(15,859)	(208,605)
Amount transferred out / (in)	192,356	(192,356)	103,773	(103,773)
	201,534	202,275	89,067	99,120
Total remeasurements recognised in other comprehensive income				
Remeasurement on obligation arising on				
- financial assumptions	(413)	(162,574)	(44)	(177,628)
- demographic assumptions	-	-	-	-
- experience adjustments	(88,220)	(322,856)	(7,761)	(709,412)
	(88,633)	(485,430)	(7,805)	(887,040)
Remeasurement on plan assets arising on				
Actual return on plan assets	(119,211)	(226,160)	(38,963)	(287,852)
Expected income on plan assets	81,588	169,391	15,859	208,605
Net return on plan assets over interest income	37,623	56,769	23,104	79,247
Difference in opening fair value of assets after audit	(1,068)	19,399	364	(12,822)
	36,555	76,168	23,468	66,425
	(52,078)	(409,262)	15,663	(820,615)

	2017			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Composition / fair value of plan assets used by the fund				
Quoted Shares	17.74%	8.07%	67.21%	10.17%
Debt instruments	75.77%	84.29%	28.52%	84.79%
Mutual funds	0.00%	3.77%	0.00%	4.56%
Others including cash & cash equivalents	6.49%	3.87%	4.27%	0.48%
Total	100%	100%	100%	100%
Quoted Shares	209,232	206,378	124,135	295,377
Debt instruments	893,899	2,155,870	52,681	2,462,760
Mutual funds	-	96,439	-	132,431
Others including cash & cash equivalents	76,618	98,862	7,871	14,026
Total	1,179,749	2,557,549	184,687	2,904,594

	2016			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
(Asset) / liability in unconsolidated balance sheet				
Fair value of plan assets	(1,125,981)	(2,360,896)	(227,087)	(2,923,614)
Present value of defined benefit obligation	820,786	4,381,868	17,019	3,465,299
	(305,195)	2,020,972	(210,068)	541,685
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2015	700,883	3,923,930	17,249	3,485,623
Current service cost	58,692	232,399	-	172,904
Interest cost	67,417	371,704	1,600	334,725
Remeasurement	18,172	318,057	683	(294,428)
Benefits paid	(24,378)	(464,222)	(2,513)	(233,525)
Obligation as at June 30, 2016	820,786	4,381,868	17,019	3,465,299
Movement in fair value of plan assets				
Fair value as at July 01, 2015	1,153,990	2,387,118	237,051	2,829,652
Expected return on plan assets	118,412	219,851	27,968	273,675
Remeasurement	(129,671)	(165,931)	(9,087)	(180,094)
Benefits paid	(24,378)	(464,222)	(2,513)	(233,525)
Contribution to the fund	201,786	189,922	103,732	103,842
Amount transferred (out) / in	(194,158)	194,158	(130,064)	130,064
Fair value as at June 30, 2016	1,125,981	2,360,896	227,087	2,923,614

	2016			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Movement in (asset) / liability in unconsolidated balance sheet				
(Asset) / liability as at July 01, 2015	(453,107)	1,536,812	(219,802)	655,971
Expense recognised for the year	201,855	190,094	103,696	103,890
Remeasurement	147,843	483,988	9,770	(114,334)
Contribution to the fund	(201,786)	(189,922)	(103,732)	(103,842)
(Asset) / liability in unconsolidated balance sheet	(305,195)	2,020,972	(210,068)	541,685
Expense recognised in the unconsolidated profit and loss account				
Expense recognised in the unconsolidated profit and loss account in 2016 in respect of the above schemes were as follows:				
Current service cost	58,692	232,399	-	172,904
Interest cost	67,417	371,704	1,600	334,725
Interest income on plan assets	(118,412)	(219,851)	(27,968)	(273,675)
Amount transferred out / (in)	194,158	(194,158)	130,064	(130,064)
	201,855	190,094	103,696	103,890
Total remeasurements recognised in other comprehensive income				
Remeasurement on obligation arising on				
- financial assumptions	(100,470)	(346,661)	(262)	(158,675)
- demographic assumptions	-	-	-	-
- experience adjustments	82,298	28,604	(421)	453,103
	(18,172)	(318,057)	(683)	294,428
Remeasurement on plan assets arising on				
Actual return on plan assets	12,132	(111,978)	42,692	(111,749)
Expected income on plan assets	118,412	219,851	27,968	273,675
Net return on plan assets over interest income	(130,544)	(107,873)	(70,660)	(161,926)
Difference in opening fair value of assets after audit	873	(58,058)	61,573	(18,168)
	(129,671)	(165,931)	(9,087)	(180,094)
	(147,843)	(483,988)	(9,770)	114,334
Composition / fair value of plan assets used by the fund				
Quoted shares	14.05%	6.68%	41.34%	7.70%
Debt instruments	82.04%	90.59%	46.76%	87.18%
Mutual funds	1.80%	2.13%	7.43%	4.74%
Others including cash & cash equivalents	2.11%	0.60%	4.47%	0.38%
Total	100%	100%	100%	100%
Quoted shares	158,203	157,763	93,860	225,078
Debt instruments	923,744	2,138,781	106,193	2,548,945
Mutual funds	20,297	50,317	16,876	138,570
Others including cash & cash equivalents	23,737	14,035	10,158	11,021
Total	1,125,981	2,360,896	227,087	2,923,614

Significant actuarial assumptions

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

	Executives and Non-executives 2017 (%)	2016 (%)
Discount rate	7.75	7.25
Expected rate of increase in salary level	5.75	5.25
Increase in pension	1.75	1.25

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

			Impact of change in assumptions in present value of defined benefit obligation			
			Executives		Non-executives	
			Pension	Gratuity	Pension	Gratuity
			(Rupees in '000)			
Discount rate	1%	Increase in assumption	862,704	4,660,134	21,793	3,970,829
Salary increase rate	1%		1,004,777	5,290,986	-	4,589,266
Pension increase rate	1%		1,021,181	-	24,899	-
Discount rate	1%	Decrease in assumption	1,071,162	5,312,554	24,815	4,607,573
Salary growth rate	1%		914,120	4,673,882	-	3,981,587
Pension increase rate	1%		902,571	-	21,701	-

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

The expected pension and gratuity expense for the next one year from July 01, 2017 is as follows:

	Executives		**Non-executives**	
	Pension	**Gratuity**	**Pension**	**Gratuity**
	(Rupees in '000)			
Current service cost	36,480	295,356	-	201,292
Interest cost	75,106	382,499	1,685	327,106
Interest income on plan assets	(91,700)	(202,426)	(13,742)	(225,085)
Interest cost	(16,594)	180,073	(12,057)	102,021
Expected return on plan assets				
Amount transferred out / (in)	241,080	(241,080)	183,303	(183,303)
	260,966	234,349	171,246	120,010

41.2 Unfunded post retirement medical benefit and gas supply facilities

As mentioned in note 3.16 to these financial statements 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, 2017 under the projected unit credit method, results of which are as follows:

Number of employees under the scheme

The number of employees covered under the following defined benefit plans are 2,465 (2016: 2,350) and 156 (2016: 166) for medical and gas facility respectively.

	2017		
	Post retirement medical facility	Post retirement gas facility	Total
		(Rupees in '000)	
Liability in unconsolidated balance sheet			
Present value of defined benefit obligation	4,070,936	44,368	4,115,304
Movement in present value of defined benefit obligation			
Liability as at July 01, 2016	4,004,327	45,958	4,050,285
Expense recognised for the year	469,588	3,217	472,805
Payments during the year	(84,827)	(3,144)	(87,971)
Remeasurement	(318,152)	(1,663)	(319,815)
Liability as at June 30, 2017	4,070,936	44,368	4,115,304
Expense recognised in the unconsolidated profit and loss account			
Current service cost	173,212	-	173,212
Interest cost	296,376	3,217	299,593
	469,588	3,217	472,805
Total remeasurements recognised in other comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	(4,594)	748	(3,846)
- demographic assumptions	-	-	-
- experience adjustments	(313,558)	(2,411)	(315,969)
	(318,152)	(1,663)	(319,815)

	2016		
	Post retirement medical facility	Post retirement gas facility	Total
		(Rupees in '000)	
Liability in unconsolidated balance sheet			
Present value of defined benefit obligation	4,004,327	45,958	4,050,285
Movement in present value of defined benefit obligation			
Liability as at July 01, 2015	4,067,619	43,640	4,111,259
Expense recognised for the year	571,347	4,111	575,458
Payments during the year	(92,153)	(3,233)	(95,386)
Remeasurement	(542,486)	1,440	(541,046)
Liability as at June 30, 2016	4,004,327	45,958	4,050,285
Expense recognised in the unconsolidated profit and loss account			
Current service cost	158,114	-	158,114
Interest cost	413,233	4,111	417,344
	571,347	4,111	575,458
Total remeasurements recognised in other comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	22,277	5,892	28,169
- demographic assumptions	-	-	-
- experience adjustments	(564,763)	(4,452)	(569,215)
	(542,486)	1,440	(541,046)

Significant actuarial assumptions

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

	Executives	
	2017 (%)	**2016 (%)**
Discount rate	7.75	7.25
Medical inflation rate	7.75	7.25
Gas inflation rate	7.75	7.25

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 present value of defined benefit obligation	
			Post retirement medical facility	Post retirement gas facility
			(Rupees in '000)	
Discount rate	1%	Increase in assumption	(634,730)	(3,987)
Medical inflation rate	1%		579,950	-
Gas inflation rate	1%		-	2,903
Discount rate	1%	Decrease in assumption	817,937	2,939
Medical inflation rate	1%		(481,070)	-
Gas inflation rate	1%		-	(4,015)

The expected medical and gas expense for the next one year from July 01, 2017 is as follows:

Current service cost	211,787	-
Net interest cost	323,444	3,317
	535,231	3,317

41.3 Defined contribution plan - Recognised provident fund

The information related to the provident funds established by the Company based on the managment records are as follows:

	Executives		Non-Executives	
	2017 (Audited)	2016 (Audited)	**2017 (Audited)**	2016 (Audited)
	(Rupees in '000)			
Size of provident fund	3,813,574	3,664,516	3,620,356	3,545,043
Cost of investments made	3,290,125	2,829,763	3,040,150	2,771,833
Percentage of investments made	86%	77%	84%	78%
Fair value of investment	3,568,932	3,180,971	3,384,154	3,137,653
Break-up of investments:				
- Balance in savings accounts				
Amount of investment	153,560	49,585	51,758	41,524
Percentage of investment as size of the fund	4%	1%	1%	1%
- Term deposit receipts				
Amount of investment	959,649	983,801	445,873	386,290
Percentage of investment as size of the fund	25%	27%	12%	11%
- Units of mutual fund				
Amount of investment	475,952	58,442	319,780	-
Percentage of investment as size of the fund	12%	2%	9%	0%

	Executives		Non-Executives	
	2017 (Audited)	2016 (Audited)	**2017 (Audited)**	2016 (Audited)
	(Rupees in '000)			
- Special savings certificate				
Amount of investment	1,719,794	1,469,264	2,334,722	2,116,034
Percentage of investment as size of the fund	45%	40%	64%	60%
- Pakistan Investment Bonds (PIBs)				
Amount of investment	81,584	525,651	70,659	458,265
Percentage of investment as size of the fund	2%	14%	2%	13%
- Term Finance Certificates (TFCs)				
Amount of investment	11,551	19,533	5,602	12,650
Percentage of investment as size of the fund	0%	1%	0%	0%
- Quoted shares				
Amount of investment	166,842	74,695	155,758	122,890
Percentage of investment as size of the fund	4%	2%	4%	3%

41.3.1 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.

42. EARNING PER SHARE - BASIC AND DILUTED

		2017	2016
Profit / (loss) for the year	Rupees in '000	1,335,830	(6,114,953)
Average number of ordinary shares	Number of shares	880,916,309	880,916,309
Earning per share - basic and diluted	Rupees	1.52	(6.94)

	Note	2017	2016
		(Rupees in '000)	

43. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

	Note	2017	2016
Provisions	43.1	3,898,478	3,303,405
Depreciation		5,923,639	5,156,046
Amortisation of intangibles		22,561	30,929
Finance cost		1,330,579	2,504,077
Amortisation of transaction cost		267,453	16,331
Recognition of income against deferred credit		(431,791)	(433,090)
Dividend income		(2,163)	(1,186)
Interest income		(1,461,609)	(1,956,958)
Income from net investment in finance lease		(67,748)	(106,216)
Loss / (gain) on disposal of property, plant and equipment		60,639	(98,136)
Increase in long term advances		1,114,524	294,668
Increase in deferred credit		106,418	150,028
Markup on obligation against pipeline		94,445	97,982
Reversal of finance cost		-	(17,570,220)
(Reversal) / provision of impairment of operating assets		(1,190,000)	1,190,000
Amortisation of Government grant		(201,758)	(991,743)
		9,463,667	(8,414,083)

43.1 Provisions

	2017	2016
Provision against slow moving / obsolete stores	17,984	42,455
Provision against impaired debts and other receivables	2,602,484	1,947,877
Provision for compensated absences	163,812	78,340
Provision for post retirement medical and free gas supply facilities	472,805	575,458
Provision for retirement benefits	591,996	599,535
Impairment of capital work in progress	49,397	59,740
	3,898,478	3,303,405

44. WORKING CAPITAL CHANGES

	Note	2017	2016
		(Rupees in '000)	
(Increase) / decrease in current assets			
Stores and spares & loose tools		(343,639)	(345,302)
Stock-in-trade		(331,496)	45,105
Customers' installation work in progress		19,106	(1,380)
Trade debts		1,545,368	2,118,500
Advances, deposits and short term prepayments		335,126	(199,287)
Other receivables		(22,350,401)	23,945,423
		(21,125,936)	25,563,059
Increase in current liabilities			
Trade and other payables		6,310,729	16,097,110
		(14,815,207)	41,660,169

45. REMUNERATION OF MANAGING DIRECTOR AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including all benefits, to Managing Director, Directors and Executives of the Company are given below:

	2017		2016	
	Managing Director	Executives	Managing Director	Executives
	(Rupees in '000)			
Managerial remuneration	21,718	3,045,534	28,443	2,237,410
Housing	9,571	1,181,074	11,801	861,238
Utilities	2,127	262,459	2,622	191,385
Retirement benefits	-	560,160	791	431,893
	33,416	5,049,227	43,657	3,721,926
Number	1	2,284	2	1,796

45.1 The Chairman, Managing Director and certain executives are also provided the Company maintained vehicles in accordance with their entitlement. In addition, the Chairman of the Company was paid Rs. 0.30 million (2016: Rs. 0.153 million). Executives are also provided medical facilities in accordance with their entitlement.

45.2 Aggregate amount charged in these financial statements in respect of fee paid to 14 directors was Rs. 30.2 million (2016: Rs. 30.2 million for 14 directors).

45.3 Total number of employees and average number of employees as at year end are 7,196 and 7,223 respectively (2016: 7,205 and 7,250).

46. CAPACITY AND ACTUAL PERFORMANCE

46.1 Natural gas transmission

	2017		2016	
	MMCF	HM3	MMCF	HM3
Transmission operation				
Capacity - annual rated capacity at 100% load factor with compression	540,930	152,400,807	537,490	151,431,626
Utilisation - volume of gas transmitted	614,896	173,239,783	560,890	158,024,307
Capacity utilisation factor (%)	113.7	113.7	104.4	104.4

46.2 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.

46.3 Meter manufacturing division

During the year meter manufacturing division produced and assembled 444,850 meters (2016: 491,799 meters) against an annual capacity of 356,000 meters on a single shift basis.

47. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Oil and Gas Regulatory Authority. Remuneration of key management personnel are in accordance with the term of employment / appointment. The prices and other conditions are not influenced by the Company. Other transaction with the related parties are carried out as per agreed terms. The details of transactions with related parties not disclosed else where in these financial statements are as follows:

	Relationship	2017	2016
		(Rupees in '000)	
Astro Plastic (Private) Limited	Associate		
- Billable charges		157,345	139,737
Attock Cement Limited	Associate		
- Billable charges		51,140	29,861
Fauji Fertilizer Company Limited	Associate		
- Billable charges		-	16
Gadoon Textile Mills Limited	Associate		
- Billable charges		114	511
Government related entities - various			
- Purchase of fuel and lubricant		31,389	19,896
- Billable charges		50,110,626	79,484,871
- Mark-up on short term finance		16,992	7,240
- Mark-up on Long term finance		93,017	6,859
- Sharing of expenses		15,400	104,652
- Income from net investment in finance lease		67,748	78,959
- Gas purchases		76,331,017	72,568,855
- Sale of gas meters and spare parts		9,375	365,514
- Rent of premises		6,104	15,103
- Insurance premium		119,511	120,212
- Uniform cost of gas		16,039,898	29,814,588
- Electricity expense		188,962	192,819
- Interest income		1,140,900	1,388,434
- Reversal of finance cost		-	17,570,220
- RLNG transportation income		4,146,045	459,347
- Income against LNG service agreement		482,923	293,386
Habib Bank Limited	Associate		
- Profit on investment		10,794	10,485
- Mark-up on short term finance		80,380	19,078
- Mark-up on long term finance		318,864	178,267
- Billable Charges		13,134	12,767
- Loan arrangement fee paid		-	297,336
International Industries Limited	Associate		
- Line pipe purchases		-	122,858
- Billable charges		57,325	1,213,577
Key management personnel			
- Remuneration		217,157	183,093
Minto & Mirza	Associate		
- Professional charges		7,200	14,400
Pakistan Cables Limited	Associate		
- Billable charges		25,166	89,630

	Relationship	2017	2016
		(Rupees in '000)	
Pakistan Engineering Company Limited	Associate		
- Billable charges		61	60
* Pakistan Stock Exchange Limited			
- Billable charges		-	285
PERAC - Research & Development Foundation	Associate		
- Professional charges		1,210	2,027
- Billable charges		72	184
Petroleum Institute of Pakistan	Associate		
- Subscription / contribution		2,559	2,500
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Interest on loan		115,785	125,181
- Reversal of LPS income		-	6,507
- Interest on delayed payment of gas bill		-	110
- LPG purchases		-	117,966
- LPG sales		529,180	556,002
- Capital expenditure on operating fixed assets		-	10,937
- Rent on premises		721	352
- Reimbursement of management fee		11,861	-
Staff Retirement Benefit Plans	Associate		
- Contribution to provident fund		302,212	255,248
- Contribution to pension fund		195,480	305,518
- Contribution to gratuity fund		315,595	293,764
* Standard Chartered Bank Limited	Associate		
- Profit on investment		-	2,458
- Markup on local currency finance		-	4,209
- Markup on short term finance		-	1,026
Thatta Cement Company Limited	Associate		
- Billable charges		5,349	14,904

* Current year transactions with these parties have not been disclosed as they did not remain related parties during the year.

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

Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice. Balance payable to / receivable from these employees benefit plans are disclosed in notes 10, 16, 31 and 41 to these financial statements.

Remuneration to the executive officers of the Company (disclosed in note 45 to these financial statements) and loans and advances to them (disclosed in notes 23 and 28 to these 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.

47.1 Amount (due to) / receivable from related parties

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

	Relationship	2017	2016
		(Rupees in '000)	
Astro Plastic (Private) Limited	Associate		
- Billable charges		16,623	12,785
- Gas supply deposit- Cash			
Attock Cement Limited	Associate		
- Billable charges		4,737	2,691
- Gas supply deposit- Cash		(588)	(566)
Attock Refinery Limited	Associate		
- Sale of condensate		-	42,105
* Gadoon Textile Mills Limited	Associate		
- Billable charges		-	14
- Gas supply deposit- Cash		-	(117)
Government related entities - various			
- Billable charges		58,566,349	63,604,130
- Mark up accrued on borrowings		4,123,310	2,186,389
- Sharing of expenses		-	(20,321)
- Net investment in finance lease		5,529	58,729
- Gas purchases		(134,227,691)	(115,513,943)
- Gas meters		703,971	558,732
- Uniform cost of gas		10,906,950	17,565,056
- Cash at bank		21,487	103,055
- Stock Loan		10,602	(2,304)
- Recoverable from insurance		(2,631)	(950)
- Gas supply deposit- Cash		(24,243)	(24,243)
- Interest expense accrued - late payment surcharge on gas bills		(15,832,411)	(15,832,411)
- Interest income accrued - late payment on gas bills		9,087,415	7,946,515
- Contingent rent		3,535	3,535
- Capacity and utilisation charges of RLNG		9,217,988	7,191,242
- RLNG transportation income		4,663,562	523,655
- Income against LNG service agreement		400,853	334,868
Habib Bank Limited	Associate		
- Long term finance		(6,816,226)	(4,185,625)
- Short term finance		-	(1,497,943)
- Cash at bank		82,211	128,301
- Accrued mark-up		(298,100)	(37,641)
- Billable charges		1,436	1,371
* International Industries Limited	Associate		
- Billable charges		-	90,011
* Pakistan Cables Limited	Associate		
- Billable charges		-	8,160
- Gas supply deposit		-	(1,071)
Pakistan Engineering Company Limited	Associate		
- Billable charges		5	5
- Gas supply deposit		(15)	(15)

	Relationship	2017	2016
		(Rupees in '000)	
PERAC - Research & Development Foundation	Associate		
- Professional charges		57	57
- Billable charges		5	9
- Gas supply deposit		(220)	(220)
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Long term investment		1,000,000	1,000,000
- Short term loan		1,710,103	1,710,103
- Interest on loan		579,056	463,271
- LPG purchases		(1,825)	-
- LPG sales		62,015	242,439
- Capital expenditure on operating fixed assets		-	10,937
- Rent on premises		77	352
- Receivable of management fee		11,861	-
Thatta Cement Company Limited	Associate		
- Billable charges		764	481

* Current balances with these parties have not been disclosed as they did not remain related parties as at year end.

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 Ministry of Petroleum and Natural Resources and Oil and Gas Regulatory Authority. The prices and other conditions are not influenced by the Company. The details of transactions with related parties not disclosed elsewhere in these unconsolidated financial statements are as follows:

48. 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

48.1 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:

	2017	2016
	(Rupees in '000)	
Trade debts	82,137,595	86,285,447
Net investment in finance lease	362,394	472,555
Loans and advances	2,813,640	2,806,337
Deposits	16,247	17,476
Bank balances	888,644	944,092
Interest accrued	10,106,628	8,703,603
Other receivables	34,706,202	35,042,751
	131,031,350	134,272,261

48.1.1 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:

	2017	2016
	(Rupees in '000)	
Cash deposits	14,039,952	12,281,193
Bank guarantee / irrevocable letter of credit	28,044,722	26,553,567

48.1.2 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 48.1.3 below:

The credit quality of the Company's major bank accounts is assessed with reference to external credit ratings which are as follows:

Bank	Rating Agency	Rating	
		Short Term	Long Term
National Bank of Pakistan	PACRA	A1+	AAA
Allied Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Faysal Bank Limited	JCR-VIS	A-1+	AA
MCB Bank Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA-
First Women Bank Limited	PACRA	A2	A-
Summit Bank Limited	JCR-VIS	A-1	A-
Bank Al-Habib Limited	PACRA	A1+	AA+
BankIslami Pakistan Limited	PACRA	A1	A+
Albaraka Bank (Pakistan) Limited	PACRA	A1	A
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA

Bank	Rating Agency	Rating Short Term	Rating Long Term
NIB Bank Limited	PACRA	A1+	AA-
Samba Bank Limited	JCR-VIS	A-1	AA
Silk Bank Limited	JCR-VIS	A-2	A-
Soneri Bank Limited	PACRA	A1+	AA-
Tameer Micro Finance Bank Limited	PACRA	A1	A+
Citi Bank N. A.	Moody's	P-1	A1
Deutsche Bank A.G,	Standard & Poor's	A2	BBB+
The Bank of Tokyo- Mitsubishi- UFJ, Limited	Standard & Poor's	A-1	A+

48.1.3 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:

	2017		2016	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	13,735,738	-	19,012,350	-
Past due but not impaired	55,839,905	-	56,930,968	-
Past due and impaired	10,232,006	5,768,712	8,025,538	4,282,191
Disconnected customers	1,091,475	909,476	879,534	879,534
Total	80,899,124	6,678,188	84,848,390	5,161,725

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 53,851 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. 35,151 million (2016: Rs. 32,789 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:

	2017		2016	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	2,253,610	-	1,625,361	-
Past due but not impaired:				
Past due 1 - 6 month	2,775,289	-	2,521,002	-
Past due and impaired:				
Past due 7 - 9 months	653,658	-	545,228	-
Past due 10 - 12 months	420,859	-	448,493	-
Past due 13 - 18 months	611,123	-	649,691	281,022
Past due 19 - 24 months	399,589	-	323,217	323,217
Past due over 2 years	2,006,164	1,949,683	1,311,414	1,311,414
	4,091,393	1,949,683	3,278,043	1,915,653
Disconnected customers	5,884,026	5,137,976	5,176,014	4,085,985
Total	15,004,318	7,087,659	12,600,420	6,001,638

The Company has collateral / security against domestic customers amounting to Rs. 6,933 million (2016: Rs. 6,046 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, 2017 interest accrued net of provision was Rs. 10,107 million (2016: Rs. 8,704 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. 9,087 million (2016: Rs. 7,947 million), recovery of which is subject to inter corporate circular debt of Government entities.

Other receivables

As at June 30, 2017 other receivable financial assets amounted to Rs. 34,720 million (2016: Rs. 35,043 million). Past due other receivables amounting to Rs. 33,548 million (2016: Rs. 30,770 million) include over due balances of SNGPL amounting to Rs. 22,936 million (2016: Rs. 20,473 million), JJVL amounting to Rs. 10,506 million (2016: Rs. 10,008 million) and of SSGC LPG amounting to Rs. 63 million (2016:Rs. 226 million).

48.1.4 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 / counter parties. 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:

	2017	2016
	(Rupees in '000)	
Power generation companies	42,385,625	45,628,836
Cement industries	25,122	12,870
Fertilizer and steel industries	22,679,196	22,829,251
Other industries	6,831,120	8,300,377
Total industrial customers	71,921,063	76,771,334
Commercial customers	1,171,873	1,227,994
Domestic customers	9,044,659	8,286,119
	82,137,595	86,285,447

At year end the Company's most significant receivable balances were K-Electric, PSML and WAPDA which amounted to Rs. 32,378 million (2016: Rs. 35,948 million), Rs. 22,318 million (2016: Rs. 21,708 million) and Rs. 3,811 million (2016: Rs. 5,930 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:

	2017	2016
	(Rupees in '000)	
Karachi	64,899,403	69,500,311
Sindh (excluding Karachi)	9,800,754	9,815,266
Balochistan	7,437,438	6,969,870
	82,137,595	86,285,447

Net investment in finance lease

The Company's most significant investment in finance lease amounted to Rs. 362 million (2016: Rs. 431 million) in respect of SNGPL.

Interest accrued

Most significant counter parties of the Company in respect of interest accrued are disclosed in note 30 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 31.2 to these unconsolidated financial statements. These balances are subject to inter circular corporate debt.

48.2 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 balance sheet 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, 2017						
Long term finance	55,835,721	(74,191,128)	(3,249,755)	(7,612,512)	(14,346,000)	(48,982,861)
Obligation against pipeline	1,027,886	(1,730,582)	(67,866)	(67,866)	(135,732)	(1,459,118)
Short term borrowings	2,900,653	(2,900,654)	(2,900,654)	-	-	-
Trade and other payables	182,083,254	(182,081,712)	(182,081,712)	-	-	-
Interest accrued	16,898,655	(16,898,655)	(16,898,655)	-	-	-
Long term deposits	14,222,296	(28,435,034)	(177,659)	(177,659)	(355,318)	(27,724,398)
	272,968,465	(306,237,765)	(205,376,301)	(7,858,037)	(14,837,050)	(78,166,377)
As at June 30, 2016						
Long term finance	28,329,286	(36,647,716)	(3,517,841)	(4,057,912)	(7,453,533)	(21,618,430)
Obligation against pipeline	1,069,173	(1,866,314)	(67,866)	(67,866)	(135,732)	(1,594,850)
Short term borrowings	4,860,212	(4,860,212)	(4,860,212)	-	-	-
Trade and other payables	156,527,562	(156,527,562)	(156,527,562)	-	-	-
Interest accrued	16,532,459	(16,532,459)	(16,532,459)	-	-	-
Long term deposits	12,462,204	(24,932,168)	(155,875)	(155,875)	(311,749)	(24,308,670)
	219,780,896	(241,366,431)	(181,661,815)	(4,281,653)	(7,901,014)	(47,521,950)

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 7 and 8 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 balance sheet date.

48.3 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).

48.3.1 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:

	2017		2016	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Creditors for gas	28,111,658	267,730	24,728,597	238,924
Estimated forecast gas purchases	160,119,208	1,524,945	161,703,128	1,562,349
Net exposure	188,230,866	1,792,675	186,431,725	1,801,273

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 rate		Balance sheet date rate	
	2017	2016	2017	2016
	(Rupees in '000)			
US Dollars	104.75	103.95	105.00	103.50

Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2017 would have (decreased) / increased trade creditors by Rs. 2,811 million (2016: Rs. 2,473 million). There is no effect of strengthening / (weakening) of US dollar on unconsolidated equity and unconsolidated profit and loss account of the Company as exchange loss / gain on purchases of gas and store and supplies is recovered from / paid to Government of Pakistan as part of 17% guaranteed return. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2016.

48.3.2 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 balance sheet date the interest rate profile of the Company's interest-bearing financial instruments were as follows:

	2017	2016
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Net investment in finance lease	362,394	472,555
Loan and advances	1,048	1,608
Trade debts	34,565,155	32,626,397
Cash and bank balances	597,109	508,208
Receivable against asset contribution	359,348	389,907
	35,885,054	33,998,675

	2017	2016
	(Rupees in '000)	
Financial liabilities		
Long term deposits	(7,106,369)	(6,234,982)
Government of Sindh loan	(3,140,769)	(3,567,129)
Foreign currency loan	(23,950)	(23,950)
Obligation against pipeline	(1,027,886)	(1,069,173)
Trade and other payables	(22,486,422)	(11,601,290)
	(33,785,396)	(22,496,524)
	2,099,658	11,502,151
Variable rate instruments		
Financial assets		
Trade debts	31,583,092	33,344,088
Other receivables	27,923,209	29,846,779
Loan to related party	1,710,103	1,710,103
	61,216,404	64,900,970
Financial liabilities		
Long term loan except Government of Sindh loan	(52,671,002)	(24,762,157)
Short term borrowings	(2,900,653)	(4,860,212)
Trade and other payables	(151,862,047)	(130,834,334)
	(207,433,702)	(160,456,703)
	(146,217,298)	(95,555,733)

Fixed rate instrument 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 profit and loss. Therefore, a change in interest rates at the reporting date would not affect unconsolidated profit and loss account and the unconsolidated 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 profit or loss of the Company as at June 30, 2017 by Rs. 1,462 million (2016: Rs. 956 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 2016.

48.3.3 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, 2017 is Rs. 555 million (2016: Rs. 238 million).

A ten percent increase / (decrease) in the prices of listed equity securities of the Company at the reporting date would have increased or (decreased) long term investment and unconsolidated equity by Rs. 55 million (2016: Rs. 24 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

48.4 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 the financial statements approximate their fair values except for investment in unquoted companies which are reflected at cost less impairment losses.

48.4.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2017			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available-for-sale financial assets				
Quoted equity securities	555,227	-	-	555,227
	555,227	-	-	555,227

	2016			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available-for-sale financial assets				
Quoted equity securities	238,315	-	-	238,315
	238,315	-	-	238,315

48.5 Financial instruments by categories

	Financial assets		
	Loans and receivables	Available for sale	Total
	(Rupees in '000)		
As at June 30, 2017			
Trade debts	82,137,595	-	82,137,595
Net investment in finance lease	362,394	-	362,394
Loans and advances	2,813,640	-	2,813,640
Deposits	16,247	-	16,247
Cash and bank balances	896,852	-	896,852
Interest accrued	10,106,628	-	10,106,628
Other receivables	34,706,202	-	34,706,202
Long term investments	-	555,227	555,227
	131,039,558	555,227	131,594,785

	Financial assets		
	Loans and receivables	Available for sale	Total
	(Rupees in '000)		
As at June 30, 2016			
Trade debts	86,285,447	-	86,285,447
Net investment in finance lease	472,555	-	472,555
Loans and advances	2,806,337	-	2,806,337
Deposits	17,476	-	17,476
Cash and bank balances	954,239	-	954,239
Interest accrued	8,703,603	-	8,703,603
Other receivables	35,042,751	-	35,042,751
Long term investments	-	238,315	238,315
	134,282,408	238,315	134,520,723

	Financial liabilities at amortised cost	
	2017	2016
	(Rupees in '000)	
Long term finance	55,835,721	28,329,286
Obligation against pipeline	1,027,886	1,069,173
Short term borrowings	2,900,653	4,860,212
Trade and other payables	182,083,254	156,527,562
Interest accrued	16,898,655	16,532,459
Long term deposits	14,222,296	12,462,204
	272,968,465	219,780,896

48.6 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

The Company is not subject to externally imposed regulatory capital requirements.

The gearing ratio as at June 30 is as follows:

	2017	2016
	(Rupees in '000)	
Total borrowings		
Long term finance	48,790,294	22,573,040
Short term borrowings	2,900,653	4,860,212
Current portion of long term finance	7,045,427	5,756,246
	58,736,374	33,189,498
Less: Cash and bank balances	(896,852)	(954,239)
Net debts	57,839,522	32,235,259
Capital employed	63,090,921	35,607,360
Gearing ratio	92%	91%

49. OPERATING SEGMENTS

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

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

Segment revenue and results

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

	Segment revenue		Segment loss	
	2017	2016	2017	2016
	(Rupees in '000)			
Gas transmission and distribution	161,362,916	183,403,425	1,851,852	(26,755,801)
Meter manufacturing	1,397,245	1,557,963	(1,567)	14,805
Total segments results	162,760,161	184,961,388	1,850,285	(26,740,996)
Unallocated - expenses				
- Other operating expenses			(690,612)	(401,521)
Unallocated - Other income				
- Non-operating income			2,156,119	19,302,953
Profit / (loss) before tax			3,315,792	(7,839,564)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution segment amounting to Rs. 1,636 million (2016: Rs. 1,190 million).

The accounting policies of the reportable segments are same as disclosed in note 3.

	2017	2016
	(Rupees in '000)	
Segment assets		
Gas transmission and distribution	290,070,787	252,040,378
Meter manufacturing	2,902,230	2,797,872
Total segment assets	292,973,017	254,838,250
Unallocated		
- Loans and advances	2,813,640	2,806,337
- Taxation - net	18,867,146	19,986,902
- Interest accrued	490,196	490,524
- Cash and bank balances	896,852	954,239
	23,067,834	24,238,002
Total assets as per balance sheet	316,040,851	279,076,252

	2017	2016
	(Rupees in '000)	
Segment liabilities		
Gas transmission and distribution	294,370,570	259,525,031
Meter manufacturing	701,008	701,008
Total segment liabilities	295,071,578	260,226,039
Unallocated		
- Employee benefits	4,886,461	4,704,086
Total liabilities as per balance sheet	299,958,039	264,930,125

50. DETAILS OF INVESTMENTS BY EMPLOYEES RETIREMENT BENEFIT FUNDS

Details of the value of investments by the Provident, Gratuity and Pension funds based on respective financial statements at June 30, 2017 and 2016 are as follows:

	2017	2016
	(Rupees in '000) Based on audited financial statements	
Pension fund - executives	1,140,000	1,108,000
Gratuity fund - executives	2,582,000	2,380,000
Pension fund - non executives	215,000	222,000
Gratuity fund - non executives	2,970,000	2,932,000
Provident fund - executives	3,569,000	3,235,000
Provident fund - non executives	3,384,000	3,129,000
Benevolent fund - executives	175,000	158,000

51. ACCOUNTING ESTIMATES AND JUDGMENTS

51.1 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.

51.2 Staff retirement and other service benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 41 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.

51.3 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.

51.4 Trade debts and other receivables

The Company reviews its receivable against provision required there against on an ongoing basis and appropriate provision is made against outstanding receivable based on systematic basis as approved by the Board of Directors.

51.5 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.

51.6 Fair value of investments

Management has determined fair value of certain investments by using quotations from active market of the financial instruments.

51.7 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.

51.8 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.

52. BENAZIR EMPLOYEE STOCK OPTION SCHEME (BESOS)

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('the Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all 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 of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

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

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

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

53. GENERAL

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

54. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue in Board of Directors meeting held on 07 January, 2019.

Chairman	Chief Financial Officer	Managing Director

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Sui Southern Gas Company Limited ("the Holding Company") and its subsidiary companies, namely, Sui Southern Gas Provident Fund Trust Company (Private) Limited and SSGC LPG (Private) Limited as at June 30, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary companies. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except for the possible effect of the matter discussed in para (a) and (b) our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other audit procedures as we considered necessary in the circumstances.

a) As disclosed in notes 27.1 and 27.2 to the consolidated financial statements, trade debts include receivables of Rs. 32,378 million (2016: Rs. 35,949 million) and Rs. 22,310 million (2016: Rs. 21,708 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 the 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 and the time frame over which such recovery will be made;

b) As disclosed in note 30 to the consolidated financial statements, interest accrued includes interest receivable of Rs. 5,855 million and Rs. 3,232 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA) respectively. A significant portion of such receivables include overdue amounts, which have been considered good by the management and classified as current assets in the consolidated financial statements. Due to dispute with WAPDA, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered and the time frame over which such recovery will be made;

   In our opinion, except for the possible effects of the matters described in the paragraphs (a) and (b) above, the consolidated financial statements present fairly the financial position of Sui Southern Gas Company Limited and its subsidiary companies as at June 30, 2017 and the results of their operations for the year then ended.

   We draw attention to:

(i) note 1.4 to the consolidated financial statements that describes the reasons why Group's profitability and financial position and performance has been declined over the years and the steps planned by the management, which will result in improvement in the Group's profitability over the next few years;

(ii) note 2.1.1 to the consolidated financial statements that describes the reasons why the Holding Company has staggered the effect of Sindh High Court decision over a period of five financial years from 2017 to 2021 based on the permission received from Economic Coordination Committee (ECC), Securities and Exchange Commission of Pakistan (SECP) and Oil and Gas Regulatory Authority (OGRA);

(iii) note 18 to the consolidated financial statements that describe that the Holding Company is subject to various material litigations and claims involving different courts. The outcome of these cases is uncertain and beyond management's control; and

(iv) note 39.6 to the consolidated financial statements that states that the Holding Company has reversed the late payment surcharge (LPS) expense Rs. 26,222 million on delayed payables pertaining to gas supplied by Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) with effect from July 01, 2012 to June 30, 2016 and not recorded LPS expense for the year ended June 30, 2017 amounting to Rs. 7,569 million for reasons described in the said note.

Our opinion is not qualified in respect of above matters.

Deloitte Yousuf Adil
Chartered Accountants

Audit Engagement Partner:
Hena Sadiq

January 07, 2019
Karachi

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2017

	Note	2017	2016
		(Rupees in '000)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000
Issued, subscribed and paid-up capital	4	8,809,163	8,809,163
Reserves	5	4,907,401	4,907,401
Surplus on re-measurement of available for sale securities		518,699	201,787
Accumulated losses		(10,427,085)	(12,185,561)
		3,808,178	1,732,790
Surplus on revaluation of fixed assets	6	11,728,265	11,728,265
LIABILITIES			
Non-current liabilities			
Long term finance	7	48,790,294	22,573,040
Long term deposits	8	14,216,851	12,456,759
Employee benefits	10	4,902,390	4,716,523
Obligation against pipeline	11	982,731	1,027,886
Deferred credit	12	5,320,034	5,842,485
Long term advances	13	2,207,355	1,092,831
Total non-current liabilities		76,419,655	47,709,524
Current liabilities			
Current portion of long term finance	14	7,045,427	5,756,246
Short term borrowings	15	2,900,655	4,860,212
Trade and other payables	16	196,333,561	189,684,080
Short term deposits		254,338	192,438
Current portion of obligation against pipeline	11	45,155	41,287
Current portion of deferred credit	12	422,867	427,547
Interest accrued	17	16,898,655	16,532,459
Total current liabilities		223,900,658	217,494,269
Total liabilities		300,320,313	265,203,793
Contingencies and commitments	18		
Total equity and liabilities		315,856,756	278,664,848

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

	Note	2017	2016
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	19	117,174,550	98,877,569
Intangible assets	20	81,574	24,643
Deferred tax	9	2,681,027	2,882,244
Long term investments	21	560,327	243,415
Net investment in finance lease	22	304,579	362,394
Long term loans and advances	23	171,407	162,426
Long term deposits		68,169	9,872
Total non-current assets		121,041,633	102,562,563
Current assets			
Stores, spares and loose tools	24	2,474,530	2,150,514
Stock-in-trade	25	1,288,147	834,656
Current maturity of net investment in finance lease	22	57,815	110,161
Customers' installation work in progress	26	165,402	184,508
Trade debts	27	82,150,985	86,307,335
Loans and advances	28	932,959	934,200
Advances, deposits and short term prepayments	29	177,445	497,052
Interest accrued	30	10,015,313	8,728,073
Other receivables	31	77,318,693	54,943,899
Taxation - net	32	18,970,646	20,053,925
Other financial assets	33	116,000	-
Cash and bank balances	34	1,147,188	1,357,962
Total current assets		194,815,123	176,102,285
Total assets		315,856,756	278,664,848

Chairman　　　Chief Financial Officer　　　Managing Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Sales		187,028,899	214,637,472
Sales tax		(25,665,983)	(31,234,047)
		161,362,916	183,403,425
Gas development surcharge		(4,689,641)	(44,787,323)
Net sales		156,673,275	138,616,102
Cost of sales	35	(157,524,022)	(163,440,128)
Gross loss		(850,747)	(24,824,026)
Administrative and selling expenses	36	(4,409,981)	(3,922,013)
Other operating expenses	37	(3,303,250)	(2,350,098)
		(7,713,231)	(6,272,111)
		(8,563,978)	(31,096,137)
Other operating income	38	6,559,591	2,727,678
Operating loss		(2,004,387)	(28,368,459)
Other non-operating income	39	7,185,009	23,354,690
Finance cost	40	(1,694,734)	(2,618,868)
Profit / (loss) before taxation		3,485,888	(7,632,637)
Taxation	41	(2,011,093)	1,771,750
Profit / (loss) for the year		1,474,795	(5,860,887)
		(Rupees)	
Basic and diluted earning per share	43	1.67	(6.65)

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

Chairman | Chief Financial Officer | Managing Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Profit / (Loss) for the year		1,474,795	(5,860,887)
Other comprehensive income			
Item that may be reclassified subsequently to profit and loss account:			
- Unrealised gain / (loss) on re-measurement of available for sale securities		316,912	(38,205)
Items that will not be reclassified subsequently to profit and loss account:			
- Remeasurement of post retirement benefits obligation		(946,739)	14,048
- Impact of deferred tax		283,943	(4,134)
- Gas development surcharge	31.1.2	946,477	(13,779)
		283,681	(3,865)
Total comprehensive income / (loss) for the year		2,075,388	(5,902,957)

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

Chairman　　Chief Financial Officer　　Managing Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		3,485,888	(7,632,637)
Adjustments for non-cash and other items	44	9,750,759	(8,141,771)
Working capital changes	45	(14,942,896)	41,618,487
Financial charges paid		(3,543,987)	(2,232,409)
Employee benefits paid		(89,788)	(95,386)
Payment for retirement benefits		(513,400)	(599,476)
Long term deposits received - net		1,816,547	1,904,929
Deposits paid - net		(58,297)	(525)
Loans and advances to employees - net		(7,303)	(342,842)
Interest income received		505,936	420,191
Income taxes paid		(442,654)	(3,262,048)
Net cash (used in) / generated from operating activities		(4,039,195)	21,636,513
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(21,656,939)	(26,889,702)
Payments for intangible assets		(79,493)	(19,661)
Other financial assets		(116,000)	-
Proceeds from sale of property, plant and equipment		89,749	135,770
Lease rental from net investment in finance lease		177,910	216,378
Payment for obligation against pipeline		(135,732)	(135,732)
Dividend received		2,163	1,186
Net cash used in investing activities		(21,718,342)	(26,691,761)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		32,986,444	9,613,527
Repayments of local currency loans		(5,465,880)	(8,094,563)
Customer finance received		9,345	-
Repayment of customer finance		(23,473)	(32,877)
Dividend paid		(116)	(828)
Net cash generated from financing activities		27,506,320	1,485,259
Net increase / (decrease) in cash and cash equivalents		1,748,783	(3,569,989)
Cash and cash equivalents at beginning of the year		(3,502,250)	67,739
Cash and cash equivalents at end of the year		(1,753,467)	(3,502,250)
Cash and cash equivalent comprises:			
Cash and bank balances		1,147,188	1,357,962
Short term borrowings		(2,900,655)	(4,860,212)
		(1,753,467)	(3,502,250)

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

Chairman

Chief Financial Officer

Managing Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid-up capital	Capital reserves (Note 5)	Revenue reserves (Note 5)	Surplus on re-measurement of available for sale securities	Accumulated losses	Total
			(Rupees in '000)			
Balance as at June 30, 2015	8,809,163	234,868	4,672,533	239,992	(6,320,809)	7,635,747
Total comprehensive loss for the year ended June 30, 2016						
Loss for the year	-	-	-	-	(5,860,887)	(5,860,887)
Other comprehensive loss for the year	-	-	-	(38,205)	(3,865)	(42,070)
Total comprehensive loss for the year	-	-	-	(38,205)	(5,864,752)	(5,902,957)
Balance as at June 30, 2016	8,809,163	234,868	4,672,533	201,787	(12,185,561)	1,732,790
Total comprehensive income for the year ended June 30, 2017						
Profit for the year	-	-	-	-	1,474,795	1,474,795
Other comprehensive income for the year	-	-	-	316,912	283,681	600,593
Total comprehensive income for the year	-	-	-	316,912	1,758,476	2,075,388
Balance as at June 30, 2017	8,809,163	234,868	4,672,533	518,699	(10,427,085)	3,808,178

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

Chairman　　Chief Financial Officer　　Managing Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- Sui Southern Gas Company Limited

	Percentage of holding	
	2017	2016
Subsidiary Companies		
- SSGC LPG (Private) Limited	100	100
- Sui Southern Gas Provident Fund Trust Company (Private) Limited	100	100

The Group is principally engaged in transmission and distribution of natural gas and liquefied petroleum gas in Sindh and Balochistan. Brief profiles of the Holding Company and subsidiaries are as follows:

Sui Southern Gas Company Limited

Sui Southern Gas Company Limited ("the Holding Company") is a public limited Company incorporated in Pakistan and is listed on 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.

Sui Southern Gas Provident Fund Trust Company (Private) Limited

Sui Southern Gas Provident Fund Trust Company (Private) Limited is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office is situated at ST-4/B, Block-14, Sir Shah Muhammad Suleman Road, Gulshan-e-Iqbal, Karachi and was formed to facilitate administration of employees retirement funds of the Holding Company.

SSGC LPG (Private) Limited

SSGC LPG (Private) Limited is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office is situated at ST-4/B, Block-14, Sir Shah Muhammad Suleman Road, Gulshan-e-Iqbal, Karachi and its main activity is supply of liquefied petroleum gas and provision of terminal and storage services.

1.2 Basis of consolidation

- The consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Companies, together "the Group".

- The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company for the purpose of consolidation, using consistent accounting policies.

- The assets, liabilities, income and expenses of subsidiaries have been consolidated on a line by line basis.

- Minority interest represents the portion of the net results of operations and of net assets of subsidiaries attributable to interests which are not owned by the Holding Company.

- Material intra-group balances and transactions have been eliminated.

1.3 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA), the Holding Company is provided a minimum annual return before taxation of 17% per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial and other non-operating expenses and non-operating income. The determination of annual required return is reviewed by OGRA under the terms of the license for transmission, distribution and sale of natural gas, targets and parameters set by OGRA. Income earned in excess / short of the above guaranteed return is payable to / recoverable from the Government of Pakistan (GoP) and is adjusted from / to the gas development surcharge balance payable to / receivable from the GoP.

1.4 Financial Performance

During the year, the Group has earned profit after tax of Rs. 1,475 million resulting in reduction of its accumulated losses by Rs. 1,758 million and strengthening equity to Rs. 2,075 million after including the impact of staggering (refer note 2.1.1). However, as at year end, current liabilities exceed its current asset by Rs. 29,086 million and accumulated losses stood at Rs. 10,427 million. The Holding Company has been incurring losses since financial year 2014 attributable mainly to high percentage of unaccounted for gas (UFG) and its disallowance over and above the limit allowed by OGRA, disallowance of bad debts over and above the limit allowed by OGRA and dismissal of Holding Company's petitions by Sindh High Court (refer note 1.5).

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

- In FY 2016, the Board of Directors of the Holding Company has conceptually approved the construction of 30 LPG air mix plants with an estimated cost of Rs. 14 billion. Out of 30 LPG air mix plants, 10 plants are under construction and management is confident to complete all these plants by 2020.

Upon capitalization of the above mentioned assets, the Holding Company will be entitled to 17.43% return.

- Banks have relaxed debt to equity ratio of the Holding Company from 80:20 to 95:05 from financial year 2016 to 2019.

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Holding Company is allowed UFG based on RLNG handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. Based on this, the management will include RLNG volumes in determining the UFG disallowance in FY 2018 and 2019.

  Management had already claimed an amount of Rs. 4,328 million in respect of the above matter from OGRA in Financial Year 2016-17 which was disallowed by OGRA through its decision dated December 24, 2018 stated that the Holding Company's stance is technically unjustifiable. Further, the dedicated pipeline is now operational therefore the issue of handling RLNG (of SNGPL) by the Holding Company in its distribution system and its impact on UFG, if any, does no longer prevail.
  The management is confident to seek this claim from OGRA and if required to again pursue the matter through Ministry of Energy (Petroleum division) to the Government.

- Under new tariff regime, effective from the month of July 2018, OGRA has allowed 50% of income, derived from Jamshoro Joint Venture Limited (JJVL), as retainable by the Holding Company. Under such regime, the Holding Company is expected to earn reasonable profits through the sale of LPG and NGL business which will result in increasing the profitability and financial performance of the Holding Company in FY 2019 and onwards.

  The Holding Company will also be entitled to the guaranteed return on operating assets from 17% to 17.43% from FY 2019 for next three years.

- While determining the guaranteed return of the Holding Company for the future years, UFG has been determined based on KMI's set by OGRA dated February 28, 2018.

  As per UFG study report finalised by a firm of chartered accountants, revised UFG allowance has been determined from 4.5% to 7.6% (5% base benchmark and 2.6% based on achievement of KMIs). The Holding Company achieved upto 90% KMIs which will allow higher limit of UFG allowance in future years and will also result in decline of actual UFG volume which will have positive impact on financial performance of the Holding Company.

- The Holding Company is also evaluating the option to issue shares to improve the equity and cash flows of the Holding Company.

Board / management believes that in view of above mentioned steps / plans, the Group profitability and financial position will improve in the next few years.

1.5 Determination of revenue requirements

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

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

On November 25, 2016, Sindh High Court has dismissed the Holding Company's petitions through its judgement. Consequently, OGRA in its decision dated December 22, 2016 for determination of FRR for FY 2016 has allowed UFG at 4.5% and treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge and Sale of Gas Condensate as operating income and therefore the management has considered the same decision while determining the 17% guaranteed return for the financial year 2017.

The Holding Company has filed civil petition for leave to appeal in the Supreme Court of Pakistan on January 25, 2017 against the above mentioned Sindh High Court judgement.

Meanwhile after finalization of UFG study report, ECC advised OGRA, to reconcile and finalise / adjust the provisional UFG benchmarks set from FY 2013 to 2017 of the Sui Companies in line with the recommendations of the UFG Study. Accordingly, OGRA allowed previously held up benefit in respect of volume pilfered by non-consumers as well as volume consumed in law and order affected areas.

As a result of this benefit, reduction in UFG disallowance amounting to Rs.1,390 million for current year and Rs. 4,278 million for previous years (FY 2013 to FY 2016) has been accounted for in these consolidated financial statements.

2. BASIS FOR PREPARATION

2.1 Statement of compliance

These consolidated financial statements (" the financial statements") have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 shall prevail. For the determination of Gas Development Surcharge, the directives of OGRA and the OGRA Ordinance, 2002 have been followed.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these consolidated financial statements have been prepared under the Companies Ordinance, 1984.

2.1.1 Staggering of Losses arising due to Sindh High Court decision

As disclosed in note 1.5, OGRA has disallowed certain expenses for the years ended 2011 to 2015. Consequently, management had approached Securities and Exchange Commission of Pakistan (SECP) through its letter dated December 14, 2016 to allow staggered recognition of the disallowed expenses of Rs. 36,718 million in 3 years. The permission from SECP was sought based on the grounds that recognition of such disallowances in one year will reflect very adverse results and financial position of the Holding Company, considering that OGRA's determination of some significant aspects of revenue requirements are provisional and are likely to be revised.

Accordingly, SECP through its letter dated December 20, 2016 has granted permission to stagger disallowed expense in the consolidated financial statements for the years ended / ending June 30, 2016 and 2017 subject to the conditions that disallowed expense will be staggered on equal basis, facts and circumstances are adequately disclosed and compliance with the disclosure requirement of IFRSs for departing with IFRSs.

Based on above 50% impact (Rs. 18,359 million) of the decision of Sindh High Court for financial years 2011 to 2015 was accounted for in FY 2015-16. The remaining Rs. 18,359 million was required to be accounted for in FY 2016-17. However, considering financial position of the Holding Company and the fact that the loss of Rs. 36,718 million pertains to five financial years, a summary was moved by Ministry of Energy (Petroleum Division) to Economic Coordination Committee (ECC) for allowing staggering of Rs. 18,359 million in five years. The ECC approved the summary through letter dated May 31, 2018 advising SECP to allow staggering of remaining Rs. 18,359 million in five years. The Holding Company approached SECP after considering ECC decision, who through its letter dated June 27, 2018 advised the board to make the necessary decision to present a true and fair view of the Holding Company's financial position and performance. Based on the letter received from SECP, the OGRA, in its decision dated December 24, 2018, endorsed the staggering of remaining Rs. 18,359 million over a period of five years.

Therefore, the remaining accumulated losses of Rs. 18,359 million have been staggered and will be recorded in equal amounts of Rs. 3,672 million in five years form FY 2016-17 to FY 2020-21.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain investments stated in note 21 which are carried at their fair values, employee benefits which are valued at their present value using actuarial assumptions and freehold and leasehold land which are carried at revalued amount.

2.3 Functional and presentation currency

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

Judgments and estimates made by management that may have a significant risk of material adjustments to these consolidated financial statements in the subsequent year are discussed in note 52.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2017

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

Standards / Amendments / Interpretations	Effective Date (accounting period beginning on or after)
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016

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

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

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

	Effective from accounting period beginning on or after
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

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

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

3.3 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.

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

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. Capital work in progress are stated at cost, less accumulated impairment loss, 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 fixed assets.

The cost of the property, plant and equipment includes:

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

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

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 expenditure (including normal repairs and maintenance) is recognised in the consolidated profit and loss account as an expense when it is incurred.

Capital work in progress

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

Depreciation

- Compressors and transmission lines

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

- **Other operating assets**

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

Useful lives of the assets are mentioned in the note 19.1 to these consolidated financial statements.

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

Intangible assets

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

Definite life

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

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

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

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 Holding Company determines a weighted average capitalisation rate in case of general borrowings attributable to qualifying assets.

All other borrowing costs are charged to consolidated profit and loss account.

Gains and losses on disposal

Gains and losses on disposal are taken to the consolidated profit and loss account.

Leased assets

Leased assets in terms of which the Holding Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment loss, if any. Depreciation on assets subject to finance lease is recognised in the same manner as for owned operating assets.

3.4 Investments

Available-for-sale

Investments which are intended to be held for an indefinite period and may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale investments. These investments are initially recognised at fair value, being the cost of the consideration given and transaction cost. After initial recognition, investments classified as available-for-sale are re-measured at fair value, determined with reference to the year-end quoted rates. Gains or losses on re-measurement of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in consolidated profit and loss account. Impairment losses recognised in profit and loss for an investment in an equity instrument classified as available for sale shall not be reversed through consolidated profit and loss account. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit and loss, the impairment loss shall be reversed, with the amount of the reversal recognised in consolidated profit and loss account.

Held to maturity

Investments with fixed or determinable maturity where management has both the positive intent and ability to hold till maturity are classified as held-to-maturity. These investments are measured initially at its fair value plus transaction costs that are directly attributable to these investments. Subsequent to initial measurement, held to maturity investments are measured at amortised cost using effective interest method. All investments categorised under held to maturity are subject to annual review for impairment. Provision for impairment in value, if any, is taken to consolidated profit and loss account.

Date of recognition

All purchases and sales of investments that require delivery within the time frame established by regulations or market convention (regular way) are recognised at the trade date. Trade date is the date on which the Holding Company commits to purchase or sell the investments.

De-recognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Holding Company has transferred substantially all risk and rewards of ownership.

3.5 Net investment in finance lease

Contractual arrangements, the fulfillment 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 Holding Company's net investment in finance lease.

3.6 Stores, spares and loose tools

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

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

3.7 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.

Liquefied petroleum gas

Stocks of liquefied petroleum gas in storage is valued at the lower of cost or net realisable value. Cost is recognised on weighted average basis on net realisable value which is arrived at after deducting impairment loss, if any.

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 labor and production overheads. Components in transit are stated at cost incurred up to the consolidated balance sheet 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.

3.8 Trade debts and other receivables

Trade debts and other receivables are recognised at fair values plus directly attributable cost, if any.

A provision for impairment of trade and other receivables is established when there is an objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.9 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.

3.10 Mark-up bearing borrowings

Long term financing

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

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

Leases

The Holding Company accounts for lease obligations by recording the asset and the corresponding liability determined on the basis of discounted value of minimum lease payments. Financial charges are recognised in the consolidated profit and loss account.

3.11 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.

3.12 Deferred credit

Amounts received from customers before July 1, 2009 and the Government as contributions and grants for providing service connections, extension of gas mains, laying of distribution lines etc. are deferred and recognised in the consolidated profit and loss account over the useful lives of the related assets starting from the commissioning of such assets.

Contribution from customers

Advance taken from customers on or after July 1, 2009 for laying of distribution lines is recognised in the consolidated profit and loss account when the connection to the network is completed, immediately in accordance with the requirements of IFRIC-18 "Transfer of Assets from Customers".

3.13 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 balance sheet 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.

3.14 Revenue recognition

- Revenue from gas sales is recognised on the basis of gas supplied to customers at rates periodically announced by the OGRA.

- Meter rental income is recognised monthly at specified rates for various categories of customers.

- Revenue from sale of meters, liquid petroleum gas and gas condensate is recognised on dispatch to the customers.

- Revenue from terminal and storage services are recognised on the basis of services rendered to the customers.

- Deferred credit from Government and customers before July 1, 2009 is amortised and related income is recognised in the consolidated profit and loss account over the useful lives on commissioning of the related assets.

- Deferred credit from customers after July 01, 2009 for laying of distribution lines is recognised in the consolidated profit and loss when the network connection is completed, immediately in accordance with the requirements of IFRIC-18 "Transfer of Assets from Customers".

- Income from new service connections is recognised in consolidated profit and loss account immediately on commissioning of related assets.

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

- Return on term deposits and royalty income are recognised on time proportion basis by reference to the principal outstanding at the effective interest rate.

- Late payment surcharge is recognised from the date the billed amount is overdue.

3.15 Impairment

Financial assets

The Holding Company assesses at each balance sheet date whether there is any objective evidence that financial asset or group of financial asset is impaired. A financial asset or group of financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. In case of quoted equity securities classified as AFS, impairment is assessed based on significant or prolonged decline in market prices of securities.

An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss had been recognised. An impairment loss is reversed only to the extent that the financial assets carrying value after the reversal does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised. Reversal of impairment is recognised in consolidated profit and loss account except in the case of available for sale instruments where the reversal is included in other comprehensive income.

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 these consolidated profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

3.16 Staff retirement benefits

The Holding Company operates the following retirement schemes for its employees:

- Approved funded pension and gratuity schemes for all employees.

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

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

  Past service cost is recognised in the consolidated profit and loss account 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 medical and free gas supply facilities have been discontinued for employees retiring after December 31, 2000.

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

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

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

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

- SSGC LPG (Private) Limited operates an unfunded gratuity scheme for its permanent and contractual employees who served for 1 year. The Company's net obligation in respect of unfunded gratuity scheme is determined annually by a qualified actuary using the Projected Unit Credit method.

- Remeasurement component, which is the net of actuarial gains and losses is recognised immediately in other comprehensive income whereas service cost and net interest income / expense are charged to consolidated profit and loss account.

3.17 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.

3.18 Foreign currency translation

Transactions in foreign currencies are translated into Pak rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are taken to the consolidated profit and loss account.

3.19 Financial instruments

Financial assets and financial liabilities are recognised when the Holding Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value and subsequently at fair value or amortised cost as the case may be. Financial assets are derecognised at the time when the Holding Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are derecognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the consolidated profit and loss account immediately.

3.20 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 profit and loss account, 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.

3.21 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements 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.

3.22 Segment reporting

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

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

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

Gas transmission and distribution

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

Meter manufacturing

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

3.23 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.

3.24 Earnings per share

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

3.25 Dividend and reserves appropriation

Dividend is recognised as a liability in the consolidated financial statements in the period in which it is declared. Movement in reserves is recognised in the year in which it is approved.

3.26 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Discount on issue of shares is separately reported in 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.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017 (Numbers)	2016		2017 (Rupees in '000)	2016
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	2,195,666	2,195,666
661,349,755	661,349,755	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	6,613,497	6,613,497
880,916,309	880,916,309		8,809,163	8,809,163

4.1 The Holding Company has one class of ordinary shares which carry no right to fixed income. The holders 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.

	Note	2017 (Rupees in '000)	2016
5. RESERVES			
Capital reserves			
Share capital restructuring reserve	5.1	146,868	146,868
Fixed assets replacement reserve	5.2	88,000	88,000
		234,868	234,868
Revenue reserves			
Dividend equalisation reserve		36,000	36,000
Special reserve I	5.3	333,141	333,141
Special reserve II	5.4	1,800,000	1,800,000
General reserve	5.5	2,015,653	2,015,653
Reserve for interest on sales tax refund	5.6	487,739	487,739
		4,672,533	4,672,533
		4,907,401	4,907,401

5.1 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.

5.2 Fixed assets replacement reserve

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

5.3 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.

5.4 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.

5.5 General reserve

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

5.6 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.

6. SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book values resulting from the revaluation of the Holding Company's freehold and leasehold land carried out by an independent valuer K.G. Traders (Private) Limited to determine the fair value as of June 30, 2016. The valuation was based on market research. The last valuation of the Holding Company's assets was carried out by Oceanic Surveyors (Private) Limited in 2011.

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

	2017	2016
	(Rupees in '000)	
Freehold land	454,156	454,156
Leasehold land	208,351	208,351
	662,507	662,507

6.1. Details of the Holding Company's freehold and leasehold land and information about fair value hierarchy, explained in note 49.4.1, as at June 30, 2017 are as follows.

	Level 1	Level 2	Level 3	Total
	-----------------------------------	Rupees in '000	-----------------------------------	
Freehold land	-	5,453,582	-	5,453,582
Leasehold land	-	6,937,190	-	6,937,190

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

	Note	2017	2016
		(Rupees in '000)	
7. LONG TERM FINANCE			
Secured			
Loans from banking companies	7.1	46,084,648	19,437,725
Unsecured			
Front end fee of foreign currency loan	7.2	23,950	23,950
Customer finance	7.3	190,927	194,236
Government of Sindh loans	7.4	2,490,769	2,917,129
		2,705,646	3,135,315
		48,790,294	22,573,040

				Note	2017	2016
					(Rupees in '000)	

7.1 Loans from banking companies

	Installment payable	Repayment period	Mark-up rate p.a. (above 3 months & 6 months* KIBOR)		2017	2016
Bank Alfalah Limited	quarterly	2015 - 2017	0.75%	7.1.3	-	500,000
Bank AlFalah Limited - Lead Consortium	quarterly	2018 - 2019	0.40%	7.1.3	7,000,000	7,000,000
Faysal Bank Limited	quarterly	2015 - 2018	0.70%	7.1.3	500,000	1,000,000
Habib Bank Limited	quarterly	2015 - 2018	0.70%	7.1.3	333,333	666,667
Meezan Bank Limited	quarterly	2015 - 2017	0.75%	7.1.3	-	1,000,000
Meezan Bank Limited	quarterly	2015 - 2018	0.70%	7.1.3	666,667	1,333,333
United Bank Limited	quarterly	2015 - 2017	0.75%	7.1.3	-	750,000
United Bank Limited - Lead Consortium	quarterly	2015 - 2018	0.70%	7.1.3	1,333,333	2,666,667
Habib Bank Limited	quarterly	2018 - 2022	0.50%	7.1.3	3,000,000	3,000,000
United Bank Limited - Lead Consortium	semi annually	2018 - 2022	0.50%*	7.1.1 & 7.1.3	15,000,000	3,000,000
Habib Bank Limited - Lead Consortium	semi annually	2018 - 2026	1.10%*	7.1.2	25,000,000	4,000,000
Unamortised transaction cost					(365,352)	(395,609)
					52,467,981	24,521,058
Less: Current portion shown under current liabilities				14	(6,383,333)	(5,083,333)
					46,084,648	19,437,725

7.1.1 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. As at June 30, 2017, the Holding Company has utilised total sanctioned amount.

7.1.2 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, 2017, the Holding Company has utilised Rs. 25,000 million out of the total sanctioned amount. The financial arrangements have been secured by GoP guarantee and ranking charge created by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Holding Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

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

7.1.4 The Holding Company is required to maintain debt to equity at 80:20. In FY 2016, the Holding Company has obtained relaxation letter from respective banks. As per the relaxation letter issued by banks, debt to equity ratio has been revised from 80:20 to 95:05 from financial year 2016 to 2019.

7.2 Front end fee of foreign currency loan

	Installment payable	Repayment period	Mark-up rate per annum	Note	2017 (Rupees in '000)	2016
IBRD LOAN - 81540	Half-yearly	2020 - 2036	11.80%	7.2.1	23,950	23,950

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

	Note	2017	2016
		(Rupees in '000)	

7.3 Customer finance

	Note	2017	2016
Customer finance	7.3.1	203,021	217,149
Less: Current portion shown under current liabilities	14	(12,094)	(22,913)
		190,927	194,236

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

7.4 Government of Sindh loans

	Installment payable	Principal repayment period	Mark-up rate p.a.	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Government of Sindh loan - II	yearly	2011 - 2020	4%	7.4.1	270,000	360,000
Government of Sindh loan - III	yearly	2012 - 2021	4%	7.4.1	400,000	500,000
Government of Sindh loan - IV	yearly	2013 - 2022	4%	7.4.1	600,000	700,000
Government of Sindh loan - V	yearly	2015 - 2024	4%	7.4.1	770,000	880,000
Government of Sindh loan - VI	yearly	2015 - 2024	4%	7.4.1	700,000	800,000
Government of Sindh loan - VII	yearly	2016 - 2025	4%	7.4.1	1,200,000	1,350,000
Less: Impact of discounting of Government of Sindh loans				7.4.2	(799,231)	(1,022,871)
					3,140,769	3,567,129
Less: Current portion shown under current liabilities				14	(650,000)	(650,000)
					2,490,769	2,917,129

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

7.4.2 This represents the benefit of lower interest rate on Government of Sindh Loan II, III, IV, V, VI and VII and is calculated as difference between the proceeds received in respect of Government of Sindh Loan II, III, IV, V, VI and VII amounting to Rs. 6,500 million, and its initial fair value amounting to Rs. 4,272 million. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

7.4.3 The Government of Sindh through its letter dated December 18, 2017, approved the conversion of Rs. 3,000 million of loan into grant for all the schemes which do not qualify per customer cost criteria. Based on this, the management of Holding Company has reversed impairment on operating assets amounting to Rs. 1,190 million relating to all unfeasible projects financed through such loan. The treatment of the grant is disclosed in note 3.12.

8. LONG TERM DEPOSITS

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Security deposits from:			
- gas customers	8.1	14,034,507	12,281,193
- gas contractors	8.2	182,344	175,566
		14,216,851	12,456,759

8.1 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.

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

9. DEFERRED TAX

Deferred tax comprises of taxable / (deductible) temporary differences in respect of the following:

	2017			
	Opening	Charge / (reversal) to profit and loss account	Charge / (reversal) to OCI	Closing
	(Rupees in '000)			
Taxable temporary differences				
Accelerated tax depreciation	10,748,991	3,806,228	-	14,555,219
Net investment in finance lease	141,767	(33,049)	-	108,718
Deductible temporary differences				
Provision against employee benefits	(1,415,019)	239,170	(294,868)	(1,470,717)
Provision against impaired debts and other receivables and receivable from staff pension fund	(3,908,310)	(833,812)	10,925	(4,731,197)
Provision against impaired store and spares	(84,518)	(3,709)	-	(88,227)
Liability not paid within three years	(6,569,043)	(2,732,315)	-	(9,301,358)
Carry forward of tax losses	(1,449,186)	613,691	-	(835,495)
Minimum income tax	-	(834,020)	-	(834,020)
Obligation under finance lease	(320,752)	320,752	-	-
Others	(26,174)	(57,774)	-	(83,948)
	(2,882,244)	485,162	(283,943)	(2,681,025)

	2016			
	Opening	Charge / (reversal) to profit and loss account	Charge / (reversal) to OCI	Closing
	(Rupees in '000)			
Taxable temporary differences				
Accelerated tax depreciation	10,386,852	362,139	-	10,748,991
Net investment in finance lease	174,815	(33,048)	-	141,767
Deductible temporary differences				
Provision against employee benefits	(1,409,144)	239,493	(245,368)	(1,415,019)
Provision against impaired debts and other receivables and receivable from staff pension fund	(3,302,461)	(612,317)	6,468	(3,908,310)
Provision against impaired store and spares	(74,767)	(9,751)	-	(84,518)
Liability not paid within three years	(3,718,884)	(2,850,159)	-	(6,569,043)
Carry forward of tax losses	(2,157,824)	708,638	-	(1,449,186)
Obligation under finance lease	(332,077)	11,325	-	(320,752)
Others	(875)	(30,174)	4,875	(26,174)
	(434,365)	(2,213,854)	(234,025)	(2,882,244)

9.1 The Holding Company has an aggregate amount of deferred tax asset of Rs. 2,476 million (2016: Rs. 2,669 million) which represents management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Holding Company would be able to set off the taxable profits earned in future years against taxable losses carried forward and other taxable temporary differences relating to prior years. The Holding Company has prepared five years financial projections for future taxable profits, which have been approved by the Board of Directors, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as increase in return on operating assets from 17% to 17.43% (effective from the month July 2018), reduction in UFG volume and disallowance, UFG allowance of RLNG volume handling in sale price of RLNG, higher margin on sale of LPG and NGL. Management believes that it is probable that the Holding Company will be able to achieve the taxable profits and consequently, the deferred tax asset will be fully realised in future.

	Note	2017	2016
		(Rupees in '000)	
10. EMPLOYEE BENEFITS - unfunded			
Provision for post retirement medical and free gas supply facilities - executives	42.2	4,115,304	4,050,285
Provision for compensated absences - executives	10.1	771,157	653,801
Provision for gratuity	10.2 & 42.3.1	15,929	12,437
		4,902,390	4,716,523

	Note	2017	2016
		(Rupees in '000)	
10.1 Provision for compensated absences - executives			
Balance as at July 01		653,801	576,685
Provision during the year		117,356	77,116
Balance as at June 30		771,157	653,801
10.2 Provision for gratuity			
Balance as at July 01		12,437	8,629
Provision during the year		3,492	3,808
Balance as at June 30		15,929	12,437
11. OBLIGATION AGAINST PIPELINE			
Principal amount of obligation against pipeline	11.1	1,027,886	1,069,173
Less: current portion of obligation against pipeline		(45,155)	(41,287)
		982,731	1,027,886

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

	Note	2017	2016
		(Rupees in '000)	

12. DEFERRED CREDIT

Government of Pakistan contributions / grants

	Note	2017	2016
Balance as at July 01		3,707,033	3,821,638
Additions / adjustments during the year		106,418	150,365
Transferred to consolidated profit and loss account	12.1	(273,855)	(264,970)
Balance as at June 30		3,539,596	3,707,033

Contribution from customers

	Note	2017	2016
Balance as at July 01		1,326,845	1,495,302
Transferred to consolidated profit and loss account	12.2	(157,936)	(168,457)
Balance as at June 30		1,168,909	1,326,845

Government of Sindh grants

	Note	2017	2016
Balance as at July 01		1,236,154	2,227,897
Transferred to consolidated profit and loss account	7.4.2	(201,758)	(991,743)
Balance as at June 30		1,034,396	1,236,154
		5,742,901	6,270,032
Less: Current portion of deferred credit		(422,867)	(427,547)
		5,320,034	5,842,485

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 This represents amount received from customers for the cost of service lines and gas mains, etc. These are taken to consolidated profit and loss account based on the policy stated in note 3.12 to these consolidated financial statements.

12.3 Pipelines constructed / built under deferred credit arrangement are not given 17% minimum guaranteed return. However, Unaccounted for Gas ("UFG") losses on such pipelines are considered in the determination of the Holding Company's guaranteed return.

13. 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. As stated in note 3.12 to these consolidated financial statements, such deferred credit is amortised over the estimated useful lives of related assets.

	Note	2017	2016
		(Rupees in '000)	

14. CURRENT PORTION OF LONG TERM FINANCE

	Note	2017	2016
Loans from banking companies	7.1	6,383,333	5,083,333
Customer finance	7.3	12,094	22,913
Government of Sindh loans	7.4	650,000	650,000
		7,045,427	5,756,246

15. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 14,625 million (2016: Rs. 9,625 million) and subject to markup up to 0.60% (2016: 0.60%) above the one month KIBOR. These facilities are secured by first pari passu, first joint supplemental hypothecation and ranking charge over present and future stock in trade and book debts of the Holding Company.

The aggregate unavailed short term borrowing facilities amounted to Rs. 11,975 million (2016: Rs. 5,015 million).

	Note	2017	2016
		(Rupees in '000)	
16. TRADE AND OTHER PAYABLES			
Creditors for:			
- gas supplies	16.1	167,238,726	142,449,420
- supplies		941,703	1,332,146
		168,180,429	143,781,566
Amount received from customers for laying of mains, etc.		2,361,457	2,182,955
Engro Elengy Terminal Limited		2,098,162	1,392,301
Accrued liabilities		3,193,262	4,099,054
Advance from LPG customers		12,177	159,147
Provision for compensated absences - non executives	16.2	266,887	220,431
Payable to gratuity fund	42.1	3,778,334	2,562,657
Deposits / retention money		895,166	563,973
Bills payable		59,498	323,849
Advance for sharing right of way	16.3	18,088	18,088
Unclaimed dividend		285,721	285,837
Withholding tax		95,497	147,378
Sales tax and Federal excise duty		282,275	324,338
Sindh sales tax		54,322	159,174
Processing charges payable to JJVL		7,115,280	5,782,506
Gas infrastructure development cess payable	16.4	7,264,457	8,680,409
Gas development surcharge payable to GoP	31.1	-	18,604,884
Unclaimed term finance certificate redemption profit		1,800	1,800
Workers' Profit Participation Fund	16.5	12,860	-
Inter State Gas System (Private) Limited (ISGSL)		1,555	20,321
Advances from customers and distributors		45,356	38,739
Transport and advertisement services		8,473	20,474
Others	16.6	302,505	314,199
		196,333,561	189,684,080

16.1 As at June 30, 2017, amount of Rs. 121,487 million (2016: Rs. 112,690 million) is payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (2016: Rs. 15,832 million) on their balances which have been presented in note 17. LPS expense not recorded in these consolidated financial statements is amounting to Rs. 33,791 million as disclosed in note 39.6.

	2017	2016
	(Rupees in '000)	
16.2 Provision for compensated absences - non executives		
Balance as at July 01	220,431	219,207
Provision during the year	46,456	1,224
Balance as at June 30	266,887	220,431

16.3 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.

16.4 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 Honorable Peshawar High Court declared the levy, imposition and recovery of the Cess unconstitutional with the direction to refund the "Cess" so far collected. Honorable 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 the "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, Honorable Sindh High Court gave a stay order to various parties against the promulgation of Presidential order on September 25, 2014.

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

On October 26, 2016, the Learned Single Judge of Honorable Sindh High Court had 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 Honorable 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.

	2017	2016
	(Rupees in '000)	
16.5 Workers' Profit Participation Fund		
Balance as at July 01	(161,655)	(1,567,655)
Amount received	-	1,406,000
Expense recorded for the year	174,515	-
Balance as at June 30	12,860	(161,655)

16.6 This includes Rs. 103 million (2016: Rs. 103 million) on account of amount payable to disconnected customers for gas supply deposits.

	Note	**2017**	2016
		(Rupees in '000)	
17. INTEREST ACCRUED			
Long term finance - loans from banking companies		419,156	192,158
Long term deposits from customers		355,318	309,941
Short term borrowings		94,839	26,035
Late payment surcharge on processing charges		192,105	167,088
Late payment surcharge on gas development surcharge		4,826	4,826
Late payment surcharge on gas supplies	16.1, 18.1.3 & 39.6	15,832,411	15,832,411
		16,898,655	16,532,459
18. CONTINGENCIES AND COMMITMENTS			
18.1 Contingencies			
18.1.1 Guarantees issued on behalf of the Group		4,288,801	4,429,184

In respect of Holding Company:

18.1.2 Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged claims against the Holding Company amounting to Rs. 39,463 million (2016: Rs. 35,182 million) for short supply of gas under the provisions of an agreement dated April 10, 1995 between the Holding Company and JPCL. As at June 30, 2018, this amount has been increased to Rs. 44,989 million. JPCL has raised another claim of Rs. 5.793 million (2016: Rs. 5.793 million) for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Holding Company. The MP & NR vide its letter dated April 24, 2017 has also directed that the outstanding issues pertaining to the claims by JPCL be resolved and has proposed that a committee be constituted comprising of members from two companies and the concerned ministries to resolve the matter as it involves parties who represent / relate to Government of Pakistan.

No provision has been made against the said claims as management is confident that ultimately these claims will not be payable. Further, management believes that in case matter is decided against the Holding Company, the entire amount will be claimed from the OGRA in the determination of revenue requirements of the Holding Company.

18.1.3 As disclosed in note 39.6, 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 amounting to Rs. 7,569 million in these consolidated financial statements. The Holding Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

18.1.4 Habibullah Coastal Power Company (Private) Limited (HCPCL) has claimed Rs.3,067 million as at July 26, 2016, from the Holding Company for short supply of gas under the provisions of an agreement dated March 31, 1996, between the Holding Company and HCPCL. HCPCL has also disputed late payment surcharge (LPS) charged by the Holding Company and errors in previous billing amounting to Rs. 660 million and is not paying full amount of gas bills including LPS. Consequently, the receivable balance due from HCPCL has increased to Rs. 6,196 million as at year end. HCPCL has also invoked arbitration as per article of Gas Sale Agreement. In the instant arbitral proceedings, the Holding Company has also raised a counter claim of Rs. 9,117 million which represents claim on account of failing to 'take or pay' for the gas made available to HCPCL, outstanding gas deposit and unpaid gas bills.

On February 24, 2017, the International Chamber of Commerce (ICC) has issued partial award on preliminary issues wherein it was held by the Tribunal that in line with past decision, HCPCL would be eligible to claim the liquidated damages from the Holding Company subject to verification of amount by technical expert. However, the ICC also accepted the Holding Company right to assert its 'take or pay' counter claim from December 2009 which amounts to Rs. 5,233 million up to December 2015.

On April 30, 2018, the decision of arbitration proceeding has been issued by the International court of arbitration and issue an order favor of HCPCL and the Holding Company is required to pay to HCPCL as a final reward in the form of indemnity, damages, interest and legal and professional charges amounting to Rs. 4,377 million.

Management has not recorded the provision based on the ground that ECC through its meeting held on February 07, 2018 approved in principle, the proposal regarding waiver of liquidated damages claimed by WAPDA to HCPCL till June 30, 2017.

In case matter is decided against the Holding Company, management is confident that the entire amount will be claimed from the OGRA in the determination of revenue requirements of the Holding Company in line with decision made by the OGRA on the similar matter in the financial year 2009.

18.1.5 As disclosed in note 31.4, 31.5, 39.2, 39.4, 39.5 and for other matters arbitration proceedings between JJVL and Holding Company has been initiated under the Pakistan Arbitration Act 1940 to settle the outstanding disputes between the parties. Accordingly, both the parties have appointed their respective arbitrators and filed their respective claims.

On June 13, 2018, Supreme Court of Pakistan (SCP) in its decision concluded that the Holding Company would not supply any gas to JJVL for the purpose of processing. Further, a firm of chartered accountant was appointed to conduct a complete audit of JJVL within a period of two month to ascertain and determine the amount to be paid by JJVL to the Holding Company. Such matter relating to claimed amount will be undertaken after the report is submitted to SCP.

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. With respect to the Freight matter, SCP will settle the same and an appropriate order shall be passed in this regard. Further, firm of chartered accountants in his 2nd report submitted in SCP proposed an agreement between the parties with a sharing ratio of 57:43 in favor of the Holding Company against supply of wet gas to JJVL plant by the Holding Company, subject to payment of admitted liability by JJVL of Rs. 1,500 million by January 16, 2019.

SCP reviewed the agreement between the two parties as recommended by firm of chartered accountants and endorsed it as just and in national interest. SCP also directed the Holding Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement.

Management is considering the recoverability of the receivable balance and may record further provision, if any, after the final report issued by the SCP. The arbitration is currently adjourned till the final order of the SCP and all the disputed matters taken to arbitration will be settled once the arbitration is completed, hence no provision is recorded in these consolidated financial statements.

18.1.6 Demand finance facilities have been given to the Holding Company's employees by certain banks for the purchase of vehicles against the Holding Company's guarantee and hypothecation of Holding Company's stock of pipes, gas meters, and the Holding Company's investment in shares having a face value of Rs. 0.5 million (2016: Rs. 0.5 million).

18.1.7 Previously the Income Tax Appellate Tribunal (ITAT) had decided an appeal in favor of Income Tax Department on the issue of capital gain made on disposal of LPG business in the financial year 2001 resulting in tax impact of Rs. 143 million. Management has filed an appeal before Honorable High Court. The management is of the view that sale of LPG business being in nature of slump transaction was not chargeable to tax under the Income Tax Ordinance, 2001. Accordingly, no provision regarding the said claim has been made in these consolidated financial statements as the management, based on its legal advisor's opinion, are confident that the matter would be resolved in favor of the Holding Company.

18.1.8 The Additional Collector (Adjudication) Sales Tax and Federal Excise passed an order against the Holding Company with a demand of Rs. 311.397 million for the years 2002-03, 2003-04 and 2005-06 in respect of sales tax on disposal of fixed assets, incorrect adjustment against exempt supplies, non-payment of sales tax on transportation charges, late payment surcharge and service connection charges along with default surcharge and penalty. The Income Tax Appellate Tribunal has set-aside the case and remanded back to Tax Department for hearing the case afresh. No provision has been made in these consolidated financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

18.1.9 Income tax authorities have issued notices under section 122 / 177 of the Income Tax Ordinance, 2001 for the tax years 2008 to 2015, disallowing certain expenses. The Holding Company has filed petition in the High Court of Sindh to seek the authoritative interpretation of the Honorable Court, in respect of disallowance of interest on delayed payment of gas bills on account of failure to deduct withholding tax under section 151(1)(d) read with section 158 of the Income Tax Ordinance, 2001, disallowance of depreciation on fixed assets held under musharka arrangement and disallowances for Unaccounted For Gas (UFG). No provision has been made in these consolidated financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

18.1.10 The Deputy Commissioner Inland Revenue passed an order for the financial year 2009-10 against the Holding Company with a demand of Rs. 1,635 million, along with default surcharge and penalty on account of disallowance of input sales tax on line losses /Unaccounted for Gas (UFG) along with other observations.

The case was contested upto the level of Appellate Tribunal Inland Revenue (ATIR) and the ATIR, while upholding the decision of the Commissioner (Appeals), allowed credit of input Sales Tax on UFG to the extent of OGRA benchmark. This has resulted in reduction of demand to Rs. 149 million. The Company has filed Reference to High Court to avail benefit of full input tax credit. On filing of suit by the Holding Company, the Sindh High Court has stayed demand for FY 2009-10.

The Holding Company and its legal counsel are of the opinion that the Holding Company has a strong case on merits since Sales Tax Law does not specifically disallow input tax credit on line losses and further the Full Bench of the Appellate Tribunal Inland Revenue, in case of SNGPL, has held that input tax credit on UFG is allowable in full and furthermore electricity distribution companies are being allowed input tax credit on line losses by FBR in normal manner.

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

18.1.11 The Additional Commissioner Inland Revenue passed an order against the Holding Company with a demand of Rs. 1,725 million in respect of disallowance of tax depreciation on additions to fixed assets and exchange loss in income tax audit for tax year 2011.

The Commissioner (Appeals) has decided the issue of exchange loss in Holding Company's favor while the issue of tax depreciation has been remanded back to tax department for hearing the case afresh. Tax department has also filed appeal before Appellate Tribunal on issue of exchange loss which has been decided in favor of the Holding Company by the Commissioner (Appeals).

In the remand back proceedings, the Deputy Commissioner Inland Revenue (DCIR) has passed an order under section 122(4)/ 122(1) of the Ordinance for the tax year 2011 whereby he has again disallowed the initial and normal depreciation on fixed assets on the ground that the Holding Company has not provided necessary documentary evidences in relation to installation and capitalization of the projects. However, in the appeal filed before the Commissioner (Appeals) against this order, the Commissioner (Appeals) has again remanded back the matter to the Department to examine the issue afresh. No provision has been made in these consolidated financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

18.1.12 The Additional Commissioner Inland Revenue passed an order against the Holding Company with demand of Rs. 1,314 million along with default surcharge and penalty for illegal adjustment of withholding sales tax against input invoices. The principal tax demand was recovered by the authority. However, the Holding Company has filed a reference with tax department for waiver of default surcharge and penalty, which is pending. The Honorable High Court of Sindh has also stayed the recovery of the additional tax and penalties. No provision has been made in these consolidated financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

18.1.13 The Deputy Commissioner Inland Revenue (DCIR) had passed an order for the tax year 2010 against the Holding Company with a demand of Rs. 432 million. The demand was 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 had 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, 2007-08 and 2008-09 claimed in the Income Tax Return for the financial year 2009-10. The Commissioner (Appeals) had maintained the disallowances except for interest free loans and directed tax department that credit of taxes paid, and minimum tax adjustments for FY 2005-2006 and FY 2008-09 be allowed after verification. The Commissioner (Appeals) has not given decision on addition under section 34(5) and refund adjustment. Against the Commissioner (Appeals) order, the Holding Company has filed appeal before Appellate Tribunal Inland Revenue which is pending for hearing whereas the Tax Department has also filed appeal before Appellate Tribunal on issue decided in the Holding Company's favor.

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

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

18.1.14 Income tax authorities have issued show cause notice to the Holding Company for recovery of additional tax of Rs. 422 million for late deposit of withholding income tax on payment to permanent establishments of non-resident Exploration and Production Companies for the year 2013 & 2014. The Holding Company has filed an appeal in the Sindh High Court, which through its order dated March 10, 2017 has remanded back the matter to the Department. No order has been passed as yet in the remanded back proceedings. No provision has been made in these consolidated financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

18.1.15 The Holding Company is subject to various other claims totaling Rs. 162 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

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

In respect of SSGC LPG (Private) Limited (Subsidiary):

18.1.17 The Additional Commissioner Inland Revenue (IR) has passed the order u/s 122(5A) of the ITO, 2001 for tax year 2013 on controversial basis that the LPG is not covered by SRO 586 OF 1991 and had created a demand of Rs. 46 million. Against the said order, the Subsidiary had filed an appeal before Commissioner IR (Appeals). Later Commissioner IR (Appeals) has passed the order No. 08/2015 dated May 15, 2015 and remanded back the case to the Additional Commissioner IR for reassessment on various issues as per grounds of appeal. Against the order passed by Commissioner IR (Appeals), the Subsidiary has filed an appeal before the learned Appellate Tribunal Inland Revenue (ATIR), which is pending for hearing. The appeal before the ATIR has been fixed twice during the year but the hearing did not take place.

Further, during the year Additional Commissioner IR, has passed appeal effect order u/s 124 dated June 20, 2015 to give appeal effect as per Commissioner IR (Appeals) Order and almost repeated the order and did not allow (not even the C/F loss or depreciation) and as per appeal effect order the original demand remains at Rs. 36.9 million. Against the said order Subsidiary has also filed an appeal before the Commissioner IR (Appeals) which is in the opinion of its legal counsel will decided in the favor of the Subsidiary.

18.1.18 During 2015, the Subsidiary received notice from the Assistant Commissioner IR against short payment of sales tax for the periods 2013 and 2014 . Later Assistant Commissioner IR also passed an order in original and raised demand of Rs. 2.6 million. Against the said order, the Subsidiary has filed an appeal before Commissioner IR (Appeals) which is still pending for hearing.

18.1.19 During the year, the Subsidiary has received notices from Sindh Revenue Board (SRB) for alleged short payment of Sindh Sales Tax on Services (SST) amounting to Rs. 4.6 million for the tax year 2014 and 2015 to which reply has been filed before the Assistant Commissioner SRB, not admitted the liability proceedings against to these two period are pending with SRB as per notice.

18.1.20 The Assistant Commissioner Inland Revenue has passed the order-in-original dated July 11, 2014 raised demand of Rs. 5.9 million pertaining to the tax year 2012-13 & 2013-14. Against the alleged order the Subsidiary has filed an appeal before the Commissioner IR (Appeals), Karachi. During the process of appeal Tax Department has issued a recovery notice and recovered entire demand amount of Rs. 5.9 million from the Subsidiary's bank account. The Subsidiary's legal counsel is of the opinion that the case will decided in favor of the Subsidiary and the entire amount will be refunded by the tax department.

18.1.21 The Tax Department has also issued a show cause notices u/s 122(9) for amendment of assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2015 & 2016 on January 13, 2017 and has required from the Subsidiary necessary documents for reassessment of tax liability. Against the said notice, the Subsidiary has filed petition in Sindh High Court (SHC). The SHC has granted stay to the Subsidiary and the final decision is pending before the learned SHC.

Furthermore, Tax department has not gone in appeal against the decision of SHC.

		2017	2016
		(Rupees in '000)	
18.1.22	Guarantees issued on behalf of the Subsidiary		
	- For Port Qasim Authority Customs	104,970	-
	- For suppliers	26,650	34,650
		131,620	34,650
18.1.23	Contracts for capital and other expenditure		
	- Opex	3,190	-
	- Capex	131,651	95,845
		134,841	95,845
	Other contingencies:		
18.1.24	Claims against the Holding Company not acknowledged as debt	77,477	77,477
	The management is confident that ultimately these claims would not be payable.		
18.2	**Commitments**		
	Commitments for capital and other expenditure	4,288,671	13,324,315

	Note	**2017**	2016
		(Rupees in '000)	
19. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	19.1	108,383,400	75,433,139
Capital work in progress	19.5	8,791,150	23,444,430
		117,174,550	98,877,569

19.1 Operating assets

	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
2017	As at July 01, 2016	Additions / (deletions) / transfers * Revaluation **/ Reversal of Impairment ***	As at June 30, 2017	As at July 01, 2016	Depreciation / (deletions) / transfers *	As at June 30, 2017	As at June 30, 2017	
	(Rupees in '000)							
Freehold land	5,498,348	22,452	5,520,800	-	-	-	5,520,800	-
		-			-			
Leasehold land	7,011,760	1,441	7,013,201	-	-	-	7,013,201	-
		-			-			
Leasehold land terminal QP-5	32,500	-	32,500	6,712	1,413	8,125	24,375	23
Civil structure on leasehold land - Trestle and Jetty	1,148,487	-	1,148,487	233,600	49,937	283,537	864,950	23
Buildings on freehold land	324,492	-	324,492	261,370	11,704	273,074	51,418	20
		-			-			
		- *			- *			
Buildings on leasehold land	2,406,544	131,870	2,536,072	1,393,786	126,298	1,520,910	1,015,162	20
		-			-			
		(2,342) *			826 *			
Roads, pavements and related infrastructures	657,720	137,761	797,820	198,425	61,673	259,088	538,732	20
		-			-			
		2,339 *			(1,010) *			
Gas transmission pipelines	27,079,814	24,790,990	52,596,368	14,004,773	525,560	15,193,992	37,402,376	40
		-			-			
		725,564 *			663,659 *			
Gas distribution system	71,081,257	5,408,844	77,020,221	30,855,068	4,340,954	34,655,718	42,364,503	10-20
		(659,880)			(540,304)			
		- *			- *			
		1,190,000 ***			- ***			
Compressors	3,616,296	5,794,228	9,410,524	2,411,900	191,260	2,613,368	6,797,156	8-16
		-			-			
		- *			10,208 *			
Telecommunication	1,046,728	93,420	1,143,435	659,221	85,529	747,008	396,427	2-20
		-			-			
		3,287 *			2,258 *			
Plant and machinery	4,336,304	319,058	4,655,344	2,052,864	221,933	2,274,484	2,380,860	5-20
		-			-			
		(18) *			(313) *			
Tools and equipment	441,834	77,657	519,514	379,279	42,600	418,768	100,746	3-10
		-			-			
		23 *			(3,111) *			
Bowsers	72,362	4,326	76,688	20,348	7,597	27,945	48,743	10
Motor vehicles	2,607,943	634,590	3,118,777	1,511,610	269,682	1,690,692	1,428,085	5
		(122,914)			(92,407)			
		(842) *			1,807 *			
Furniture and fixture	575,008	13,871	585,575	494,103	32,497	522,839	62,736	5
		-			-			
		(3,304) *			(3,761) *			
Office equipment	441,715	109,777	549,779	354,745	37,894	392,523	157,256	3-5
		-			-			
		(1,713) *			(116) *			
Computer and ancillary equipments	979,631	97,150	1,079,209	849,692	82,881	932,637	146,572	3
		(141)			(82)			
		2,569 *			146 *			
Supervisory control and data acquisition system	1,142,477	-	1,142,477	667,408	65,223	732,160	410,317	6.67
		-			-			
		- *			(471) *			
Construction equipment	2,370,185	724,655	3,094,843	1,083,362	349,397	1,435,858	1,658,985	5
		-			-			
		3 *			3,099 *			
2017	132,871,405	38,362,090	172,366,126	57,438,266	6,504,032	63,982,726	108,383,400	
		(782,935)			(632,793)			
		725,566 *			673,221 *			
		- **			- **			
		1,190,000 ***			- ***			

	2016							
	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
	As at July 01, 2015	Additions / (deletions) / transfers * Revaluation **/ Reversal of Impairment ***	As at June 30, 2016	As at July 01, 2015	Depreciation / (deletions) / transfers *	As at June 30, 2016	As at June 30, 2016	
	(Rupees in '000)							
Freehold land	4,479,558	397,405 - 621,385 **	5,498,348	-	- - - **	-	5,498,348	-
Leasehold land	6,156,827	- - 854,933 **	7,011,760	-	- - - **	-	7,011,760	
Leasehold land terminal QP-5	32,500	-	32,500	5,299	1,413	6,712	25,788	23
Civil structure on leasehold land - Trestle and Jetty	1,144,729	3,758	1,148,487	183,767	49,833	233,600	914,887	23
Buildings on freehold land	324,492	- - - *	324,492	247,406	13,964 - - *	261,370	63,122	20
Buildings on leasehold land	2,236,127	170,417 - - *	2,406,544	1,265,111	128,675 - - *	1,393,786	1,012,758	20
Roads, pavements and related infrastructures	657,720	- - - *	657,720	190,143	8,282 - - *	198,425	459,295	20
Gas transmission pipelines	24,932,522	2,147,292 - - *	27,079,814	13,680,629	324,144 - - *	14,004,773	13,075,041	40
Gas distribution system	65,265,695	7,082,196 (76,634) - * (1,190,000)***	71,081,257	26,911,250	4,020,452 (76,634) - * - ***	30,855,068	40,226,189	10-20
Compressors	2,464,372	1,151,924 - - *	3,616,296	2,319,769	92,131 - - *	2,411,900	1,204,396	8-16
Telecommunication	897,104	149,624 - - *	1,046,728	591,285	67,936 - - *	659,221	387,507	2-20
Plant and machinery	3,841,418	494,858 - 28 *	4,336,304	1,791,089	263,296 - (1,521) *	2,052,864	2,283,440	5-20
Tools and equipment	396,466	44,705 - 663 *	441,834	348,735	29,999 545 *	379,279	62,555	3-10
Bowsers	68,889	3,473	72,362	13,424	6,924	20,348	52,014	10
Motor vehicles	2,337,984	429,638 (159,679) - *	2,607,943	1,460,402	173,251 (122,044) 1 *	1,511,610	1,096,333	5
Furniture and fixture	552,228	23,338 - (558)*	575,008	463,525	31,136 - (558) *	494,103	80,905	5
Office equipment	407,456	34,391 - (132)*	441,715	323,168	31,709 - (132) *	354,745	86,970	3-5
Computer and ancillary equipments	861,527	117,485 - 619 *	979,631	788,852	60,221 - 619 *	849,692	129,939	3
Supervisory control and data acquisition system	684,772	457,705 - - *	1,142,477	646,816	20,592 - - *	667,408	475,069	6.67
Construction equipment	1,131,415	1,250,027 (11,257) - *	2,370,185	1,033,471	59,482 (11,257) 1,666 *	1,083,362	1,286,823	5
2016	118,873,801	13,958,236 (247,570) 620 * 1,476,318 ** (1,190,000) ***	132,871,405	52,264,141	5,383,440 (209,935) 620 * - ** - ***	57,438,266	75,433,139	

	2017	2016
	(Rupees in '000)	

19.2 Details of depreciation for the year are as follows:

	2017	2016
Transmission and distribution costs	5,576,181	4,848,963
Administrative expenses	248,579	215,390
Selling expenses	18,384	15,747
	5,843,144	5,080,100
Meter manufacturing division	26,302	25,939
LPG air mix	59,093	55,925
Capitalised on projects	426,891	85,120
Income from LPG and NGL - net	-	136,356
	6,355,430	5,383,440

19.3 Disposal of property, plant and equipment

Details of disposal of operating assets are as follows:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sales	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Gas distribution system							
Written down value not exceeding Rs. 50,000 each	73,080	73,080	-	-	-	Replacement	Not applicable
Written down value not exceeding Rs. 50,000 each	171,434	170,538	896	-	(896)	Gas meters retired	Written off
Written down value not exceeding Rs. 50,000 each	415,366	296,686	118,680	-	(118,680)	Gas meters retired	Written off
Computer and ancillary equipment							
Written down value not exceeding Rs. 50,000 each	79	79	-	44	44	3rd party claims	Insurance claim - NICL
Written down value exceeding Rs. 50,000 each	62	3	59	62	3	3rd party claims	Kashif Qadeer
Motor vehicles							
Written down value not exceeding Rs. 50,000 each							
Potohar Jeep	436	429	7	-	(7)	3rd party claims	Insurance claim - NICL
Toyota Pickup	472	472	-	130	130	3rd party claims	Insurance claim - NICL
Tractor	361	361	-	-	-	3rd party claims	Insurance claim - NICL
Motor Cycle	41	41	-	-	-	3rd party claims	Insurance claim - NICL
Motor Cycle	56	42	14	15	1	3rd party claims	Insurance claim - NICL
Mitsubishi Jeep	995	979	16	360	344	Open auction	Munawar Hussain
Pajero Jeep	995	995	-	380	380	Open auction	Munawar Hussain
Potohar Jeep	424	424	-	350	350	Open auction	Muhammad Faraz Ahmed

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sales	Mode of disposal	Particulars of buyers
				(Rupees in '000)			
Low Bed Trailer	5,054	5,054	-	1,150	1,150	Open auction	Munawar Hussain
Nissan Pickup	604	604	-	295	295	Open auction	Afzal
Nissan Pickup	604	604	-	345	345	Open auction	Muhammad Jalal
Nissan Pickup	589	589	-	395	395	Open auction	Muhammad Jalal
Nissan Pickup	604	604	-	485	485	Open auction	Muhammad Jalal
Nissan Pickup	283	283	-	470	470	Open auction	Shereen Agha
Nissan Pickup	604	604	-	550	550	Open auction	Syed Asghar Ali
Suzuki Cultus	555	546	9	355	346	Open auction	Zubair
Suzuki Cultus	560	551	9	355	346	Open auction	Banho Khan
Suzuki Khyber	382	382	-	240	240	Open auction	Haleem Gobal
Suzuki Mehran	301	296	5	180	175	Open auction	Mehtab
Suzuki Pickup	237	237	-	155	155	Open auction	Khalid Anwar
Suzuki Pickup	237	237	-	175	175	Open auction	Saqib Nisar
Suzuki Pickup	235	231	4	225	221	Open auction	Abdul Rehman
Suzuki Pickup	249	245	4	205	201	Open auction	Mehtab Khattak
Suzuki Pickup	249	245	4	210	206	Open auction	Muzaffar Gul
Suzuki Pickup	312	307	5	230	225	Open auction	Liaquat Ali
Suzuki Pickup	355	349	6	275	269	Open auction	Muhammad Ashraf Javid
Suzuki Pickup	363	357	6	290	284	Open auction	Lachman
Suzuki Van	243	243	-	170	170	Open auction	Adeel Shoukat Hussain
Suzuki Van	391	391	-	275	275	Open auction	Rashid Ayoob
Suzuki Van	273	273	-	225	225	Open auction	Zia-ud-din
Suzuki Van	367	361	6	270	264	Open auction	Nouman Ahmed Siddiqu
Suzuki Van	391	385	6	270	264	Open auction	Mehtab Khattak
Suzuki Van	371	365	6	355	349	Open auction	Waheed Nazir Shaikh
Toyota Pickup	485	485	-	530	530	Open auction	Akhtar Munir
Toyota Pickup	730	730	-	505	505	Open auction	Muhammad Haleem
Toyota Pickup	799	799	-	770	770	Open auction	Muhammad Shakeel
Toyota Pickup	608	608	-	590	590	Open auction	Muzaffar Gul
Toyota Pickup	895	880	15	900	885	Open auction	Ahsan Aziz
Toyota Pickup	895	880	15	745	730	Open auction	Anwar Ali
Toyota Pickup	895	880	15	715	700	Open auction	Anwar Ali
Toyota Pickup	895	880	15	735	720	Open auction	Mubarak Hussain
Toyota Pickup	895	880	15	790	775	Open auction	Qamar Zaman
Isuzu Truck	1,586	1,586	-	1,555	1,555	Open auction	Mubarak Hussain
Isuzu Truck	120	120	-	1,105	1,105	Open auction	Muhammad Faraz Ahmed
Isuzu Truck	1,586	1,586	-	1,605	1,605	Open auction	Muhammad Naveed
Isuzu Truck	753	753	-	1,700	1,700	Open auction	Saqib Nisar
Isuzu Truck	1	1	-	700	700	Open auction	Saqib Nisar
Isuzu Truck	1	1	-	815	815	Open auction	Saqib Nisar
Mazda Truck	350	350	-	1,150	1,150	Open auction	Shujat Khattak
Mitsubishi Truck	1	1	-	1,300	1,300	Open auction	Anwar Ali
Motor Cycle	35	35	-	22	22	Open auction	Mohammad Ayoub
Motor Cycle	47	47	-	14	14	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	36	29	7	14	7	Open auction	Muhammad Younis
Motor Cycle	51	41	10	15	5	Open auction	Muhammad Younis
Motor Cycle	51	41	10	15	5	Open auction	Muhammad Younis

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sales	Mode of disposal	Particulars of buyers
				(Rupees in '000)			
Motor Cycle	51	42	9	15	6	Open auction	Muhammad Younis
Motor Cycle	52	41	11	15	4	Open auction	Muhammad Younis
Motor Cycle	52	41	11	15	4	Open auction	Muhammad Younis
Motor Cycle	52	41	11	15	4	Open auction	Muhammad Younis
Motor Cycle	52	41	11	15	4	Open auction	Muhammad Younis
Motor Cycle	59	46	13	14	1	Open auction	Muhammad Younis
Motor Cycle	67	54	13	14	1	Open auction	Muhammad Younis
Motor Cycle	67	54	13	14	1	Open auction	Muhammad Younis
Motor Cycle	67	54	13	14	1	Open auction	Muhammad Younis
Motor Cycle	68	54	14	14	-	Open auction	Muhammad Younis
Motor Cycle	68	54	14	14	-	Open auction	Muhammad Younis
Motor Cycle	68	54	14	14	-	Open auction	Muhammad Younis
Written down value exceeding Rs. 50,000 each							
Suzuki Cultus	1,076	377	699	830	131	3rd party claims	Insurance claim - NICL
Suzuki Pickup	675	373	302	530	228	3rd party claims	Insurance claim - NICL
Suzuki Pickup	686	277	409	560	151	3rd party claims	Insurance claim - NICL
Toyota Pickup	3,232	2,111	1,121	2,930	1,809	3rd party claims	Insurance claim - NICL
Toyota Pickup	1,885	731	1,154	1,560	406	3rd party claims	Insurance claim - NICL
Toyota Pickup	3,351	1,921	1,430	2,780	1,350	3rd party claims	Insurance claim - NICL
Corolla Car	969	678	291	925	634	Open auction	Mohan Singh
Kia Jeep	1,549	1,239	310	640	330	Open auction	Naeem Ahmed
Kia Jeep	1,549	1,239	310	675	365	Open auction	NZ Traders
Potohar Jeep	626	501	125	595	470	Open auction	Murtaza Khan Babar
Mitsubishi Pickup	1,633	1,306	327	570	243	Open auction	Muhammad Abdul Rahim
Mitsubishi Pickup	1,662	1,330	332	410	78	Open auction	Muhammad Abdul Rahim
Mitsubishi Pickup	1,662	1,330	332	500	168	Open auction	Muhammad Abdul Rahim
Mitsubishi Pickup	1,911	1,529	382	535	153	Open auction	Muhammad Abdul Rahim
Mitsubishi Pickup	1,999	1,599	400	760	360	Open auction	Muhammad Abdul Rahim
Suzuki Cultus	585	410	175	395	220	Open auction	Banho Khan
Suzuki Cultus	595	417	178	400	222	Open auction	Banho Khan
Suzuki Cultus	595	417	178	375	197	Open auction	Liaquat Ali
Suzuki Pickup	350	287	63	295	232	Open auction	Mohammad Rayadh
Suzuki Pickup	354	292	62	310	248	Open auction	Zain
Suzuki Pickup	314	251	63	310	247	Open auction	Saqib Nisar
Suzuki Pickup	314	251	63	300	237	Open auction	Zia-ud-din
Suzuki Pickup	338	270	68	320	252	Open auction	Malik Munawar Hussain
Suzuki Pickup	339	271	68	250	182	Open auction	Khalid Anwar
Suzuki Pickup	339	271	68	365	297	Open auction	Mehtab Khattak
Suzuki Pickup	339	271	68	330	262	Open auction	Saqib Nisar
Suzuki Pickup	339	271	68	325	257	Open auction	Zia-ud-din
Suzuki Pickup	344	275	69	320	251	Open auction	Khalid Anwar
Suzuki Pickup	344	275	69	315	246	Open auction	Muzaffar Gul
Suzuki Pickup	344	275	69	325	256	Open auction	Rashid Ayoob
Suzuki Pickup	344	275	69	350	281	Open auction	Saqib Nisar
Suzuki Pickup	344	275	69	310	241	Open auction	Syed Basit Bin Saleem
Suzuki Pickup	344	275	69	325	256	Open auction	Abdur Rasheed
Suzuki Pickup	344	275	69	320	251	Open auction	Akhtar Munir
Suzuki Pickup	344	275	69	355	286	Open auction	Pir Muhammad
Suzuki Pickup	350	280	70	365	295	Open auction	Haider Ali
Suzuki Pickup	350	280	70	365	295	Open auction	Lachman
Suzuki Pickup	352	282	70	360	290	Open auction	Saqib Nisar
Suzuki Pickup	354	283	71	310	239	Open auction	Abdul Qasim Bangash

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sales	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Suzuki Pickup	354	283	71	295	224	Open auction	Jamal Shah
Suzuki Pickup	360	288	72	350	278	Open auction	Naseer Ahmed
Suzuki Pickup	389	311	78	385	307	Open auction	Saqib Nisar
Suzuki Pickup	391	313	78	350	272	Open auction	Azimullah
Suzuki Pickup	391	313	78	335	257	Open auction	Waheed Nazir Shaikh
Suzuki Pickup	391	313	78	330	252	Open auction	Zia-ud-din
Suzuki Pickup	393	314	79	380	301	Open auction	Saqib Nisar
Suzuki Pickup	394	316	78	380	302	Open auction	Saqib Nisar
Suzuki Pickup	396	316	80	320	240	Open auction	Khalid Anwar
Suzuki Pickup	396	316	80	320	240	Open auction	Mohammad Rayadh
Suzuki Pickup	396	316	80	365	285	Open auction	Yaser Habib
Suzuki Pickup	402	322	80	365	285	Open auction	Khalid Anwar
Suzuki Pickup	402	322	80	345	265	Open auction	Murtaza Khan Babar
Suzuki Pickup	496	397	99	400	301	Open auction	Abdul Qasim Bangash
Suzuki Pickup	496	397	99	410	311	Open auction	KGM Alloys Muhammad Asif
Suzuki Pickup	496	397	99	455	356	Open auction	Saqib Nisar
Suzuki Pickup	496	397	99	440	341	Open auction	Saqib Nisar
Suzuki Pickup	496	397	99	430	331	Open auction	Saqib Nisar
Suzuki Pickup	496	397	99	400	301	Open auction	Saqib Nisar
Suzuki Pickup	531	425	106	395	289	Open auction	Muhammad Umer
Suzuki Pickup	545	436	109	375	266	Open auction	KGM Alloys Muhammad Asif
Suzuki Pickup	545	436	109	300	191	Open auction	Mehtab Khattak
Suzuki Van	361	289	72	400	328	Open auction	Mehtab Khattak
Suzuki Van	389	316	73	310	237	Open auction	M.Sarfaraz
Suzuki Van	367	294	73	305	232	Open auction	Muhammad Ashraf Javid
Suzuki Van	367	294	73	315	242	Open auction	Nouman Ahmed Siddiqu
Suzuki Van	389	316	73	265	192	Open auction	Syed Basit Bin Saleem
Suzuki Van	396	317	79	385	306	Open auction	Mehtab Khattak
Suzuki Van	401	321	80	365	285	Open auction	Ashraf Javid
Suzuki Van	404	323	81	370	289	Open auction	Azimullah
Suzuki Van	404	323	81	365	284	Open auction	Saqib Nisar
Suzuki Van	404	323	81	425	344	Open auction	Zia-ud-din
Suzuki Van	405	323	82	300	218	Open auction	Taroo Mal
Suzuki Van	410	328	82	270	188	Open auction	Haider Ali
Suzuki Van	423	339	84	380	296	Open auction	Taroo Mal
Suzuki Van	423	339	84	375	291	Open auction	Zahir Shah Khan
Suzuki Van	436	348	88	360	272	Open auction	Taroo Mal
Suzuki Van	446	357	89	300	211	Open auction	Adnan Ahmed Mirza
Suzuki Van	446	357	89	335	246	Open auction	Nouman Ahmed Siddiqu
Suzuki Van	446	357	89	360	271	Open auction	Taroo Mal
Suzuki Van	467	374	93	395	302	Open auction	Syed Basit Bin Saleem
Toyota Pickup	799	639	160	920	760	Open auction	Muhammad Shakeel
Toyota Pickup	815	652	163	895	732	Open auction	Khalid Anwar
Toyota Pickup	815	652	163	810	647	Open auction	Muhammad Atiq
Toyota Pickup	819	655	164	1,095	931	Open auction	Banho Khan
Toyota Pickup	819	655	164	800	636	Open auction	Muhammad Hussain
Toyota Pickup	823	658	165	860	695	Open auction	Waheed Nazir Shaikh
Toyota Pickup	828	662	166	1,060	894	Open auction	Khalid Anwar
Toyota Pickup	834	667	167	835	668	Open auction	Munawar Hussain
Toyota Pickup	835	668	167	875	708	Open auction	Banho Khan
Toyota Pickup	835	668	167	885	718	Open auction	Muhammad Hussain
Toyota Pickup	835	668	167	740	573	Open auction	Muhammad Naveed

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sales	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Toyota Pickup	835	668	167	835	668	Open auction	Syed Iqbal Hussain Shah
Toyota Pickup	850	680	170	735	565	Open auction	Waheed Nazir Shaikh
Toyota Pickup	851	681	170	710	540	Open auction	Muhammad Umer
Toyota Pickup	851	681	170	700	530	Open auction	Saqib Nisar
Toyota Pickup	867	694	173	880	707	Open auction	Saqib Nisar
Toyota Pickup	895	716	179	660	481	Open auction	Muhammad Hussain
Toyota Pickup	973	779	194	1,070	876	Open auction	Mirajuddin
Toyota Pickup	1,067	853	214	955	741	Open auction	Saqib Nisar
Toyota Pickup	2,206	1,765	441	615	174	Open auction	Muhammad Asif
Toyota Pickup	2,206	1,765	441	610	169	Open auction	Muhammad Faraz Ahmed
Shehzore Truck	678	543	135	925	790	Open auction	Khalid Anwar
Honda Civic	2,681	759	1,922	1,328	(594)	Service rules	Fayyaz Merchant
Toyota Corolla	1,758	841	917	485	(432)	Service rules	Muhammad Ahmed Siddiqui
Toyota Corolla	1,850	412	1,438	1,099	(339)	Service rules	Muhammad Saleem Mangi
Suzuki Cultus	1,047	428	619	306	(313)	Service rules	Abdul Rasheed Khan
Suzuki Cultus	1,076	252	824	624	(200)	Service rules	Khalil Ibrahim Memon
Suzuki Cultus	1,076	240	836	643	(193)	Service rules	Mohammad Shoaib
Suzuki Cultus	981	664	317	74	(243)	Service rules	Kashif Qadir
Suzuki Cultus	981	663	318	74	(244)	Service rules	Abdul Mannan
Suzuki Cultus	981	570	411	74	(337)	Service rules	Tariq Pervez
Suzuki Cultus	1,042	425	617	319	(298)	Service rules	Abdul Karim
Suzuki Cultus	1,047	429	618	297	(321)	Service rules	Qaid Johar Dawson
Suzuki Cultus	1,047	429	618	345	(273)	Service rules	Haseebur Rehman
Suzuki Cultus	1,076	290	786	553	(233)	Service rules	Khalid Hussain
Suzuki Cultus	1,076	315	761	514	(247)	Service rules	Akhtar Fazal Mahmood
Suzuki Cultus	1,076	302	774	535	(239)	Service rules	Rashid Mansoor
Suzuki Cultus	1,076	365	711	471	(240)	Service rules	Anis Ahmed Khan
30-Jun-17	782,935	632,793	150,142	89,749	(60,393)		
30-Jun-16	247,570	209,936	37,634	135,770	98,136		

19.4 Borrowing costs capitalised during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 1,773 million (2016: Rs. 950 million). Borrowing costs related to general borrowings were capitalised at the rate of 6.42% (2016: 6.57%).

19.4.1 In respect of Holding Company:

Market value of buildings / civil works, roads, pavements and related infrastructure, compressors, plant and machinery, construction equipment, motor vehicles and gas transmission and distribution pipelines is Rs. 131,862 million as per the valuation carried out as at June 30, 2016 by an independent valuer namely K.G. Traders (Private) Limited. However, no impact of revaluation has been incorporated in these consolidated financial statements as cost model has been adopted for aforesaid assets.

19.4.2 In respect of SSGC LPG (Private) Limited (Subsidiary) :

Market value of land, building, jetty civil work, plant and machinery and bottling plants at PQA, Haripur and Muridke is Rs. 2,781 million as per the valuation carried as of June 30, 2016 by an independent valuer named MYK Associates (Private) Limited. However, no impact of revaluation has been incorporated in these consolidated financial statements as cost model has been adopted for aforesaid assets.

	Note	2017	2016
		(Rupees in '000)	
19.5 Capital work in progress			
Projects:			
- Gas distribution system		3,118,612	3,317,275
- Gas transmission system		1,576,136	10,081,016
- Cost of buildings under construction and others		71,840	173,465
		4,766,588	13,571,756
Stores and spares held for capital projects	19.5.1	3,983,667	9,960,532
LPG air mix plant		238,591	112,970
Others		57,429	4,900
		4,279,687	10,078,402
Impairment of capital work in progress		(255,125)	(205,728)
		8,791,150	23,444,430
19.5.1 Stores and spares held for capital projects			
Gas distribution and transmission		4,128,932	10,100,178
Provision for impaired stores and spares		(145,265)	(139,646)
		3,983,667	9,960,532

19.6 Assets of Subsidiary, with a carrying amount of approximately Rs.1,334 million have been pledged to secure borrowing from Standard Chartered Bank. Subsidiary is not allowed to pledge these assets as security for other borrowings or to sell them to another entity, without obtaining no objection certificate from Standard Chartered Bank.

	Note	2017	2016
		(Rupees in '000)	
20. INTANGIBLE ASSETS			
Intangible assets		74,148	24,643
Advances	20.1	7,426	-
		81,574	24,643

		COST			AMORTISATION			Written down value as at June 30,	Useful life (years)
		As at July 01,	Additions	As at June 30,	As at July 01,	For the year	As at June 30,		
		(Rupees in '000)							
Computer software	2017	518,390	72,066	590,456	493,747	22,561	516,308	74,148	3
	2016	498,729	19,661	518,390	462,818	30,929	493,747	24,643	3

20.1 This includes Rs. 5.3 million (2016 : Nil) representing advance paid against implementation of enterprise resource planning software.

	Note	2017	2016
		(Rupees in '000)	
21. LONG TERM INVESTMENTS			
Investments in related parties			
Associate:			
Unquoted companies - available for sale			
Inter State Gas System (Private) Limited 510,000 (2016: 510,000) ordinary shares of Rs. 10 each	21.1 & 21.2	5,100	5,100
Quoted companies - available for sale			
Sui Northern Gas Pipelines Limited (SNGPL) 2,414,174 (2016: 2,414,174) ordinary shares of Rs. 10 each	21.1 & 21.3	359,519	87,610
		364,619	92,710
Other investments			
Quoted companies - available for sale			
Pakistan Refinery Limited 3,150,000 (2016: 3,150,000) ordinary shares of Rs. 10 each		167,769	129,717
United Bank Limited 118,628 (2016: 118,628) ordinary shares of Rs. 10 each		27,939	20,988
Unquoted companies (at cost)			
Pakistan Tourism Development Corporation 5,000 (2016: 5,000) ordinary shares of Rs. 10 each		50	50
		195,758	150,755
Provision against impairment in value of investments at cost		(50)	(50)
		195,708	150,705
		560,327	243,415

21.1 Investments in SNGPL and ISGSL represent investment in 'associated companies' in terms of provisions of Companies Ordinance 1984. However, the Holding Company has not accounted for them 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 these associated companies.

21.2 Inter State Gas System (Private) Limited (ISGSL) entered into a service agreement with the Holding Company and SNGPL which was effective from July 01, 2003, whereby ISGSL is mainly required to ascertain, identify and advise the Holding Company and SNGPL on the most convenient and reliable sources of natural gas, which can be imported. The whole operation of ISGSL, is carried out in connection with the service agreement and ISGSL, was allowed under the agreement to recover its cost / expenditure from the Holding Company and SNGPL. The Holding Company beared 51% of the expenses of ISGSL, as per the directives of Economic Coordination Committee (ECC) of the Cabinet.

During the year, ECC in its meeting dated December 15, 2016 has decided that Government Holding (Private) Limited, being the parent company, shall make all future funding of ISGSL project. Based on this, the OGRA in its decision dated December 24, 2018, allowed Rs. 15 million and considered the same as full and final payment in this regard.

21.3 Sale of these shares has been restricted by the Government of Pakistan due to its privatisation, till further directives.

22. NET INVESTMENT IN FINANCE LEASE

	June 30, 2017		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
	(Rupees in '000)		
Not later than one year	114,771	56,956	57,815
Later than one year and not later than five years	434,025	129,446	304,579
Later than five years	-	-	-
	434,025	129,446	304,579
	548,796	186,402	362,394

	June 30, 2016		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
	(Rupees in '000)		
Not later than one year	180,941	70,780	110,161
Later than one year and not later than five years	409,439	165,691	243,748
Later than five years	142,543	23,897	118,646
	551,982	189,588	362,394
	732,923	260,368	472,555

22.1. The Holding Company entered into agreements with Oil and Gas Development Company Limited (OGDCL), Sui Northern Gas Pipelines Limited and ENI Pakistan Limited to use the Holding Company's transmission pipelines for distribution of gas. The terms of the agreements entered into are for a substantial portion of the useful economic lives of the related assets. The agreement with OGDCL and ENI Pakistan expired on June 30, 2013 and November 25, 2015 respectively and management is negotiating for renewal of these agreements.

The interest rates used to discount future minimum lease payments under the leases are based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in finance leases.

	Note	2017	2016
		(Rupees in '000)	
23. LONG TERM LOANS AND ADVANCES - Secured, considered good			
Due from executives	23.1 & 23.2	1,048	1,608
Less: receivable within one year	28	(263)	(408)
		785	1,200
Due from other employees	23.1 & 23.2	203,903	194,362
Less: receivable within one year	28	(33,281)	(33,136)
		170,622	161,226
		171,407	162,426

23.1 Reconciliation of the carrying amount of loans and advances:

	2017		2016	
	Executives	Other employees	Executives	Other employees
	(Rupees in '000)			
Balance at the beginning of the year	1,608	194,362	2,252	182,324
Disbursements	-	55,328	-	50,909
Repayments	(560)	(45,787)	(644)	(38,871)
	1,048	203,903	1,608	194,362

23.2 These loans represent house building and transport loans to the employees under the terms of employment and are recoverable in monthly installments 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.

23.3 The maximum aggregate amount of long term loans due from the executives at the end of any month during the year was Rs. 1.608 million (2016: Rs. 2.252 million).

	2017	2016
	(Rupees in '000)	
24. STORES, SPARES AND LOOSE TOOLS		
Stores	354,469	365,142
Spares	2,009,436	1,457,406
Stores and spares in transit	380,510	579,540
Loose tools	775	768
	2,745,190	2,402,856
Provision against impaired inventory		
Balance as at July 01	(252,342)	(232,766)
Reversal / (provision) made during the year	(18,318)	(19,576)
Balance as at June 30	(270,660)	(252,342)
	2,474,530	2,150,514
24.1 Stores, spares and loose tools are held for the following operations:		
Transmission	1,932,238	1,324,215
Distribution	542,292	826,299
	2,474,530	2,150,514
25 STOCK-IN-TRADE		
Gas		
Gas in pipelines	463,978	336,034
Stock of Synthetic Natural Gas	10,739	13,578
Stock of Liquefied Petroleum Gas	186,348	36,773
Stock in transit	15,742	1,690
	676,807	388,075
Gas meters		
Components	453,974	345,810
Work-in-process	7,921	7,328
Finished meters	172,875	122,827
	634,770	475,965
Provision against impaired inventory		
Balance as at July 01	(29,384)	(16,456)
Provision made during the year	5,954	(12,928)
Balance as at June 30	(23,430)	(29,384)
	1,288,147	834,656

26. 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 35.2 of these consolidated financial statements.

	Note	2017	2016
		(Rupees in '000)	
27. TRADE DEBTS			
Secured		18,077,128	17,417,189
Unsecured		77,881,881	80,086,203
	27.1 & 27.2	95,959,009	97,503,392
Provision against impaired debts	27.3	(13,808,024)	(11,196,057)
		82,150,985	86,307,335

27.1 As K-Electric Limited (KE) has been defaulting and not making payment of Late Payment Surcharge (LPS) and the Holding Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, the Holding Company effective from July 01, 2012 decided to account for LPS from KE on receipt basis as per IAS 18 "Revenue" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 32,378 million (2016: Rs. 35,949 million) as at June 30, 2017 receivables from KE. Out of this, Rs. 29,652 million (2016: Rs. 31,402 million) as at June 30, 2017 are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 74,449 million (2016: Rs. 67,838 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

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

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

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

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

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

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

27.2 As Pakistan Steel Mills Corporation (Private) Limited (PSML) has been defaulting and not making payment of Late Payment Surcharge (LPS), the Holding Company effective from July 01, 2012 decided to account for LPS from PSML on receipt basis as per IAS 18 "Revenue" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 22,310 million (2016: Rs. 21,708 million) including overdue balance of Rs. 22,260 million (2016: Rs. 21,659 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 49,056 million (2016: Rs. 43,266 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

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

	2017	2016
	(Rupees in '000)	
27.3 Movement of provision against impaired debts		
Balance as at July 01	11,196,057	9,248,180
Provision for the year	898,399	1,947,877
Balance as at June 30	12,094,456	11,196,057

27.4 Aging of trade debts from related parties

	2017			
	Not later than 1 month	Later than 1 month but not later than 6 months	Later than 6 months	Total
	(Rupees in '000)			
Not due balances	4,691,767	-	-	4,691,767
Past due but not impaired	-	11,441,649	42,409,015	53,850,664
	4,691,767	11,441,649	42,409,015	58,542,431

	2016			
	Not later than 1 month	Later than 1 month but not later than 6 months	Later than 6 months	Total
	(Rupees in '000)			
Not due balances	6,709,271	-	-	6,709,271
Past due but not impaired	-	22,078,322	34,931,689	57,010,011
	6,709,271	22,078,322	34,931,689	63,719,282

	Note	2017	2016
		(Rupees in '000)	
28. LOANS AND ADVANCES - Considered good			
Advances to:			
- executives	28.1	98,546	98,546
- other employees	28.1	800,869	802,110
		899,415	900,656
Current portion of long term loans:			
- executives	23	263	408
- other employees	23	33,281	33,136
		33,544	33,544
		932,959	934,200

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

	Note	2017	2016
		(Rupees in '000)	
29. ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS			
Advances for goods and services - unsecured, considered good		56,042	344,296
Trade deposits - unsecured, considered good		5,423	46,904
Prepayments		115,980	105,852
		177,445	497,052
30. INTEREST ACCRUED			
Interest accrued on late payment of bills / invoices from:			
- WAPDA		3,231,947	2,978,891
- SNGPL		5,855,468	4,967,624
- JJVL		522,092	375,424
		9,609,507	8,321,939
Interest accrued on bank deposits		2,459	2,787
Interest accrued on sales tax refund	5.6	487,739	487,739
Provision against impaired accrued income	30.1	(84,392)	(84,392)
		10,015,313	8,728,073

30.1 Movement of provision against accrued income

		2017	2016
Balance as at July 01		84,392	84,392
Provision made during the year		-	-
Balance as at June 30		84,392	84,392

31. OTHER RECEIVABLES - considered good

	Note	2017	2016
Gas development surcharge receivable from GoP	31.1	21,264,629	-
Staff pension fund	42.1	383,727	515,263
Receivable for sale of gas condensate		42,949	78,972
Sui Northern Gas Pipelines Limited	31.2	25,198,417	25,677,084
Jamshoro Joint Venture Limited	31.4 & 31.5	10,794,328	10,435,616
Workers' Profit Participation Fund	16.5	-	161,655
Sales tax receivable	31.3	21,314,419	19,714,428
Sindh sales tax		112,569	112,569
Pipeline rentals		18,154	18,154
LC margin for import of cylinders		-	39,105
Receivable against asset contribution	31.6	359,348	389,907
Accrued markup		906	-
Miscellaneous receivables		175,606	147,505
		79,665,052	57,290,258
Provision against impaired receivables		(2,346,359)	(2,346,359)
		77,318,693	54,943,899

31.1 Gas development surcharge receivable from GoP

31.1.1 This includes Rs. 390 million (2016: 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, as a matter of abundant caution full provision has been made in these consolidated financial statements.

31.1.2 The Holding Company has accounted for actuarial gains and losses in determining revenue requirement of the Holding Company for the year ended June 30, 2017 having total impact of Rs. 946 million (2016: Rs. 14 million).

The Holding Company has recognized such Gas development surcharge in other comprehensive income instead of profit and loss account on the premise that actuarial gain have also been recognized in other comprehensive income.

	Note	2017	2016
		(Rupees in '000)	
31.1.3 Gas Development Surcharge			
GDS (payable) /receivable		(18,604,884)	25,798,540
Recovered during the year		(37,006,536)	(16,325,254)
Paid during the year		43,152,007	-
Impact of staggering	2.1.1	(3,671,785)	(18,358,923)
Price increase / (decrease) adjustment during the year		36,449,350	(9,705,468)
Claim under IAS 19 during the year		946,477	(13,779)
		21,264,629	(18,604,884)

31.2 As at year end, receivable balance from SNGPL comprises of the following:

	Note	2017	2016
		(Rupees in '000)	
Uniform cost of gas		10,906,950	17,565,056
Lease rentals		5,529	58,729
Contingent rent		3,535	3,535
Regasification and capacity utilisation charges of RLNG	31.2.1	9,217,988	7,191,242
LSA margins of RLNG		400,853	334,867
RLNG transportation income		4,663,562	523,655
		25,198,417	25,677,084

31.2.1 The Holding Company has invoiced an amount of Rs. 27,928 million, including Sindh Sales Tax of Rs. 3,357 million, till June 30, 2017 to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

SNGPL has disputed the terminal charges that have not been allowed to it by OGRA, terminal charges of a third party (i.e. Pak-Arab Fertilizer Limited (PAFL)) and terminal charges with respect to those quantities which were not supplied to SNGPL. SNGPL is of the view that it will only pay terminal charges as per OGRA Notification and for those quantities which are actually supplied to SNGPL and not the actual cost billed by the Holding Company. For quantity supplied to PAFL, PAFL is now making payment directly to the Holding Company according to the payment plan finalised.

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. During the year, OGRA in its decision dated October 7, 2016 regarding determination of RLNG price, has allowed the terminal charges at actual.

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, another 18 BCF (in total 30 BCF) of RLNG volume has allocated 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 molecules 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. The agreement with SNGPL in this regard is under negotiation.

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

31.4 During the year 2013-14, the Supreme Court of Pakistan passed an order dated December 04, 2013 with respect to the Constitution Petition No. 5 of 2011 and Human Rights Case No.15744 - P of 2009, whereby the Implementation Agreement of Badin gas field dated August 12, 2003 signed between the Holding Company and Jamshoro Joint Venture Limited (JJVL) was declared void from the date of its inception. The Court constituted a committee to calculate royalty payments (on the LPG extracted to date) on the basis of the Saudi Aramco reference price plus freight charges instead of the "Reference Price" for the full period during which the Implementation Agreement had been operational. However, the freight amount is yet to be finalized for which the Court has appointed an Advocate Supreme Court to determine the matter which is still pending. Refer note 18.1.5 for status of arbitration proceeding with JJVL.

31.5 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, Federal Excise Duty and Sindh Sales Tax on Franchise Services amounting to Rs. 260 million (2016: Rs. 260 million), Rs. 6,861 million (2016: Rs. 6,921 million), Rs. 1,954 million (2016: Rs. 1,564 million), Rs. 1,070 million (2016: Rs. 1,070 million) and Rs. 646 million (2016: Rs. 646 million) respectively.

As at year end, amount payable to JJVL is Rs. 7,115 million (2016: Rs. 5,783 million) as disclosed in note 16 to these consolidated financial statements. Refer note 18.1.5 for status of arbitration proceeding with JJVL.

31.6 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.

	2017	2016
	(Rupees in '000)	
32. TAXATION - NET		
Advance tax	27,647,491	27,204,837
Provision for tax	(8,676,846)	(7,150,912)
	18,970,646	20,053,925

		2017	2016
		(Rupees in '000)	
33. OTHER FINANCIAL ASSETS			
Term deposit receipt		116,000	-

33.1 This represents term deposit held with a commercial bank having a markup at the rate of 5% (2016: Nil) per annum which is matured on May 5, 2018.

33.2 The term deposit has been kept as a security against the guarantee issued by the bank.

	Note	2017	2016
		(Rupees in '000)	
34. CASH AND BANK BALANCES			
Cash at banks			
- deposit accounts		776,634	880,663
- current accounts		362,219	466,867
		1,138,853	1,347,530
Cash in hand	34.1	8,335	10,432
		1,147,188	1,357,962

34.1 This includes foreign currency cash in hand amounting to Rs. 1.6 million (2016: Rs. 1.6 million).

	Note	2017	2016
		(Rupees in '000)	
35. COST OF SALES			
Cost of gas	35.1	140,658,550	147,284,596
Transmission and distribution costs	35.2	16,865,472	16,155,532
		157,524,022	163,440,128
35.1 Cost of gas			
Gas in pipelines as at July 01		336,034	341,904
Gas purchases		160,210,265	180,777,694
		160,546,299	181,119,598
Gas consumed internally		(3,383,873)	(4,122,110)
Inward price adjustment	35.1.1	(16,039,898)	(29,376,858)
Gas in pipelines as at June 30		(463,978)	(336,034)
		(19,887,749)	(33,835,002)
		140,658,550	147,284,596

35.1.1 Under section 21 of the Oil and Gas Regulatory Authority Ordinance, 2002, the Government of Pakistan has issued a policy guideline to ensure the uniformity of gas prices for consumers throughout the country. Accordingly, under this policy guideline and pursuant to an agreement between the Holding Company and Sui Northern Gas Pipelines Limited effective from July 1, 2003, the cost of gas purchased is being worked out by both the Companies on an overall average basis in such a manner that input of gas for both Companies become uniform. Under this agreement, the Holding Company with lower weighted average cost of gas is required to pay to the other Company so that the overall weighted average rate of well head gas price of both the Companies is the same.

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

The Holding Company is taking a number of measures to control and reduce UFG. These are elaborated below:
- Vigilance for identification of theft cases, illegal networks and necessary remedial measures thereafter.
- Measurement errors identification and rectification.
- Above ground and underground leakage identification and rectification.

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

UFG after adjusting OGRA allowance for volume pilfered by non-customers and volumes consumed in law and order affected areas (local conditions factor) for the year ended June 30, 2017 is 12.29% (2016: 13.26%). Fixed UFG benchmark component has been set at 4.5% for both years and allowance for local conditions factor for the year ended June 30, 2017 is 2.6% (2016: 1.96%).

	Note	2017	2016
		(Rupees in '000)	
35.2 Transmission and distribution costs			
Salaries, wages and benefits		8,279,649	7,408,232
Contribution / accrual in respect of staff retirement benefit schemes	35.2.1	1,336,606	1,300,904
Depreciation on operating assets	19.2	5,576,181	4,848,963
Repairs and maintenance		1,331,518	1,138,275
Stores, spares and supplies consumed		492,010	529,903
Gas consumed internally		353,958	467,935
Legal and professional		63,436	157,391
Software maintenance		41,957	8,417
Electricity		93,232	102,558
Security expenses		543,198	460,318
Insurance and royalty		104,174	102,547
Travelling		52,680	43,751
Material and labor used on customers' installation		34,386	37,485
Impairment of capital work in progress		49,397	59,740
Impairment of operating assets	35.2.2	-	1,190,000
Postage and revenue stamps		2,934	2,844
Rent, rates and taxes		117,949	114,930
Others		514,617	293,916
		18,987,882	18,268,109
Recoveries / allocations to:			
Gas distribution system capital expenditure		(1,667,343)	(1,581,809)
Installation costs recovered from customers		(60,491)	(82,357)
		(1,727,834)	(1,664,166)
Recoveries of service cost from:			
- Sui Northern Gas Pipelines Limited - a related party	35.2.3	(374,188)	(407,573)
- Other customers		-	(17,072)
		(374,188)	(424,645)
Allocation to sale of gas condensate		(20,388)	(23,766)
		16,865,472	16,155,532

	2017	2016
	(Rupees in '000)	

35.2.1 Contribution / accrual in respect of staff retirement benefit schemes

	2017	2016
Contribution to the provident fund	217,890	184,424
Charge in respect of pension funds:		
- executives	128,431	162,133
- non-executives	83,596	81,119
Charge in respect of gratuity funds:		
- executives	213,169	142,259
- non-executives	78,194	81,283
Accrual in respect of unfunded post retirement medical facility	451,513	571,346
Accrual in respect of compensated absences		
- executives	117,356	77,116
- non-executives	46,457	1,224
	1,336,606	1,300,904

35.2.2 This represents impaired operating assets which have been disallowed by OGRA in determination of 17% return on operating assets, as these assets exceeded the per customer cost criteria prescribed by Ministry of Petroleum and Natural Resources.

35.2.3 This includes recovery in respect of obligation against pipeline transferred to the Holding Company from Engro Elengy Terminal Limited amounting to Rs. 135 million.

36. ADMINISTRATIVE AND SELLING EXPENSES

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Administrative expenses	36.1	2,838,281	2,447,592
Selling expenses	36.2	1,571,700	1,474,421
		4,409,981	3,922,013

36.1 Administrative expenses

	Note	2017	2016
Salaries, wages and benefits		1,685,343	1,447,637
Contribution / accrual in respect of staff retirement benefit schemes	36.1.1	159,828	100,569
Depreciation on operating assets	19.2	248,579	215,390
Amortisation of intangible assets	20	22,561	30,929
Repairs and maintenance		103,463	130,546
Stores, spares and supplies consumed		28,749	52,133
Legal and professional		301,864	142,076
Software maintenance		92,223	96,853
Electricity		5,778	7,695
Security expenses		11,183	10,068
Insurance and royalty		17,005	21,177
Travelling		56,561	53,549
Postage and revenue stamps		7,109	10,307
Rent, rates and taxes		7,215	19,924
Provision for sales tax		4,870	-
Others		140,979	167,448
		2,893,310	2,506,301
Allocation to meter manufacturing division		(55,029)	(58,709)
		2,838,281	2,447,592

	Note	2017	2016
		(Rupees in '000)	

36.1.1 Contribution / accrual in respect of staff retirement benefit schemes

Contribution to the provident fund		41,012	34,308
Charge in respect of pension funds:			
- executives		58,828	28,242
- non-executives		942	3,687
Charge in respect of gratuity funds:			
- executives		18,813	26,490
- non-executives		3,159	3,731
Accrual in respect of unfunded post retirement:			
- gas facility		31,201	4,111
- medical facility		3,603	-
		157,558	100,569

36.2 Selling expenses

	Note	2017	2016
Salaries, wages and benefits		908,987	814,362
Contribution / accrual in respect of staff retirement benefit schemes	36.2.1	80,827	87,051
Legal and professional		-	3,053
Depreciation on operating assets	19.2	18,384	15,747
Repairs and maintenance		3,189	2,481
Stores, spares and supplies consumed		15,967	20,407
Electricity		90,485	84,788
Insurance and royalty		806	809
Travelling		2,770	2,123
Billing and collection charges		402,801	396,538
Postage and revenue stamps		436	584
Rent, rates and taxes		35,055	30,364
Others		11,993	16,114
		1,571,700	1,474,421

36.2.1 Contribution / accrual in respect of staff retirement benefit schemes

Contribution to the provident fund		30,260	25,721
Charge in respect of pension funds:			
- executives		14,084	16,965
- non-executives		3,440	14,231
Charge in respect of gratuity funds:			
- executives		18,269	15,908
- non-executives		13,157	14,226
		79,210	87,051

	Note	2017	2016
		(Rupees in '000)	

37. OTHER OPERATING EXPENSES

	Note	2017	2016
Auditors' remuneration			
- Statutory audit		4,400	4,150
- Fee for other audit related services		2,180	2,780
- Fee for taxation services		16,645	16,645
- Out of pocket expenses		645	318
		23,870	23,893
Workers' Profit Participation Fund		174,515	-
Sports expenses		63,381	58,897
Corporate social responsibility		26,349	46,463
Provision against impaired debts and other receivables	27.3	2,611,968	1,947,877
Provision against impaired stores and spares		23,939	29,527
Loss on disposal of property, plant and equipment		60,639	-
Exchange loss		318,589	243,441
		3,303,250	2,350,098

38. OTHER OPERATING INCOME

	Note	2017	2016
Income from other than financial assets			
Meter rentals		734,638	718,779
RLNG transportation income		4,146,045	459,347
Recognition of income against deferred credit		401,390	406,096
Income from new service connections and asset contribution		285,151	299,543
Income from LPG air mix distribution - net	38.1	141,164	158,974
Recoveries from customers		104,378	78,940
Gain on disposal of property, plant and equipment	19.3	-	98,136
Liquidated damages recovered		582,111	264,175
Advertising income		1,062	4,657
Income from sale of tender documents		5,414	5,001
Scrap sales		50,550	49,943
Miscellaneous		107,688	184,087
		6,559,591	2,727,678

38.1 Income from LPG air mix distribution - net

	Note	2017	2016
Sales		32,809	23,866
Cross subsidy		460,671	397,735
Cost of sales		(255,827)	(169,404)
Gross profit		237,653	252,197
Distribution, selling and administrative expenses			
- Salaries, wages and other benefits		(36,471)	(31,254)
- Depreciation expenses	19.2	(59,093)	(55,925)
- Other operating expenses		(33,739)	(35,507)
		(129,303)	(122,686)
Amortisation of deferred credit		30,495	26,994
Other income		2,319	2,469
Profit for the year		141,164	158,974

	Note	2017	2016
		(Rupees in '000)	

39. OTHER NON-OPERATING INCOME

	Note	2017	2016
Income from financial assets			
Late payment surcharge		3,187,260	2,197,704
Income from net investment in finance lease		-	27,257
Income for receivable against asset contribution		38,043	40,559
Return on:			
- term deposits and profit and loss bank accounts		74,244	187,634
		3,299,547	2,453,154
Interest income on late payment of gas bills from			
- Jamshoro Joint Venture Limited (JJVL)	39.2	147,948	275,630
- Water & Power Development Authority (WAPDA)		253,056	241,614
- Sui Northern Gas Pipelines Limited (SNGPL)		887,843	1,146,820
		1,288,847	1,664,064
Dividend income		2,163	1,186
		4,590,557	4,118,404
Income from investment in debts, loans, advances and receivables from related party			
Income from net investment in finance lease	39.1	67,748	78,959
Others			
Sale of gas condensate		(90,392)	(249,333)
Income from LPG and NGL - net	39.4 & 39.5	743,982	536,506
Meter manufacturing division profit - net	39.3	(1,568)	14,805
		652,022	301,978
Reversal of Finance Cost		-	17,570,220
Reversal of impairment on operating assets		1,190,000	-
Income against LNG service agreement		482,924	293,386
Amortisation of Government grant		201,758	991,743
		7,185,009	23,354,690

39.1 This represents income from SNGPL relating to net investment in finance lease.

39.2 Interest is charged on the receivable from JJVL at the State Bank of Pakistan discount rate plus 2%. Interest is charged at KIBOR + 1% on reconciled outstanding amount as at December 31, 2014 to be repaid in 12 equal quarterly installments. Refer note 18.1.5 for status of arbitration proceeding with JJVL.

	Note	2017	2016
		(Rupees in '000)	

39.3 Meter manufacturing division profit - net

	Note	2017	2016
Gross sales of gas meters			
- Holding Company's consumption		1,635,778	1,388,422
- Outside sales		15,461	430,946
		1,651,239	1,819,368
Sales tax		(253,994)	(261,405)
Net sales		1,397,245	1,557,963
Cost of sales			
- Raw material consumed		814,779	930,098
- Stores and spares		6,539	6,539
- Fuel, power and electricity		17,635	12,373
- Salaries wages and other benefits	39.3.2	470,272	498,479
- Insurance		779	706
- Repairs and maintenance		2,791	2,714
- Depreciation	19.2	26,302	25,939
- Transportation		2	3,419
- Other expenses		471	13,589
Cost of goods sold		1,339,570	1,493,856
Gross profit		57,675	64,107
Administrative expenses		(55,029)	(58,709)
Liquidity damages		(8,071)	-
Operating (loss) / profit		(5,425)	5,398
Other income		3,858	9,407
Net (loss) / profit		(1,567)	14,805

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

39.3.2	2017	2016
Salaries, wages and other benefits	454,182	485,169
Provident fund contribution	10,704	5,411
Pension fund	1,636	3,984
Gratuity	3,750	3,915
	470,272	498,479

39.4 The Holding Company has an arrangement with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields and provide the Holding Company with mutually agreed quantity of LPG extracted and retain the rest for onward use. The Holding Company paid processing charges of $235/MT for the months on which JJVL's production share is below 53.55% and $220/MT if JJVL's production share is more than 53.55%.

The net income from LPG business has declined due to steady decline in LPG prices in line with decline in global oil prices in 2016, in line with decline in global oil prices. Since, the Holding Company is paying fixed processing charges to JJVL, it has to fully absorb the effect of declining prices of LPG. Consequently, the Holding Company sent termination notices of MoU with JJVL dated May 4, 2016; however, JJVL has taken stay order from Sindh High Court against such termination on May 16, 2016. Refer note 18.1.5 for status of arbitration proceedings with JJVL.

39.5 It includes sale of NGL to JJVL amounting to Rs. 1,440 million on the basis of provisional selling prices and after adjusting extraction charges and shrinkage cost the net loss from sale of NGL is Rs. 327 million. The provisional sales and processing charges of NGL are subject to change as result of negotiation / arbitration from JJVL. Refer note 18.1.5 for status of arbitration proceedings with JJVL.

39.6 As disclosed in note 27.1 and 27.2, effective from July 1, 2012, the Holding Company has been accounting for LPS from KE and PSML on receipt basis as per IAS 18 "Revenue". 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 the accounting standards, as such standards do not allow the Holding Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Holding Company has never paid such LPS to Government Controlled E&P companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P companies due to special and unusual circumstances arising from circular debt. 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 fulfillment of all the codal formalities. Based on the letter received from MP & NR, and the legal opinion, the Holding Company has reversed the LPS expense on delayed payments on gas supplies effective from July 1, 2012. Further it has been decided that the Holding Company will record and pay such expense in the period only when it receives LPS income from KE and PSML.

Had the management not reversed the LPS expense payable from July 1, 2012 to June 30, 2016 of Rs. 26,222 million and recorded LPS expense for the year ended June 30, 2017 amounting to Rs. 7,569 million respectively on outstanding payables to Government Controlled E&P companies, the effect on these consolidated financial statements would be as follows:

	(Rupees in '000)
- Increase in loss before tax	33,790,979
- Increase in loss after tax / accumulated losses	23,653,685
- Increase in loss per share - Rupees	26.85

39.7 In FY 2016, the management of the Holding Company has recorded the impairment of amounting to Rs. 1,190 million on unfeasible projects financed by Government of Sindh loan. On December 18, 2017, the Government of Sindh has approved the conversion of loan into grant amounting to Rs. 3,000 million for all the scheme which do not qualify the per customer cost criteria.

Based on the above approval, the OGRA in it decision dated May 10, 2018 allowed all the schemes pertaining to FY 2012 to FY 2017 which do not meet the qualifying criteria, accordingly, management has reversed the impairment recorded on such assets.

40. FINANCE COST

	2017	2016
	(Rupees in '000)	
Mark-up on:		
- loans from banking companies	2,309,775	1,615,985
- short term borrowings	205,904	70,509
- customers' deposits	341,278	286,154
- customer finance	679	1,050
- Government of Sindh loans	407,238	1,414,797
- obligation against pipeline	94,445	97,982
- others	39,431	82,413
	3,398,750	3,568,890
Less: Finance cost capitalised during the year	(1,704,016)	(950,022)
	1,694,734	2,618,868

	2017	2016
	(Rupees in '000)	

41. TAXATION

	2017	2016
Current year		
Current tax	(1,534,837)	(680,263)
Prior Year Tax	8,904	-
Deferred tax	(485,160)	2,452,013
	(2,011,093)	1,771,750

41.1 Relationship between consolidated accounting profit and tax expense for the year is as follows:

	2017	2016
Accounting profit / (loss) for the year	3,485,888	(7,632,637)
Tax rate	31%	32%
Tax charge @ 31% (2016: 32%)	1,084,847	(2,442,444)
Effect of minimum tax	-	(25,418)
Minimum income tax u/s 153 (1) (b) and 113	1,447,902	581,122
Effect of change in rate	1,107	127,181
Effect of adjustments recognised in the current year in respect of prior year	-	(87,977)
Super tax	55,258	75,667
Effect of deferred tax recognised on prior year alternate corporate tax	(19,903)	-
Effects of prior period	(8,904)	-
Effect of lower tax rate on dividend income	675	119
Others	(549,343)	-
	2,011,639	(1,771,750)

42. STAFF RETIREMENT BENEFITS

42.1 Funded post retirement pension and gratuity schemes

As mentioned in note 3.16 to these 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, 2017 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:

	2017			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
(Asset) / liability in consolidated balance sheet				
Fair value of plan assets	(1,179,749)	(2,557,549)	(184,687)	(2,904,594)
Present value of defined benefit obligation	957,501	4,969,429	23,208	4,271,048
	(222,248)	2,411,880	(161,479)	1,366,454
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2016	820,786	4,381,868	17,019	3,465,299
Current service cost	30,543	253,150	-	164,971
Interest cost	60,223	310,872	1,153	246,527
Remeasurement	88,633	485,430	7,805	887,040
Benefits paid	(42,684)	(461,891)	(2,769)	(492,789)
Obligation as at June 30, 2017	957,501	4,969,429	23,208	4,271,048

	2017			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Movement in fair value of plan assets				
Fair value as at July 01, 2016	1,125,981	2,360,896	227,087	2,923,614
Expected return on plan assets	81,588	169,391	15,859	208,605
Remeasurement	36,555	76,168	23,468	66,425
Benefits paid	(42,684)	(461,891)	(2,769)	(492,789)
Contribution to the fund	170,665	220,629	24,815	94,966
Amount transferred (out) / in	(192,356)	192,356	(103,773)	103,773
Fair value as at June 30, 2017	1,179,749	2,557,549	184,687	2,904,594
Movement in (asset) / liability in consolidated balance sheet				
(Asset) / liability as at July 01, 2016	(305,195)	2,020,972	(210,068)	541,685
Expense recognised for the year	201,534	202,275	89,067	99,120
Remeasurement	52,078	409,262	(15,663)	820,615
Contribution to the fund	(170,665)	(220,629)	(24,815)	(94,966)
(Asset) / liability in consolidated balance sheet	(222,248)	2,411,880	(161,479)	1,366,454

Expense recognised in the consolidated profit and loss account

Expense recognised in the consolidated profit and loss account during the current year in respect of the above schemes were as follows:

Current service cost	30,543	253,150	-	164,971
Interest cost	60,223	310,872	1,153	246,527
Interest income	(81,588)	(169,391)	(15,859)	(208,605)
Amount transferred out / (in)	192,356	(192,356)	103,773	(103,773)
	201,534	202,275	89,067	99,120
Total remeasurements recognised in other comprehensive income				
Remeasurement on obligation arising on				
- financial assumptions	(413)	(162,574)	(44)	(177,628)
- demographic assumptions	-	-	-	-
- experience adjustments	(88,220)	(322,856)	(7,761)	(709,412)
	(88,633)	(485,430)	(7,805)	(887,040)
Remeasurement on plan assets arising on				
Actual return on plan assets	(119,211)	(226,160)	(38,963)	(287,852)
Expected income on plan assets	81,588	169,391	15,859	208,605
Net return on plan assets over interest income	37,623	56,769	23,104	79,247
Difference in opening fair value of assets after audit	(1,068)	19,399	364	(12,822)
	36,555	76,168	23,468	66,425
	(52,078)	(409,262)	15,663	(820,615)
Actual Return on plan asset	(119,211)	(226,160)	(38,963)	(287,852)

	2017			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Composition / fair value of plan assets used by the fund				
Quoted shares	17.74%	8.07%	67.21%	10.17%
Debt instruments	75.77%	84.29%	28.52%	84.79%
Mutual funds	0.00%	3.77%	0.00%	4.56%
Others including cash & cash equivalents	6.49%	3.87%	4.27%	0.48%
Total	100%	100%	100%	100%
Quoted shares	209,232	206,378	124,135	295,377
Debt instruments	893,899	2,155,870	52,681	2,462,760
Mutual funds	-	96,439	-	132,431
Others including cash & cash equivalents	76,618	98,862	7,871	14,026
Total	1,179,749	2,557,549	184,687	2,904,594

	2016			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
(Asset) / liability in consolidated balance sheet				
Fair value of plan assets	(1,125,981)	(2,360,896)	(227,087)	(2,923,614)
Present value of defined benefit obligation	820,786	4,381,868	17,019	3,465,299
	(305,195)	2,020,972	(210,068)	541,685
Movement in present value of defined benefit obligation				
Obligation as at July 1, 2015	700,883	3,923,930	17,249	3,485,623
Current service cost	58,692	232,399	-	172,904
Interest cost	67,417	371,704	1,600	334,725
Remeasurement	18,172	318,057	683	(294,428)
Benefits paid	(24,378)	(464,222)	(2,513)	(233,525)
Obligation as at June 30, 2016	820,786	4,381,868	17,019	3,465,299
Movement in fair value of plan assets				
Fair value as at July 1, 2015	1,153,990	2,387,118	237,051	2,829,652
Expected return on plan assets	118,412	219,851	27,968	273,675
Remeasurment	(129,671)	(165,931)	(9,087)	(180,094)
Benefits paid	(24,378)	(464,222)	(2,513)	(233,525)
Contribution to the fund	201,786	189,922	103,732	103,842
Amount transferred (out) / in	(194,158)	194,158	(130,064)	130,064
Fair value as at June 30, 2016	1,125,981	2,360,896	227,087	2,923,614

	2016			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Movement in (asset) / liability in consolidated balance sheet				
(Asset) / liability as at July 01, 2015	(453,107)	1,536,812	(219,802)	655,971
Expense recognised for the year	201,855	190,094	103,696	103,890
Remeasurement	147,843	483,988	9,770	(114,334)
Contribution to the fund	(201,786)	(189,922)	(103,732)	(103,842)
(Asset) / liability in consolidated balance sheet	(305,195)	2,020,972	(210,068)	541,685

Expense recognised in the consolidated profit and loss account

Expense recognised in the consolidated profit and loss account in 2016 in respect of the above schemes were as follows:

Current service cost	58,692	232,399	-	172,904
Interest cost	67,417	371,704	1,600	334,725
Expected return on plan assets	(118,412)	(219,851)	(27,968)	(273,675)
Amount transferred out / (in)	194,158	(194,158)	130,064	(130,064)
	201,855	190,094	103,696	103,890

Total remeasurements recognised in other comprehensive income

Remeasurement on obligation arising on

- financial assumptions	(100,470)	(346,661)	(262)	(158,675)
- demographic assumptions	-	-	-	-
- experience adjustments	82,298	28,604	(421)	453,103
	(18,172)	(318,057)	(683)	294,428

Remeasurement on plan assets arising on

Actual return on plan assets	12,132	(111,978)	42,692	(111,749)
Expected income on plan assets	118,412	219,851	27,968	273,675
Net return on plan assets over interest income	(130,544)	(107,873)	(70,660)	(161,926)
Difference in opening fair value of assets after audit	873	(58,058)	61,573	(18,168)
	(129,671)	(165,931)	(9,087)	(180,094)
	(147,843)	(483,988)	(9,770)	114,334

Composition / fair value of plan assets used by the fund

Quoted shares	14.05%	6.68%	41.34%	7.70%
Debt instruments	82.04%	90.59%	46.76%	87.18%
Mutual funds	1.80%	2.13%	7.43%	4.74%
Other including cash and cash equivalents	2.11%	0.60%	4.47%	0.38%
Total	100%	100%	100%	100%
Quoted shares	158,203	157,763	93,860	225,078
Debt instruments	923,744	2,138,781	106,193	2,548,945
Mutual funds	20,297	50,317	16,876	138,570
Others including cash and cash equivalents	23,737	14,035	10,158	11,021
Total	1,125,981	2,360,896	227,087	2,923,614

Significant actuarial assumptions

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

	Executives and Non-executives	
	2017	2016
	(%)	(%)
Discount rate	7.75	7.25
Expected rate of increase in salary level	5.75	5.25
Increase in pension	1.75	1.25

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of salary and pension 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 present value of defined benefit obligation			
			Executives		Non-executives	
			Pension	Gratuity	Pension	Gratuity
			(Rupees in '000)			
Discount rate	1%	Increase in assumption	862,704	4,660,134	21,793	3,970,829
Salary increase rate	1%		1,004,777	5,290,986	-	4,589,266
Pension increase rate	1%		1,021,181	-	24,899	-
Discount rate	1%	Decrease in assumption	1,071,162	5,312,554	24,815	4,607,573
Salary growth rate	1%		914,120	4,673,882	-	3,981,587
Pension increase rate	1%		902,571	-	21,701	-

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

The expected pension and gratuity expense for the next one year from July 01, 2017 is as follows:

	Executives		**Non-executives**	
	Pension	**Gratuity**	**Pension**	**Gratuity**
	(Rupees in '000)			
Current service cost	36,480	295,356	-	201,292
Interest cost	75,106	382,499	1,685	327,106
Interest income on plan assets	(91,700)	(202,426)	(13,742)	(225,085)
Interest cost	(16,594)	180,073	(12,057)	102,021
Expected return on plan assets				
Amount transferred out / (in)	241,080	(241,080)	183,303	(183,303)
	260,966	234,349	171,246	120,010

42.2 Unfunded post retirement medical benefit and gas supply facilities

As mentioned in note 3.16 to these consolidated financial statements, 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, 2017 under the projected unit credit method, results of which are as follows:

Number of employees under the scheme

The number of employees covered under the following defined benefit plans are 2,465 (2016: 2,350) and 156 (2016: 166) for medical and gas facility respectively.

	2017		
	Post retirement medical facility	Post retirement gas facility	Total
		(Rupees in '000)	
Liability in consolidated balance sheet			
Present value of defined benefit obligation	4,070,936	44,368	4,115,304
Movement in present value of defined benefit obligation			
Liability as at July 01, 2016	4,004,327	45,958	4,050,285
Expense recognised for the year	469,588	3,217	472,805
Payments during the year	(84,827)	(3,144)	(87,971)
Remeasurement	(318,152)	(1,663)	(319,815)
Liability as at June 30, 2017	4,070,936	44,368	4,115,304
Expense recognised in the consolidated profit and loss account			
Current service cost	173,212	-	173,212
Interest cost	296,376	3,217	299,593
	469,588	3,217	472,805
Total remeasurements recognised in other comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	(4,594)	748	(3,846)
- demographic assumptions	-	-	-
- experience adjustments	(313,558)	(2,411)	(315,969)
	(318,152)	(1,663)	(319,815)

	2016		
	Post retirement medical facility	Post retirement gas facility	Total
	(Rupees in '000)		
Liability in consolidated balance sheet			
Present value of defined benefit obligation	4,004,327	45,958	4,050,285
Movement in present value of defined benefit obligation			
Liability as at July 01, 2015	4,067,619	43,640	4,111,259
Expense recognised for the year	571,347	4,111	575,458
Payments during the year	(92,153)	(3,233)	(95,386)
Remeasurement	(542,486)	1,440	(541,046)
Liability as at June 30, 2016	4,004,327	45,958	4,050,285
Expense recognised in the consolidated profit and loss account			
Current service cost	158,114	-	158,114
Interest cost	413,233	4,111	417,344
	571,347	4,111	575,458
Total remeasurements recognised in other comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	22,277	5,892	28,169
- demographic assumptions	-	-	-
- experience adjustments	(564,763)	(4,452)	(569,215)
	(542,486)	1,440	(541,046)

Significant actuarial assumptions

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

	Executives	
	2017 (%)	**2016 (%)**
Discount rate	7.75	7.25
Medical inflation rate	7.75	7.25
Gas inflation rate	7.75	7.25

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

			Impact of change in assumptions in present value of defined benefit obligation	
	Change in assumption		Post retirement medical facility	Post retirement gas facility
			(Rupees in '000)	
Discount rate	1%	Increase in assumption	(634,730)	(3,987)
Medical inflation rate	1%		579,950	-
Gas inflation rate	1%		-	2,903
Discount rate	1%	Decrease in assumption	817,937	2,939
Medical inflation rate	1%		(481,070)	-
Gas inflation rate	1%		-	(4,015)

	2017	2016
	(Rupees in '000)	
The expected medical and gas expense for the next one year from July 01, 2017 is as follows:		
Current service cost	211,787	198,104
Net interest cost	323,444	361,054
	535,231	559,158

42.3 Unfunded gratuity scheme

As stated in note 3.16, Subsidiary operates an unfunded gratuity scheme for its permanent and contractual employees who served for 1 year. The details of employee retirement benefit obligations based on actuarial valuations carried out by independent actuary as at June 30, 2017 under the projected unit credit method are as follows:

42.3.1 Liability in consolidated balance sheet

Present value of defined benefit obligation	15,929	12,437

Movement in present value of defined benefit obligation

Present value of defined benefit obligations at beginning of the year	12,436	8,629
Current service cost	4,011	3,418
Interest cost	1,037	853
Benefits paid during the year	(1,817)	(194)
Remeasurement of actuarial gain	262	(269)
Present value of defined benefit obligations at end of the year	15,929	12,437

Expense recognised in consolidated profit and loss account

Current service cost	4,011	3,418
Net interest expense	1,037	853
Expense for the year	5,048	4,271

Remeasurement gain recognised in other comprehensive income

Actuarial gain on defined benefit obligation	262	(269)

42.3.2 The principal assumptions used in the actuarial valuations carried out as of June 30, 2017, using the 'projected unit credit' method, are as follows:

	2017	2016
	%	%
Discount rate	9.25	9.00
Salary increase rate short run	9.25	10.00
Salary increase rate long run (p.a)	9.25	9.00

	2017	2016
	(Rupees in '000)	

42.3.3 The expected maturity analysis of undiscounted retirement benefit plan is:

	2017	2016
Year 1	517	1,387
Year 2	477	346
Year 3	472	320
Year 4	464	321
Year 5	594	671
Year 6 to Year 10	6,344	4,129
Year 11 to above	47,013	32,395

42.3.4 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Present Value of Obligation	% Change from base
	(Rupees in '000)	
Base	15,929	
Discount rate (1% increase)	14,264	-10.46%
Discount rate (1% decrease)	17,870	12.18%
Salary growth rate (1% increase)	17,932	12.57%
Salary growth rate (1% decrease)	14,184	-10.96%
1 year Mortality age set back	15,929	0%
1 year Mortality age set forward	15,929	0%

The defined benefit obligation exposed Subsidiary to actuarial risks such as:

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.

Salary increase risk

The risk arises when the actual increases are higher or lower than the expectation and impacts the liability accordingly.

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.

42.3.5 The following table shows the analysis of remeasurement as at the valuation date:

	2017	2016
	(Rupees in '000)	
Remeasurment (gain) / loss on obligation arising on:		
- financial assumption	-	51
Experience adjustment		
- due to actual salary increase	(262)	(149)
- due to withdrawals	-	(171)
Total remeasurement on obligation	(262)	(320)
Total remeasurement recognized in Other Comprehensive Income	(262)	(269)

42.3.6 The expected gratuity expense for the year ending June 30, 2018 is Rs. 6 million.

42.4 Defined contribution plan - Recognised provident fund

The information related to the provident funds established by the Holding Company based on management records are as follows:

	Executives		Non-Executives	
	2017 (Audited)	2016 (Audited)	**2017 (Audited)**	2016 (Audited)
	(Rupees in '000)			
Size of provident fund	3,813,574	3,664,516	3,620,356	3,545,043
Cost of investments made	3,290,125	2,829,763	3,040,150	2,771,833
Percentage of investments made	86%	77%	84%	78%
Fair value of investment	3,568,932	3,180,971	3,384,154	3,137,653
Break-up of investments:				
- Balance in savings accounts				
Amount of investment	153,560	49,585	51,758	41,524
Percentage of investment as size of the fund	4%	1%	1%	1%
- Term deposit receipts				
Amount of investment	959,649	983,801	445,873	386,290
Percentage of investment as size of the fund	25%	27%	12%	11%
- Units of mutual fund				
Amount of investment	475,952	58,442	319,780	-
Percentage of investment as size of the fund	12%	2%	9%	0%
- Special savings certificate				
Amount of investment	1,719,794	1,469,264	2,334,722	2,116,034
Percentage of investment as size of the fund	45%	40%	64%	60%
- Pakistan Investment Bonds (PIBs)				
Amount of investment	81,584	525,651	70,659	458,265
Percentage of investment as size of the fund	2%	14%	2%	13%
- Term Finance Certificates (TFCs)				
Amount of investment	11,551	19,533	5,602	12,650
Percentage of investment as size of the fund	0%	1%	0%	0%
- Quoted shares				
Amount of investment	166,842	74,695	155,758	122,890
Percentage of investment as size of the fund	4%	2%	4%	3%

42.4.1 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.

43. EARNING PER SHARE - BASIC AND DILUTED

		2017	2016
Profit / (loss) for the year	Rupees in '000	1,474,795	(5,860,887)
Average number of ordinary shares	Number of shares	880,916,309	880,916,309
Earning per share - basic and diluted	Rupees	1.67	(6.65)

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
44. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS			
Provisions	44.1	3,914,030	3,307,676
Depreciation		6,077,141	5,298,321
Amortisation of intangibles		22,561	30,929
Finance cost		1,331,077	2,504,556
Amortisation of transaction cost		267,453	16,331
Recognition of income against deferred credit		(431,791)	(433,427)
Dividend income		(2,163)	(1,186)
Interest income		(1,344,069)	(1,831,671)
Income from net investment in finance lease		(67,748)	(106,216)
Loss / (gain) on disposal of property, plant and equipment		60,639	(98,136)
Increase / (decrease) in long term advances		1,114,524	294,668
Increase in deferred credit		106,418	150,365
Markup on obligation against pipeline	35.2.3	94,445	97,982
Reversal of finance cost		-	(17,570,220)
(Reversal) / provision of impairment of operating assets		(1,190,000)	1,190,000
Amortisation of Government grant		(201,758)	(991,743)
		9,750,759	(8,141,771)
44.1 Provisions			
Provision against slow moving / obsolete stores		17,984	42,455
Provision against impaired debts and other receivables		2,611,968	1,947,877
Provision for compensated absences		163,812	78,340
Provision for post retirement medical and free gas supply facilities		472,805	575,458
Provision for retirement benefits		591,996	599,535
Provision for gratuity		5,048	4,271
Provision for leave encashment		1,020	-
Impairment of capital work in progress		49,397	59,740
		3,914,030	3,307,676
45. WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Stores and spares & loose tools		(344,087)	(345,297)
Stock-in-trade		(447,537)	99,477
Consumers' installation work in progress		19,106	(1,380)
Trade debts		1,558,903	2,380,288
Advances, deposits and short term prepayments		456,322	(166,560)
Other receivables		(22,252,194)	24,177,848
		(21,009,487)	26,144,376
Increase in current liabilities			
Trade and other payables		6,066,591	15,474,111
		(14,942,896)	41,618,487

46. REMUNERATION OF MANAGING DIRECTOR AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements for remuneration, including all benefits, to Managing Director, Directors and Executives of the Group are given below:

	2017		2016	
	Managing Director	Executives	Managing Director	Executives
	(Rupees in '000)			
Managerial remuneration	21,718	3,064,374	28,443	2,254,188
Housing	9,571	1,188,766	11,801	868,098
Utilities	2,477	264,721	3,072	193,510
Retirement benefits	-	561,977	791	432,087
	33,766	5,079,838	44,107	3,747,883
Number	2	2,301	3	1,813

46.1 The Chairman, Managing Director and certain executives are also provided the Group maintained vehicles in accordance with their entitlement. In addition, the Chairman of the Group was paid Rs. 0.300 million (2016: Rs. 0.153 million). Executives are also provided medical facilities in accordance with their entitlement.

46.2 Aggregate amount charged in these consolidated financial statements in respect of fee paid to 19 directors was Rs. 36.4 million (2016: Rs. 32.6 million for 19 directors).

46.3 Total number of employees and average number of employees as at year end are 7,238 and 7,264 respectively (2016: 7,246 and 7,245).

47. CAPACITY AND ACTUAL PERFORMANCE

47.1 Natural gas transmission

	2017		2016	
	MMCF	HM3	MMCF	HM3
Transmission operation				
Capacity - annual rated capacity at 100% load factor with compression	540,930	152,400,807	537,490	151,431,626
Utilisation - volume of gas transmitted	614,896	173,239,877	560,890	158,024,307
Capacity utilisation factor (%)	113.7	113.7	104.4	104.4

47.2 Natural gas distribution

The Holding Company has no control over the rate of utilisation of its capacity as the use of available capacity is dependent on off-takes by the consumers.

47.3 Meter manufacturing division

During the year meter manufacturing division produced and assembled 444,850 meters (2016: 491,799 meters) against an annual capacity of 356,000 meters on a single shift basis.

48. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of 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:

	Relationship	**2017**	2016
		(Rupees in '000)	
Astro Plastic (Private) Limited	Associate		
- Billable charges		157,345	139,737
Attock Cement Limited	Associate		
- Billable charges		51,140	29,861
Fauji Fertilizer Company Limited	Associate		
- Billable charges		-	16
Gadoon Textile Mills Limited	Associate		
- Billable charges		114	511
Government related entities - various			
- Purchase of fuel and lubricant		31,389	19,896
- Billable charges		50,110,626	79,484,871
- Mark-up on short term finance		16,992	7,240
- Mark-up on long term finance		93,017	6,859
- Sharing of expenses		15,400	104,652
- Income from net investment in finance lease		67,748	78,959
- Gas purchases		76,331,017	72,568,855
- Sale of gas meters and spare parts		9,375	365,514
- Rent of premises		6,104	15,103
- Insurance premium		119,511	120,212
- Uniform cost of gas		16,039,898	29,814,588
- Electricity expense		188,962	192,819
- Interest income		1,140,900	1,388,434
- Reversal of finance cost		-	17,570,220
- RLNG transportation income		4,146,045	459,347
- Income against LNG service agreement		482,923	293,386
Habib Bank Limited	Associate		
- Profit on investment		10,794	10,485
- Mark-up on short term finance		80,380	19,078
- Mark-up on long term finance		318,864	178,267
- Billable Charges		13,134	12,767
- Loan arrangement fee paid		-	297,336
International Industries Limited	Associate		
- Line pipe purchases		-	122,858
- Billable charges		57,325	1,213,577
Key management personnel			
- Remuneration		254,318	209,050
Minto & Mirza	Associate		
- Professional charges		7,200	14,400
Pakistan Cables Limited	Associate		
- Billable charges		25,166	89,630

	Relationship	2017	2016
		(Rupees in '000)	
Pakistan Engineering Company Limited	Associate		
- Billable charges		61	60
* Pakistan Stock Exchange Limited	Associate		
- Billable charges		-	285
PERAC - Research & Development Foundation	Associate		
- Professional charges		1,210	2,027
- Billable charges		72	184
Petroleum Institute of Pakistan	Associate		
- Subscription / contribution		2,559	2,500
Staff Retirement Benefit Plans	Associate		
- Contribution to provident fund		302,212	255,248
- Contribution to pension fund		195,480	305,518
- Contribution to gratuity fund		315,595	293,764
* Standard Chartered Bank Limited	Associate		
- Profit on investment		-	2,458
- Markup on local currency finance		-	4,209
- Markup on short term finance		-	1,026
Thatta Cement Company Limited	Associate		
- Billable charges		5,349	14,904

* Current year transactions with these parties have not been disclosed as they did not remain related parties during the year.

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

Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice. Balance payable to / receivable from these employees benefit plans are disclosed in notes 10, 16, 31 and 42 to these consolidated financial statements.

Remuneration to the executive officers of the Group (disclosed in note 46 to these consolidated financial statements) and loans and advances to them (disclosed in notes 23 and 28 to these consolidated financial statements) are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Holding Company is received at rates prescribed by the Government of Pakistan.

48.1 Amount (due to) / receivable from related parties

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

	Relationship	2017	2016
		(Rupees in '000)	
Astro Plastic (Private) Limited	Associate		
- Billable charges		16,623	12,785
Attock Cement Limited	Associate		
- Billable charges		4,737	2,691
- Gas supply deposit		(588)	(566)
Attock Refinery Limited	Associate		
- Sale of condensate		-	42,105
* Gadoon Textile Mills Limited	Associate		
- Billable charges		-	14
- Gas supply deposit		-	(117)
Government related entities - various			
- Billable charges		58,566,349	63,604,130
- Mark up accrued on borrowings		4,123,310	2,186,389
- Sharing of expenses		-	(20,321)
- Net investment in finance lease		5,529	58,729
- Gas purchases		(134,227,691)	(115,513,943)
- Gas meters		703,971	558,732
- Uniform cost of gas		10,906,950	17,565,056
- Cash at bank		21,487	103,055
- Stock Loan		10,602	(2,304)
- Recoverable from insurance		(2,631)	(950)
- Gas supply deposit		(24,243)	(24,243)
- Interest expense accrued - late payment surcharge on gas bills		(15,832,411)	(15,832,411)
- Interest income accrued - late payment on gas bills		9,087,415	7,946,515
- Contingent rent		3,535	3,535
- Capacity and utilisation charges of RLNG		9,217,988	7,191,242
- RLNG transportation income		4,663,562	523,655
- Income against LNG service agreement		400,853	334,868
Habib Bank Limited	Associate		
- Long term finance		(6,816,226)	(4,185,625)
- Short term finance		-	(1,497,943)
- Cash at bank		82,211	128,301
- Accrued mark-up		(298,100)	(37,641)
- Billable charges		1,436	1,371
* International Industries Limited	Associate		
- Billable charges		-	90,011
* Pakistan Cables Limited	Associate		
- Billable charges		-	8,160
- Gas supply deposit		-	(1,071)
Pakistan Engineering Company Limited	Associate		
- Billable charges		5	5
- Gas supply deposit		(15)	(15)
PERAC - Research & Development Foundation	Associate		
- Professional charges		57	57
- Billable charges		5	9
- Gas supply deposit		(220)	(220)
Thatta Cement Company Limited	Associate		
- Billable charges		764	481

* Current balances with these parties have not been disclosed as they did not remain related parties as at year end.

49 FINANCIAL RISK MANAGEMENT

The objective of Group's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors of the Holding Company has overall responsibility for the establishment and oversight of the Group's risk management frame work and policies.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

49.1 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. In case of industrial and commercial customers gas supply deposits equivalent of three months estimated gas consumption and deposit from domestic customers as per rates notified by OGRA are taken to reduce credit exposure. The Holding 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 Holding 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:

	2017	2016
	(Rupees in '000)	
Trade debts	82,150,985	86,307,335
Net investment in finance lease	362,394	472,555
Loans and advances	1,104,366	1,096,626
Deposits	73,592	56,776
Bank balances	1,138,853	1,347,530
Interest accrued	9,527,574	8,240,334
Other receivables	34,243,349	34,400,879
	128,601,113	131,922,035

49.1.1 Collateral and other credit enhancements obtained

Security against supply of gas to industrial and commercial customers is taken on the basis of average three months, gas consumption estimated at the time of connection in form of cash deposits (gas supply deposits) / bank guarantee / irrevocable letter of credit. Security against supply of gas to domestic customers are obtained at rates notified by the OGRA. These collaterals are adjusted / called following on disconnection of gas supply. Details of security held at year end is as follows:

	2017	2016
	(Rupees in '000)	
Cash deposits	14,034,507	12,281,193
Bank guarantee / irrevocable letter of credit	28,044,722	26,553,567

49.1.2 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 49.1.3 below:

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	A1+	AAA
Allied Bank of Pakistan Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Faysal Bank Limited	JCR-VIS	A-1+	AA
MCB Bank Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Bank of Punjab Limited	PACRA	A1+	AA-
First Women Bank Limited	PACRA	A2	A-
Summit Bank Limited	JCR-VIS	A-1	A-
Bank Al-Habib Limited	PACRA	A1+	AA+
BankIslami Pakistan Limited	PACRA	A1	A+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA
NIB Bank Limited	PACRA	A1+	AA-
Samba Bank Limited	JCR-VIS	A-1	AA
Silk Bank Limited	JCR-VIS	A-2	A-
Soneri Bank Limited	PACRA	A1+	AA-
Tameer Micro Finance Bank Limited	PACRA	A1	A+
City Bank N. A.	Moody's	P-1	A1
Deutsche Bank A.G,	Standard & Poor's	A2	BBB+
Bank of Tokyo Mitsubishi	Standard & Poor's	A-1	A+

49.1.3 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:

	2017		2016	
	Gross carrying amount	**Impairment**	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	13,735,738	-	19,012,350	-
Past due but not impaired	55,839,905	-	56,952,856	-
Past due and impaired	10,287,573	5,810,889	8,058,232	4,314,885
Disconnected customers	1,091,475	909,476	879,534	879,534
Total	80,954,691	6,720,365	84,902,972	5,194,419

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 53,851 million and are subject to inter corporate circular debt of government entities and K-Electric.

The Holding Company has collateral / security against industrial and commercial customers amounting to Rs. 35,151 million (2016: Rs. 32,789 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due. In case of past due balances the Holding Company starts recovery process through recovery department and where the amount is in excess of collateral and is not recovered by recovery department, then disconnection of meter (disconnected customers) is considered. Receivables which are past due and against which recoveries are not made or which are disconnected are considered as impaired debts.

Domestic customers

The age analysis of trade debt balances relating to domestic customers at year end is as follows:

	2017		2016	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	2,253,610	-	1,625,361	-
Past due but not impaired:				
Past due 1 - 6 month	2,775,289	-	2,521,002	-
Past due and impaired:				
Past due 7 - 9 months	653,658	-	545,228	-
Past due 10 - 12 months	420,859	-	448,493	-
Past due 13 - 18 months	611,123	-	649,691	281,022
Past due 19 - 24 months	399,589	-	323,217	323,217
Past due over 2 years	2,006,164	1,949,683	1,311,414	1,311,414
	4,091,393	1,949,683	3,278,043	1,915,653
Disconnected customers	5,884,026	5,137,976	5,176,014	4,085,985
Total	15,004,318	7,087,659	12,600,420	6,001,638

The Holding Company has collateral / security against domestic customers amounting to Rs. 6,933 million (2016: Rs. 6,046 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, 2017 interest accrued net of provision was Rs. 10,107 million (2016: Rs. 8,240 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. 9,087 million (2016: 7,947 million), recovery of which is subject to inter corporate circular debt of Government entities.

Other receivables

As at June 30, 2017 other receivable financial assets amounted to Rs. 34,243 million (2016: Rs. 34,791 million). Past due other receivables amounting to Rs. 33,548 million (2016: Rs. 30,770 million) include over due balances of SNGPL amounting to Rs. 22,936 million (2016: Rs. 20,473 million) and JJVL amounting to Rs. 10,506 million (2016: Rs. 10,008 million).

49.1.4 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Holding Company's performance to developments affecting a particular industry. Concentration of credit risk is determined with references to the individual customers / counter parties, type as well as geographical distribution of customers / counter parties. Concentration of credit risk in financial assets of the Holding Company is as follows:

Trade debts

Customer category wise concentration of credit risk in respect of trade debts at year end is as follows:

	2017	2016
	(Rupees in '000)	
Power generation companies	42,391,605	45,628,836
Cement industries	25,122	12,870
Fertilizer and steel industries	22,679,196	22,829,251
Other industries	6,831,120	8,305,494
LPG marketing companies	7,410	16,771
Total industrial customers	71,934,453	76,793,222
Commercial customers	1,171,873	1,227,994
Domestic customers	9,044,659	8,286,119
	82,150,985	86,307,335

At year end the Holding Company's most significant receivable balances were K-Electric, PSML and WAPDA which amounted to Rs. 32,378 million (2016: Rs. 35,948 million), Rs. 22,318 million (2016: Rs. 21,708 million) and Rs. 3,811 million (2016: Rs. 5,930 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:

	2017	2016
	(Rupees in '000)	
Karachi	64,899,403	69,522,199
Sindh (excluding Karachi)	9,800,754	9,815,266
Balochistan	7,450,828	6,969,870
	82,150,985	86,307,335

Net investment in finance lease

The Holding Company's most significant investment in finance lease amounted to Rs. 362 million (2016: Rs. 431 million) in respect of SNGPL.

Interest accrued

Most significant counter parties of the Holding Company in respect of interest accrued are disclosed in note 30 to these consolidated financial statements.

Other receivables

Most significant other receivables of the Holding Company are in respect of lease rental, lease service cost, contingent rent and uniform cost of gas agreement with SNGPL as disclosed in note 31.2 to these consolidated financial statements. These balances are subject to inter circular corporate debt.

49.2 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 balance sheet 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, 2017						
Long term finance	55,835,721	(74,191,128)	(3,249,755)	(7,612,512)	(14,346,000)	(48,982,861)
Obligation against pipeline	1,027,886	(1,730,582)	(67,866)	(67,866)	(135,732)	(1,459,118)
Short term borrowings	2,900,655	(2,900,654)	(2,900,654)	-	-	-
Trade and other payables	182,133,378	(182,081,712)	(182,081,712)	-	-	-
Interest accrued	16,898,655	(16,898,655)	(16,898,655)	-	-	-
Deposits	14,471,189	(28,435,034)	(177,659)	(177,659)	(355,318)	(27,724,398)
	273,267,484	(306,237,765)	(205,376,301)	(7,858,037)	(14,837,050)	(78,166,377)
As at June 30, 2016						
Long term finance	28,329,286	(36,647,716)	(3,517,841)	(4,057,912)	(7,453,533)	(21,618,430)
Obligation against pipeline	1,069,173	(1,866,314)	(67,866)	(67,866)	(135,732)	(1,594,850)
Short term borrowings	4,860,212	(4,860,212)	(4,860,212)	-	-	-
Trade and other payables	156,565,406	(156,565,406)	(156,565,406)	-	-	-
Interest accrued	16,532,459	(42,754,107)	(42,754,107)	-	-	-
Deposits	12,649,197	(25,124,607)	(348,313)	(155,875)	(311,749)	(24,308,670)
	220,005,733	(267,818,362)	(208,113,745)	(4,281,653)	(7,901,014)	(47,521,950)

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 7 and 8 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 balance sheet date.

49.3 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).

49.3.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Holding Company is exposed to currency risk on creditors for gas that are denominated in a currency other than functional currency of the Holding Company. The currency in which these transactions primarily are denominated is US Dollars. The Holding Company's exposure to foreign currency risk is as follows:

	2017		2016	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Creditors for gas	28,111,658	267,730	24,728,597	238,924
Estimated forecast gas purchases	160,119,208	1,524,945	161,703,128	1,562,349
Net exposure	188,230,866	1,792,675	186,431,725	1,801,273

Above net exposure is payable by the Holding Company in Rupees at the rate on which these are settled by the Holding Company. Currently, the Holding Company does not obtain forward cover against the gross exposure as exchange loss / gain on purchases of gas and supplies is recovered from / paid to Government of Pakistan as part of guaranteed return.

The following significant exchange rates applied during the year:

	Average rate		Balance sheet date rate	
	2017	2016	2017	2016
	(Rupees in '000)			
US Dollars	104.75	103.95	105.00	103.50

Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2017 would have (decreased) / increased trade creditors by Rs. 2,811 million (2016: Rs. 2,473 million). There is no effect of strengthening / (weakening) of US dollar on consolidated equity and consolidated profit and loss account of the Holding Company as exchange loss / gain on purchases of gas and store and supplies is recovered from / paid to Government of Pakistan as part of 17% guaranteed return. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2016.

49.3.2 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 balance sheet date the interest rate profile of the Group's interest-bearing financial instruments were as follows:

	2017	2016
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Net investment in finance lease	362,394	472,555
Loan and advances	1,048	1,608
Trade debts	34,565,155	32,626,397
Cash and bank balances	597,109	508,208
Receivable against asset contribution	359,348	389,907
	35,885,054	33,998,675

	2017	2016
	(Rupees in '000)	
Financial liabilities		
Long term deposits	(7,106,369)	(6,234,982)
Government of Sindh loan	(3,140,769)	(3,567,129)
Front end fee of foreign currency loan	(23,950)	(23,950)
Obligation against pipeline	(1,027,886)	(1,069,173)
Trade and other payables	(22,486,422)	(11,601,290)
	(33,785,396)	(22,496,524)
	2,099,658	11,502,151
Variable rate instruments		
Financial assets		
Trade debts	31,583,092	33,344,088
Other receivables	27,923,209	29,846,779
Cash and bank balance	179,422	208,781
	59,685,723	63,399,648
Financial liabilities		
Long term loan except Government of Sindh loan	(52,694,952)	(24,762,157)
Short term borrowings	(2,900,655)	(4,860,212)
Trade and other payables	(151,862,047)	(130,834,334)
	(207,457,654)	(160,456,703)
	(147,771,931)	(97,057,055)

Fixed rate instrument 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 profit and loss. Therefore, a change in interest rates at the reporting date would not affect consolidated profit and loss account and the consolidated 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 profit or loss of the Holding Company as at June 30, 2017 by Rs. 1,478 million (2016: Rs. 973 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 2016.

49.3.3 Equity price risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Holding Company's investments in listed equity securities. This arises from investments held by the Holding Company for which prices in the future are uncertain. The fair value of listed equity investments of the Holding Company that are exposed to price risk as at June 30, 2017 is Rs. 555 million (2016: Rs. 238 million).

A ten percent increase / decrease in the prices of listed equity securities of the Holding Company at the reporting date would have increased or (decreased) long term investment and consolidated equity by Rs. 55 million (2016: Rs.24 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

49.4 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.

49.4.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2017			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available-for-sale financials assets				
Quoted equity securities	555,227	-	-	555,227
	555,227	-	-	555,227

	2016			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available-for-sale financials assets				
Quoted equity securities	238,315	-	-	238,315
	238,315	-	-	238,315

49.5 Financial instruments by categories

	Financial assets		
	Loans and receivables	Available for sale	Total
	(Rupees in '000)		
As at June 30, 2017			
Trade debts	82,150,985	-	82,150,985
Net investment in finance lease	362,394	-	362,394
Loans and advances	1,104,366	-	1,104,366
Deposits	73,592	-	73,592
Cash and bank balances	1,147,188	-	1,147,188
Interest accrued	9,527,574	-	9,527,574
Other receivables	34,243,349	-	34,243,349
Long term investments	-	555,227	555,227
	128,609,448	555,227	129,164,675

	Financial assets		
	Loans and receivables	Available for sale	Total
	(Rupees in '000)		
As at June 30, 2016			
Trade debts	86,307,335	-	86,307,335
Net investment in finance lease	472,555	-	472,555
Loans and advances	1,096,626	-	1,096,626
Deposits	56,776	-	56,776
Cash and bank balances	1,357,962	-	1,357,962
Interest accrued	8,240,334	-	8,240,334
Other receivables	34,400,879	-	34,400,879
Long term investments	-	238,315	238,315
	131,932,467	238,315	132,170,782

	Financial liabilities at amortised cost	
	2017	2016
	(Rupees in '000)	
Long term finance	55,835,721	28,329,286
Obligation against pipeline	1,027,886	1,069,173
Short term borrowings	2,900,655	4,860,212
Trade and other payables	182,133,378	156,565,406
Interest accrued	16,898,655	16,532,459
Long term deposits	14,471,189	12,649,197
	273,267,484	220,005,733

49.6 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:

	2017	2016
	(Rupees in '000)	
Total borrowings		
Long term finance	48,790,294	22,573,040
Short term borrowings	2,900,655	4,860,212
Current portion of long term finance	7,045,427	5,756,246
	58,736,376	33,189,498
Less: Cash and bank balances	(1,147,188)	(1,357,962)
Net debts	57,589,188	31,831,536
Capital employed	62,544,554	34,922,288
Gearing ratio	92%	91%

50. 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, management has identified the following two segments:

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

Segment revenue and results

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

	Segment revenue		Segment profit / (loss)	
	2017	2016	2017	2016
	(Rupees in '000)			
Gas transmission and distribution	161,362,916	183,403,425	739,293	(27,240,607)
Meter manufacturing	1,397,245	1,557,963	(1,567)	14,805
Total segments results	162,760,161	184,961,388	737,726	(27,225,802)
Unallocated - other expenses				
- Other operating expenses			691,282	402,221
Unallocated - other income				
- Non-operating income			2,056,880	19,190,944
Profit / (loss) before tax			3,485,888	(7,632,637)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 1,636 million (2016: Rs. 1,190 million).

The accounting policies of the reportable segments are same as disclosed in note 3.

	2017	2016
	(Rupees in '000)	
Segment assets		
Gas transmission and distribution	291,242,128	252,867,937
Meter manufacturing	2,902,230	2,797,872
Total segment assets	294,144,358	255,665,809
Unallocated		
- Loans and advances	1,104,366	1,096,626
- Taxation - net	18,970,646	20,053,925
- Interest accrued	490,198	490,526
- Cash and bank balances	1,147,188	1,357,962
	21,712,398	22,999,039
Total assets as per balance sheet	315,856,756	278,664,848

	2017	2016
	(Rupees in '000)	
Segment liabilities		
Gas transmission and distribution	294,716,915	259,786,262
Meter manufacturing	701,008	701,008
Total segment liabilities	295,417,923	260,487,270
Unallocated		
- Employee benefits	4,902,390	4,716,523
Total liabilities as per balance sheet	300,320,313	265,203,793

51. DETAILS OF INVESTMENTS BY EMPLOYEES RETIREMENT BENEFIT FUNDS

Details of the value of investments by the Provident, Gratuity and Pension funds based on respective financial statements at June 30, 2017 and 2016 are as follows:

	2017	2016
	(Rupees in '000) Based on audited financial statements	
Pension fund - executives	1,140,000	1,108,000
Gratuity fund - executives	2,582,000	2,380,000
Pension fund - non executives	215,000	222,000
Gratuity fund - non executives	2,970,000	2,932,000
Provident fund - executives	3,569,000	3,235,000
Provident fund - non executives	3,384,000	3,129,000
Benevolent fund - executives	175,000	158,000

52. ACCOUNTING ESTIMATES AND JUDGMENTS

52.1 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.

52.2 Staff retirement and other service benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 42 to these consolidated 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.

52.3 Property, plant and equipment

In accordance with the accounting policy, the management carries out an annual assessment of depreciable amount and useful lives of property, plant and equipment. Further, the Group reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

52.4 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.

52.5 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.

52.6 Fair value of investments

Management has determined fair value of certain investments by using quotations from active market of the financial instruments.

52.7 Recognition of income from sale of Natural Gas Liquid (NGL) and Liquefied Petroleum Gas (LPG)

Income from sale of NGL and LPG to Jamshoro Joint Venture Limited is recognised 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.

52.8 Purchases of gas

Group records purchases of gas at the rates notified by OGRA. Effect of adjustments, if any, arising from revision in purchase price is reflected as and when the prices are approved by OGRA.

53. BENAZIR EMPLOYEE STOCK OPTION SCHEME (BESOS)

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('the Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all 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 of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

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

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

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

54. GENERAL

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

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

55. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue in Board of Directors meeting held on 07 January, 2019.

Chairman　　Chief Financial Officer　　Managing Director

STATISTICAL INFORMATION

Ten Years Summary

Key Statistical Data For the year ended 30 June	Unit	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Gas purchased	MMCF	438,389	469,381	434,871	423,760	419,275	405,322	395,779	428,541	423,194	410,316
Gas sold	MMCF	362,313	384,988	362,510	356,628	373,645	373,645	364,409	388,828	384,522	377,265
Mains - Transmission	Km	3,997	3,614	3,551	3,551	3,490	3,401	3,337	3,320	3,320	3,309
Mains & services - Distribution - additions	Km	758	871	801	673	1,455	1,709	2,468	2,503	2,352	2,079
New connections	Each	86,359	95,353	96,366	81,411	86,210	128,601	112,748	112,732	114,846	95,969
LPG air mix sales	MMCF	156,242	108,963	90,966	80,853	68,428	37,492	9,065	-	-	-
Gas meters - produced / assembled	Each	444,850	491,799	614,680	851,460	690,129	675,521	612,903	750,000	650,460	513,250
Income statement						Rs. Million					
Sales		187,028	214,637	182,792	176,545	164,354	153,269	126,403	127,614	118,585	84,543
GST		(25,666)	(31,234)	(23,939)	(24,004)	(22,156)	(19,394)	(16,001)	(15,340)	(14,446)	(9,548)
Sales excluding GST		161,362	183,403	158,853	152,541	142,198	133,875	110,402	112,274	104,139	74,995
Gas Development Surcharge		(4,689)	(44,787)	3,730	742	9,440	(2,971)	4,127	(4,537)	4,012	(369)
Net sales		156,673	138,616	162,583	153,283	151,638	130,904	114,529	107,737	108,151	74,626
Cost of gas		(140,658)	(147,285)	(154,261)	(150,516)	(135,449)	(117,763)	(102,890)	(95,333)	(102,388)	(69,238)
Transmission and distribution costs		(11,277)	(11,306)	(10,281)	(7,836)	(8,938)	(7,086)	(6,395)	(7,019)	(3,898)	(3,671)
Administrative and selling expenses		(4,049)	(3,616)	(3,514)	(3,212)	(3,071)	(2,697)	(2,905)	(2,252)	(2,012)	(1,347)
Depreciation		(5,839)	(5,075)	(4,698)	(4,128)	(3,981)	(3,565)	(3,177)	(2,782)	(2,594)	(2,129)
Other operating expenses		(3,293)	(2,356)	(1,588)	(2,181)	(4,952)	(2,873)	(1,645)	(752)	(2,353)	(968)
Other operating income		6,555	2,695	2,475	2,801	3,816	3,358	3,760	3,789	3,910	5,707
Total operating profit		(1,888)	(28,326)	(9,284)	(11,789)	(937)	278	1,277	3,388	(1,184)	2,980
Other non-operating income		6,896	23,104	10,211	13,395	8,925	11,340	10,028	8,641	6,009	1,772
Profit before finance cost		5,008	(5,222)	927	1,606	7,988	11,618	11,305	12,029	4,825	4,752
Finance cost		(1,692)	(2,618)	(9,696)	(7,416)	(7,608)	(7,532)	(5,786)	(5,016)	(4,410)	(2,370)
Profit before taxation		3,316	(7,840)	(8,769)	(5,810)	380	4,086	5,519	7,013	415	2,382
Taxation		(1,980)	1,725	3,378	2,057	(132)	(1,505)	(795)	(2,614)	(159)	(1,391)
Profit after taxation		1,336	(6,115)	(5,391)	(3,753)	248	2,581	4,724	4,399	256	991
Balance Sheet											
Share capital		8,809	8,809	8,809	8,809	8,809	8,809	8,390	6,712	6,712	6,712
Reserves		(4,455)	(6,391)	(234)	4,806	7,074	9,439	9,385	7,360	2,972	3,603
Share capital and reserves		4,354	2,418	8,575	13,615	15,883	18,248	17,775	14,072	9,684	10,315
Surplus on revaluation of fixed assets		11,728	11,728	10,252	10,252	10,252	10,252	10,252	-	-	-
Deferred tax		-	-	-	3,321	5,865	7,622	7,651	7,018	5,014	4,854
Employees post-retirement benefits		4,886	4,704	4,688	3,470	2,518	2,154	1,825	1,530	1,308	1,096
Long term deposits & advances		16,429	13,555	11,411	9,379	6,416	6,497	5,359	4,873	4,282	2,579
Obligation against pipeline		983	1,028	1,069	-	-	-	-	-	-	-
Deferred credit		5,321	5,842	7,115	5,449	5,748	5,337	5,519	4,989	4,847	3,820
Long term financing		48,790	22,573	17,493	20,860	24,770	18,315	14,471	11,646	17,496	15,583
Non-current liabilities		76,409	47,702	41,776	42,479	45,317	39,925	34,825	30,056	32,947	27,932
Current portion of long term financing		7,045	5,756	8,146	4,046	3,598	3,227	4,272	5,035	4,969	377
Short term borrowings		2,901	4,860	989	3,141	4,018	-	-	3,721	-	-
Trade payables		168,177	143,782	145,975	114,771	80,522	78,532	56,717	44,560	45,490	25,607
Other payables		28,060	45,829	27,167	18,311	15,477	7,079	5,498	6,487	3,282	5,217
Current portion of obligation against pipeline		45	41	38	-	-	-	-	-	-	-
Current portion of deferred credit		423	428	430	-	-	-	-	-	-	-
Interest and mark-up accrued		16,899	16,532	34,069	26,831	21,904	16,197	10,823	6,829	4,182	2,038
Taxation - net		-	-	-	-	-	-	-	-	-	217
Current liabilities		223,550	217,228	216,814	167,100	125,519	105,035	77,310	66,632	57,923	33,456
Total equity and liabilities		316,041	279,076	277,417	233,446	196,971	173,460	140,162	110,760	100,554	71,703
Work in progress		8,726	23,433	9,536	8,134	7,183	6,905	5,664	4,751	3,538	4,006
Operating tangible fixed assets		106,267	73,278	64,406	62,031	60,553	57,355	53,981	36,915	34,558	29,802
Property, plant & equipment		114,993	96,711	73,942	70,165	67,736	64,260	59,645	41,666	38,096	33,808
Intangible assets		74	25	36	89	125	46	16	5	44	69
Long term financial assets		2,051	1,776	1,913	1,866	1,926	2,002	1,125	1,254	1,381	1,547
Deferred tax		2,476	2,669	292	-	-	-	-	-	-	-
Non-current assets		119,594	101,181	76,183	72,120	69,787	66,308	60,786	42,925	39,521	35,424
Stores spares & loose tools		2,472	2,147	1,821	2,174	2,166	2,080	2,263	2,037	1,703	1,155
Stock in trade		1,139	802	860	889	629	780	703	455	491	512
Trade debts		82,137	86,285	90,352	78,906	76,285	70,613	49,182	43,816	32,568	20,045
Other receivables		80,194	58,047	81,831	61,253	38,774	25,886	19,975	17,799	23,318	9,746
Interest and mark-up accrued		10,594	9,191	7,661	6,292	5,529	4,681	3,474	2,834	1,198	198
Taxation - net		18,867	19,987	17,443	10,475	2,788	1,428	2,306	90	167	-
Trade deposits & prepayments		147	482	282	137	166	181	388	183	111	267
Cash & bank balances		897	954	984	1,200	847	1,503	1,085	621	1,477	4,356
Current assets		196,447	177,895	201,234	161,326	127,184	107,152	79,376	67,835	61,033	36,279
Total Assets		316,041	279,076	277,417	233,446	196,971	173,460	140,162	110,760	100,554	71,703
Earning Per share	(Rupees)	1.52	(6.94)	(6.12)	(4.26)	0.28	2.93	5.63	6.55	0.38	1.48

Ten Years of Progress

Gas Customers	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Industrial										
Karachi	3,497	3,474	3,457	3,457	3,428	3,447	3,380	3,245	3,197	3,039
Sindh (Interior)	640	643	639	643	636	626	607	564	549	476
Balochistan	59	57	57	56	55	56	55	54	55	46
Sub - total	4,196	4,174	4,153	4,156	4,119	4,129	4,042	3,863	3,801	3,561
Commercial										
Karachi	15,898	16,064	16,366	16,763	17,102	17,442	17,998	17,673	17,362	16,796
Sindh (Interior)	4,206	4,393	4,527	4,617	4,756	4,854	4,872	4,465	4,266	3,875
Balochistan	2,660	2,624	2,515	2,360	2,261	2,198	2,128	2,018	1,978	1,887
Sub - total	22,764	23,081	23,408	23,740	24,119	24,494	24,998	24,156	23,606	22,558
Domestic										
Karachi	1,760,001	1,720,164	1,692,138	1,667,817	1,635,129	1,597,926	1,544,709	1,482,439	1,438,769	1,407,848
Sindh (Interior)	793,123	772,925	742,712	710,844	682,238	640,452	582,916	535,736	497,545	458,737
Balochistan	259,087	253,113	248,174	240,145	229,252	222,116	211,228	200,963	191,279	179,372
Sub - total	2,812,211	2,746,202	2,683,024	2,618,806	2,546,619	2,460,494	2,338,853	2,219,138	2,127,593	2,045,957
Total										
Karachi	1,779,396	1,739,702	1,711,961	1,688,037	1,655,659	1,618,815	1,566,087	1,503,357	1,459,328	1,427,683
Sindh (Interior)	797,969	777,961	747,878	716,104	687,630	645,932	588,395	540,765	502,360	463,088
Balochistan	261,806	255,794	250,746	242,561	231,568	224,370	213,411	203,035	193,312	181,305
Grand Total	2,839,171	2,773,457	2,710,585	2,646,702	2,574,857	2,489,117	2,367,893	2,247,157	2,155,000	2,072,076

Gas Sales in million cubic feet

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Industrial										
Karachi	191,842	207,654	206,459	209,704	209,866	211,209	210,321	231,943	235,244	223,921
Sindh (Interior)	52,756	74,164	52,215	46,058	48,577	42,645	45,828	61,990	60,343	65,841
Balochistan	9,010	8,379	9,648	9,118	9,091	9,167	9,425	10,637	9,854	9,264
Sub - total	253,608	290,197	268,322	264,880	267,534	263,021	265,574	304,570	305,441	299,026
Commercial										
Karachi	7,825	7,772	7,869	7,843	7,938	8,040	7,864	8,036	7,803	8,451
Sindh (Interior)	1,618	1,641	1,645	1,737	1,748	1,780	1,672	1,559	1,464	1,394
Balochistan	901	843	773	736	711	709	649	610	581	582
Sub - total	10,344	10,256	10,287	10,316	10,397	10,529	10,185	10,205	9,848	10,427
Domestic										
Karachi	61,459	52,938	52,829	52,127	62,021	59,236	52,632	49,038	45,766	44,707
Sindh (Interior)	25,527	22,151	21,538	19,995	23,523	21,319	18,633	16,770	15,593	14,954
Balochistan	11,375	9,447	9,534	9,310	10,170	10,304	9,016	8,245	7,874	8,151
Sub - total	98,361	84,536	83,901	81,432	95,714	90,859	80,281	74,053	69,233	67,812
Total										
Karachi	261,126	268,364	267,157	269,674	279,825	278,485	270,817	289,017	288,813	277,079
Sindh (Interior)	79,901	97,956	75,398	67,790	73,848	65,744	66,133	80,319	77,400	82,189
Balochistan	21,286	18,669	19,955	19,164	19,972	20,180	19,090	19,492	18,309	17,997
Grand Total	362,313	384,989	362,510	356,628	373,645	364,409	356,040	388,828	384,522	377,265

Pattern of Shareholding

as at June 30, 2017

# of Shareholders	Shareholdings' Slab			Total Shares Held
6531	1	to	100	151,927
3487	101	to	500	1,115,110
2040	501	to	1000	1,777,765
9399	1001	to	5000	17,113,340
908	5001	to	10000	6,924,901
309	10001	to	15000	3,989,372
187	15001	to	20000	3,470,306
129	20001	to	25000	3,014,345
77	25001	to	30000	2,185,577
37	30001	to	35000	1,229,132
44	35001	to	40000	1,704,120
22	40001	to	45000	931,590
50	45001	to	50000	2,472,385
8	50001	to	55000	421,245
17	55001	to	60000	994,549
14	60001	to	65000	885,341
10	65001	to	70000	683,038
12	70001	to	75000	891,000
10	75001	to	80000	782,422
8	80001	to	85000	659,035
3	85001	to	90000	270,000
7	90001	to	95000	653,500
42	95001	to	100000	4,198,000
5	100001	to	105000	510,975
8	105001	to	110000	868,409
5	110001	to	115000	565,313
3	115001	to	120000	355,500
4	120001	to	125000	496,500
1	125001	to	130000	126,000
6	130001	to	135000	788,500
4	135001	to	140000	551,692
1	140001	to	145000	143,000
3	145001	to	150000	450,000
2	150001	to	155000	304,250
1	155001	to	160000	156,578
2	160001	to	165000	328,543
3	170001	to	175000	517,687
4	175001	to	180000	713,475
1	180001	to	185000	185,000
1	185001	to	190000	190,000
2	190001	to	195000	387,135
7	195001	to	200000	1,397,500
2	200001	to	205000	406,271
1	205001	to	210000	206,500
1	215001	to	220000	216,000
1	220001	to	225000	225,000

Pattern of Shareholding

as at June 30, 2017

# of Shareholders	Shareholdings' Slab			Total Shares Held
1	225001	to	230000	226,000
3	230001	to	235000	702,800
3	235001	to	240000	714,000
5	245001	to	250000	1,248,000
1	250001	to	255000	252,000
1	255001	to	260000	260,000
3	260001	to	265000	790,027
2	265001	to	270000	536,800
1	275001	to	280000	280,000
6	295001	to	300000	1,793,636
2	300001	to	305000	606,000
1	315001	to	320000	315,500
2	330001	to	335000	666,937
1	340001	to	345000	342,690
1	345001	to	350000	350,000
1	350001	to	355000	352,937
1	365001	to	370000	369,000
2	395001	to	400000	800,000
1	420001	to	425000	425,000
1	440001	to	445000	445,000
2	455001	to	460000	916,558
2	470001	to	475000	947,500
1	480001	to	485000	484,500
4	495001	to	500000	2,000,000
1	500001	to	505000	500,251
2	515001	to	520000	1,034,508
1	520001	to	525000	521,000
1	545001	to	550000	545,731
1	560001	to	565000	563,500
3	595001	to	600000	1,797,751
1	600001	to	605000	602,500
1	615001	to	620000	617,000
2	670001	to	675000	1,347,000
1	680001	to	685000	685,000
2	715001	to	720000	1,435,438
2	745001	to	750000	1,495,500
1	760001	to	765000	765,000
1	780001	to	785000	785,000
1	785001	to	790000	788,000
1	805001	to	810000	806,500
1	895001	to	900000	900,000
1	970001	to	975000	975,000
2	995001	to	1000000	2,000,000
1	1060001	to	1065000	1,062,801
1	1065001	to	1070000	1,065,500
1	1250001	to	1255000	1,254,000
1	1340001	to	1345000	1,344,661

Pattern of Shareholding

as at June 30, 2017

# of Shareholders	Shareholdings' Slab			Total Shares Held
1	1345001	to	1350000	1,350,000
1	1355001	to	1360000	1,360,000
1	1490001	to	1495000	1,495,000
1	1495001	to	1500000	1,500,000
2	1500001	to	1505000	3,000,551
1	1670001	to	1675000	1,672,000
1	1685001	to	1690000	1,688,500
1	1690001	to	1695000	1,692,000
1	2020001	to	2025000	2,025,000
1	2055001	to	2060000	2,055,152
1	2120001	to	2125000	2,124,500
1	2180001	to	2185000	2,183,500
1	2245001	to	2250000	2,248,500
1	2310001	to	2315000	2,311,500
1	2470001	to	2475000	2,474,500
1	2685001	to	2690000	2,686,219
1	3645001	to	3650000	3,648,750
1	3735001	to	3740000	3,735,679
1	4355001	to	4360000	4,359,000
1	4530001	to	4535000	4,535,000
1	6540001	to	6545000	6,541,823
1	7855001	to	7860000	7,856,500
1	8190001	to	8195000	8,192,028
1	10905001	to	10910000	10,907,500
1	10940001	to	10945000	10,941,554
1	11295001	to	11300000	11,296,500
1	11685001	to	11690000	11,688,400
1	11840001	to	11845000	11,842,700
1	12645001	to	12650000	12,649,674
1	12690001	to	12695000	12,694,227
1	14310001	to	14315000	14,314,772
1	18415001	to	18420000	18,416,500
1	57750001	to	57755000	57,754,179
1	63880001	to	63885000	63,882,029
1	468465001	to	468470000	468,468,218
23533				**880,916,309**

Categories of Shareholding

as at June 30, 2017

Description	No of shareholders	No of Shares	per %
Government			
THE PRESIDENT ISLAMIC REPUBLIC OF PAKISTAN	1	468,468,218	53.18
SSGC EMPLOYEES EMPOWERMENT TRUST	1	63,882,029	7.25
Associated Companies, Undertakings and related parties	-	-	-
Mutual Funds	19	35,633,019	4.04
Director, Chief Executive, and their spouse and minor children			
KHALID RAHMAN	1	5,000	0.00
MIRZA MAHMOOD AHMED	2	7,218	0.00
AGHA SHER SHAH	1	1,000	0.00
	-		
Executives	-	-	-
Public Sector Companies and Corporations	14	105,465,220	11.97
Banks, Development finance institutions, non-banking finance companies, insurance companies, takaful companies, and modarabas	39	33,982,150	3.86
General Public			
Local	23,188	82,484,624	9.36
Foreign	6	64,624	0.01
Foreign Companies	44	43,722,142	4.96
Others	217	47,201,065	5.36
TOTALS	**23,533**	**880,916,309**	**100.00**

Shareholders holding five percent or more voting rights in the public sector company.

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

اظہارِ تشکر

ڈائریکٹرز اپنے قابلِ قدر شیئر ہولڈرز اور کسٹمرز کی طرف سے مسلسل تعاون اور سرپرستی پر ستائش کا اظہار کرتے ہیں۔ اس کے ساتھ ساتھ ہم ادارے کے ملازمین کی محنت اور لگن کا بھی اعتراف کرتے ہیں جنہوں نے کمپنی کو درپیش متعدد چیلنجوں کے باوجود اپنا عزم و حوصلہ برقرار رکھا۔ ہم حکومتِ پاکستان، وزارتِ پیٹرولیم اور قدرتی وسائل اور گیس ریگولیٹری اتھارٹی سے حاصل ہونے والی مسلسل رہنمائی اور تعاون کا اعتراف بھی ریکارڈ پر لانا چاہتے ہیں۔ بورڈ رخصت ہونے والے ڈائریکٹرز کا پالیسی سازی، مسائل کے حل اور کمپنی کے لائحہ عمل کے لیے خصوصاً شکریہ ادا کرنا چاہتا ہے۔

از طرف بورڈ

چیئرمین بورڈ آف ڈائریکٹرز　　　　ایکٹنگ منیجنگ ڈائریکٹر

متعلقہ پارٹیوں کے ساتھ لین دین

لیکویڈیٹی میں بہتری کے ساتھ ہولڈنگ کمپنی کو واجب الادا تجارتی رقوم میں نمایاں کمی آئی ہے۔ ہولڈنگ کو واجب الادا خالص تجارتی رقوم جون 2016 میں 173 ملین روپے سے جون 2017 میں تقریباً 33 ملین روپے تک کم ہو گئے ہیں۔

مستقبل کے امکانات

کمپنی ٹرمینل بزنس میں بدستور ایک بلند مارکیٹ شیئر برقرار رکھے ہوئے ہے اور اسٹوریج کمپلیکس کی تکمیل کا کام مکمل ہونے پر اپنے LPG مارکیٹنگ کے کاروبار اور مارکیٹ شیئر میں اضافے کے منصوبے رکھتی ہے۔ بورڈ اور انتظامیہ پُر اعتماد ہیں کہ کمپنی اپنی روایتی کارکردگی اور پوزیشن مزید بہتر بنانے کی اہلیت رکھتی ہے، کمپنی اپنے ٹرمینل بزنس سے ٹرمینل اور اسٹوریج فیس پیدا کرے گی اور LPG کے کاروبار میں اپنا شیئر بڑھائے گی۔ LPG مارکیٹ میں اضافے کے ساتھ پورٹ قاسم پر LPG ٹرمینل کی طرف سے LPG سیگمنٹ کے اندر تھرڈ پارٹیز کی طرف سے درآمد کی جانے والی LPG کی ہینڈلنگ اور اسٹوریج کے ذریعے زیادہ آمدنی پیدا کیے جانے کا امکان ہے۔ کمپنی اپنے بلک بزنس سیگمنٹ میں توسیع پر بھی توجہ مرکوز کرے گی جو حجم کے اعتبار سے زیادہ مستقل اور منافع کمانے کی صلاحیت کے اعتبار سے نسبتاً زیادہ مستحکم ہے۔ کمپنی دیگر بائیو فیولز اور ریفائنڈ پروڈکٹس کی ہینڈلنگ اور ٹریڈنگ کے اعتبار سے بھی تنوع لانے کا ہدف رکھتی ہے۔

کاروباری سماجی ذمہ داری (CSR)

کمپنی سندھ اور بلوچستان میں اپنے فرنچائز ایریاز میں تعلیم، صحت، ماحول اور سماجی ترقی کے شعبوں میں لگاتار ترقی کی جانب بڑھتے ایک کارپوریٹ شہری کی حیثیت سے اپنی مضبوط بنیاد مسلسل مستحکم کر رہی ہے۔ کارپوریٹ کمیونیکیشن ڈپارٹمنٹ کے CSR یونٹ کی طرف سے درج ذیل اقدامات کیے گئے ہیں:

تعلیم: 17-2016 کے دوران سوئی سدرن نے مالی طور پر کمزور لیکن باصلاحیت طالب علموں کو ملک کے اعلیٰ معروف تعلیمی اداروں میں اپنے تعلیمی اہداف حاصل کرنے میں تعاون فراہم کرنے کا سلسلہ جاری رکھا۔ بعض قابل ذکر پارٹنرشپس میں IBA کراچی، مہران یونیورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی (MUET)، جامشورو، قائد عوام یونیورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی (QUEST) نواب شاہ، بلوچستان یونیورسٹی آف آئی ٹی، انجینئرنگ اینڈ مینجمنٹ سائنسز (BUITEMS) کوئٹہ اور سکھر IBA کے مستحق طلبہ کو اسکالرشپس کی فراہمی شامل ہے۔ دیگر قابل ذکر اشتراکوں میں پاکستان آرمی کے چھاؤنی بلوچستان ایجوکیشن پروگرام (CBFP) (کوئٹہ، کوہلو اور ڈیرہ بگٹی) اور سوسائٹی ٹرسٹ سنڈیمن کے اسکول طلبہ کو اسکالرشپس کے ذریعے معاونت کی فراہمی شامل ہے۔

صحت: زیر جائزہ سال کے دوران CSR یونٹ نے میرپور خاص میں میری ایڈیلیڈ لیپروسی سنٹر (MALC) کے ذیلی مرکز، سنٹر، گوادر میں MALC کے آنکھوں کے طبی مرکز اور المصطفیٰ ویلفیئر سوسائٹی کے اشتراک سے کٹے پھٹے ہونٹ اور تالو کی سرجری کے لیے مالی امداد فراہم کی۔ کمپنی نے سندھ انسٹیٹیوٹ آف یورولوجی اینڈ ٹرانسپلانٹیشن اور عاطف کرنل کڈنی سینٹر کو ڈائیلاسس مشین اور انڈس ہسپتال کو آئی سی یو ایمرجنسی وینٹیلیٹرز کی خریداری کے لیے مالی معاونت کی۔ دار السکون، عمیر ثنا فاؤنڈیشن، افضال میموریل تھیلیسیمیا فاؤنڈیشن اور حبیب انٹرنیشنل ٹرسٹ کو بھی مالی مدد فراہم کی گئی۔

ماحولیاتی اور سماجی بہتری: ماحولیات کے شعبے میں، کمپنی نے تھرپارکر کے گاؤں کی فلاح کے لیے سولر پینلز، واٹر پمپس اور ونڈ ملز کی تنصیب کے لیے تھرڈیپ رورل ڈیولپمنٹ پروگرام سے تعاون کیا۔ کمپنی نے IUCN کو اس کی تمر (مینگرووز) کی شجرکاری مہم میں بھی معاونت فراہم کی۔

فلاحی امور: کمپنی نے ٹھٹھہ کے گاؤں میں بائیو گیس پلانٹس، کراچی اور جامشورو میں بے یارو مددگار بچوں کی بحالی کے لیے SOS ولیج اور امکان ویلفیئر آرگنائزیشن کو غریب بچوں کے تعلیمی اخراجات پورے کرنے کے لیے مالی تعاون پیش کیا۔ CSR یونٹ نے ایدھی فاؤنڈیشن کو ایمبولینس، دی ایبلڈ ویلفیئر ایسوسی ایشن کو وہیل چیئرز کی خریداری کے لیے مالی تعاون فراہم کیا اور میک اے وش فاؤنڈیشن کو ان کے ناقابل علاج بیمار بچوں کی آخری خواہش پوری کرنے کے لیے مدد فراہم کی۔

ISPS کوڈ کے تحت بطور خود مختار پورٹ فیسلیٹی سرٹیفکیشن

گزشتہ سالوں کی طرح اس بار بھی ہم نے رضاکارانہ طور پر تخصیصی عمل کیا اور دسمبر 2016 میں وزارت پورٹس اینڈ شپنگ سے 2017 کے لیے خود مختار پورٹ فیسلیٹی سرٹیفکیشن حاصل کی۔

ہیلتھ، سیفٹی اینڈ انوائرمنٹ (HSE)

کمپنی سمجھتی ہے کہ ماحول کا تحفظ، پیشہ ورانہ صحت اور سب سے بڑھ کر تمام کاروبار پر سلامتی بھی اتنے ہی اہم ہیں، جتنا اعلیٰ معیار کی LPG پروڈکٹ مہیا کرنا۔ بورڈ آف ڈائریکٹرز نے پوری کمپنی میں اطلاق کے لیے HSE پالیسی مینول کی منظوری دی ہے۔ مالی سال کے دوران HSE کے حوالے سے کوئی نمایاں بے ضابطگیاں نہیں ہوئیں۔ سامان کی نقل و حمل کرنے والوں کی طرف سے صرف ایک چھوٹے سے حادثے کی رپورٹ جمع کرائی گئی۔

ٹرمینل آپریشنز

سال کے دوران پورٹ قاسم ٹرمینل پر ایک لمحے کے لیے بھی رکے بغیر دن کے چوبیس گھنٹے مصروف کار رہے۔ مدت کے دوران 183,402 میٹرک ٹن LPG لانے والے [illegible] جہاز کامیابی سے آف لوڈ کیے گئے۔ (2016: 153,301 میٹرک ٹن LPG لانے والے 39 جہاز)

لاجسٹکس (نقل و حمل)

حب میں JJVL، UEP اور OGDCL جیسے ذرائع سے وصول ہونے والی LPG کی پنجاب میں واقع کمپنی کے پلانٹس تک ترسیل کے لیے 9 کمپنی کے ملکیتی باؤزرز اور بنک کنٹریکٹ پر حاصل کیے گئے باؤزرز استعمال کیے گئے۔ کنٹریکٹرز کے باؤزرز پر انحصار کم کرنے کی طویل مدتی حکمت عملی کے ایک حصے کے طور پر کمپنی کی 25 میٹرک ٹن گنجائش والے دس باؤزرز کا آرڈر دیا ہے۔ ان باؤزرز کی ڈیلیوری دسمبر 2017 کے آخر تک متوقع ہے۔

باٹلنگ آپریشنز اینڈ ڈسٹری بیوشن

کمپنی نے ملک بھر میں اپنے ڈسٹری بیوٹرز اور بلک کسٹمرز کو 15,845 میٹرک ٹن LPG تقسیم کی۔ پورٹ قاسم، کراچی اور حطار (خیبر پختونخوا) میں خود اپنے پلانٹس چلانے کے علاوہ، کمپنی نے اپنے ڈسٹری بیوشن نیٹ ورک کی معاونت کے لیے وسطی اور شمالی پنجاب میں دیگر مارکیٹنگ کمپنیز کے 10 باٹلنگ پلانٹس کی خدمات مستعار لیں۔

انفارمیشن ٹیکنالوجی

ادارہ جاتی اور منظم انفارمیشن کا معیار بہتر بنانے کی حکمت عملی کے ایک حصے کے طور پر آپ کی کمپنی نے ERP سافٹ ویئرز کے اطلاق کے عمل کا آغاز کیا ہے۔ سافٹ ویئرز لائسنسز اور ہارڈ ویئرز ڈیلیور کیے جا چکے ہیں اور کمپنی مالی سال 2017-18 کے دوران ERP پر منتقل ہونے کا ارادہ رکھتی ہے۔

بورڈ کے پاس مالیاتی رپورٹس جمع کرانا

انتظامیہ نے مالیاتی گوشواروں کی تفصیلات کی فوری وصولی اور بورڈ کو بروقت پریزنٹیشن یقینی بنانے کے لیے مالیاتی گوشواروں کا وقت جاتی آڈٹ متعارف کرایا ہے، جس کے نتیجے میں آڈٹ مکمل ہونے میں گزشتہ سالوں کے مقابلے میں نمایاں بہتری آئی ہے۔

سرمایہ کاری کا خرچ (کیپیٹل ایکسپینڈیچر)

منظم اثاثوں میں سرمایہ کاری 72 ملین روپے (76%) سے بڑھ کر 166 ملین روپے ہوگئی (2016: 94 ملین روپے)۔ کمپنی نے LPG سلنڈرز میں 69 ملین روپے سرمایہ کاری کی تاکہ ریٹیل سیگمنٹ میں کمپنی کی پوزیشن مستحکم کی جا سکے۔

سرمایہ کاری پر منافع

مجموعی اوسط اثاثوں پر منافع (قبل از سود منافع اور ٹیکس، مجموعی اوسط اثاثوں سے تقسیم کردہ)، 10% کے لگ بھگ رہا (2016: 10%)۔ ایکویٹی پر منافع (منافع بعد از ٹیکس، ایکویٹی سے تقسیم کردہ) سال کے آغاز پر 48% کے قریب تھا۔

مالیاتی رسک اور طویل مدتی قرض ادا کرنے کی صلاحیت

30 جون 2017 تک، قرض (لون فنانسنگ) خالص ایکویٹی کا 3.6 گنا تھا، گزشتہ سال کے آغاز پر قرض ایکویٹی کا لگ بھگ 5.4 گنا تھا۔ لہٰذا برقرار شدہ آمدن سے خالص ایکویٹی میں اضافے کی وجہ سے مالیاتی رسک میں نمایاں کمی ہوئی۔

مقررہ اثاثوں کی قدر کا دوبارہ تعین

بمطابق 30 جون 2016 ایک خودمختار ویلیوایشن فرم MYK ایسوسی ایٹس نے کمپنی کے منظم مقررہ اثاثوں کی قدر کا دوبارہ تعین 2.155 ملین روپے کی خالص بک ویلیو کے مقابلے میں لگ بھگ 2,788 ملین روپے کیا ہے۔

خالص قدر (نیٹ ورتھ)

خالص ایکویٹی میں 154 ملین روپے (48%) اضافہ ریکارڈ کیا گیا جو بمطابق 30 جون 2017، 470 ملین روپے تھی۔ مقررہ اثاثوں کی قدر کے دوبارہ تعین پر 633 ملین روپے تک اضافہ کمپنی کے کھاتوں میں تسلیم نہیں کیا گیا، جو اگر تسلیم کرلیا گیا تو خالص ایکویٹی میں لگ بھگ 1,103 ملین روپے تک اضافہ ہو جائے گا۔

ادھار اور میعادی قرض

بمطابق 30 جون 2017، واجب الادا رقم موجودہ اثاثوں سے 1,962 ملین روپے زیادہ ہیں جو بنیادی طور ہولڈنگ کمپنی سے کے دو قرضوں اور ان کے جمع شدہ اور غیر ادا شدہ 2,289 ملین روپے سود سے متعلق ہیں۔ ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز نے 10 سال کی مدت پر محیط قسطوں کی ادائیگی کے ساتھ میعادی قرضوں کی تنظیم نو کی منظوری دے دی ہے۔

افرادی وسائل

بمطابق 30 جون 2017، ملازمین کی تعداد 42 تھی۔ مرکزی سرگرمیوں پر توجہ مرکوز کرنے کی حکمت عملی کے ایک حصے کے طور پر چند دیگر سرگرمیاں کامیابی سے آؤٹ سورس کی گئی۔

ملازمین کی پیداواریت

پیداواریت میں بہتری ہوئی جیسا کہ فی ملازم EBITDA 2.75% اضافے سے 4.2 ملین روپے ہوگیا۔ (2016: 4.1 ملین روپے)

گزشتہ سال کے آپریٹنگ نتائج میں آنے والی تبدیلیوں کا تجزیہ

- **کاروباری نتائج**

کمپنی کے کاروبار میں آمدنی EBITDA میں 20 ملین روپے (5%) کے مستقل اضافے سے ظاہر ہے جس کا کل حجم 435 ملین روپے ہے۔ کمپنی نے ٹرمینل بزنس میں زیادہ حجم ان مارجنز میں جو کم حجم کی وجہ سے جزوی طور پر آفسیٹ تھے اور ایل پی جی کے کاروبار میں موجودہ مارجنز میں معمولی کمی کا مظاہرہ کیا ہے۔

- **ایل پی جی ٹرمینل بزنس**

ٹرمینل ہینڈلنگ کا حجم 42% مارکیٹ شیئرز کے ساتھ 30.101 ایم ٹی (20%) سے بڑھ کر 183.402 ایم ٹی ایل پی جی ہو گیا (2016 میں 153,301 ایم ٹی ایل پی جی)۔ پی کیو اے میں محدود اسٹوریج کے باوجود 6500 ایم ٹی اسٹوریج فیسیلیٹیز سہولت والے اسٹوریج ٹینکس کی معطلی اور ری سرٹیفکیشن کی وجہ سے یہ ممکن ہو سکا۔

- **آپریٹنگ اخراجات**

کمپنی نے تمام تر توجہ لاگت کے استدلال کو برقرار رکھنے پر مرکوز رکھی۔ فکسڈ لاگت کا کنٹرول اور ریڈکشن کم سے کم رکھا گیا جو گزشتہ سال کے مقابلے صرف 19 ملین کے اضافے (14%) کے ساتھ بڑھ کر 151 ملین روپے ہو گیا۔

- **مالیاتی اخراجات**

مالی سال کے دوران سود کی شرح میں کمی آئی جس کی وجہ سے ہولڈنگ کمپنی سے قرضوں کی مالیاتی لاگت 9.7 ملین روپے (7.7%) کمی کے ساتھ 115 ملین روپے ہو گئی جس کی وجہ سود کی شرح میں 57 بیسس پوائنٹس کے ساتھ 6.77% کمی کی ہے (2016 میں 7.34%)۔

مختصر مدتی لیکویڈیٹی

کمپنی کی کیش پوزیشن 184 ملین روپے (2016: 240 ملین روپے) کے بجٹ کیش اور بینک بیلنس پوزیشن کے ساتھ اپنی کاروباری سرمایہ کی ضروریات پوری کرنے کے لیے مستحکم رہی۔ علاوہ ازیں فکسڈ آف کسٹمرز کے حق میں 104 ملین روپے کی بینک گارنٹی حاصل کرنے کے لیے 116 ملین روپے کا ایک ڈپازٹ جمع کرایا گیا ہے۔

کیش فلوز

کیپیٹل بزنس کے لیے 72.9 ملین روپے کی مجموعی ادائیگیاں اور 182 ملین روپے کے ورکنگ کیپیٹل میں سرمایہ کاری کے بعد، جس میں ہولڈنگ کمپنیوں کو ادائیگیاں شامل ہیں، آپریشنز سے کیش فلو کی مالیت 234 ملین روپے ہے۔

ہولڈنگ کمپنی/ٹریڈ سے متعلق قابل وصولی اور قابل ادائیگی رقوم

اپنی ہولڈنگ کمپنی کے ساتھ کمپنی کے 161 ملین روپے کے تصفیے اور ہولڈنگ کمپنی سے 10.4 ملین روپے ٹریڈ سے متعلق قابل وصولی رقم وصول کرنے سے ٹریڈ سے متعلق قابل وصولی اور قابل ادائیگی رقوم میں نمایاں کمی ہوئی ہے۔

میڈیکل سروسز

مالی سال 17-2016 کے دوران میڈیکل سروسز ڈپارٹمنٹ نے ایک منظم طریقے سے طبی سہولیات کی فراہمی کے لیے کام کیا ہے جس میں ڈاکٹروں کی ٹیموں نے پہلے سے موجود بیماریوں کے علاج کے ساتھ ساتھ لوگوں میں سگریٹ نوشی چھوڑنے اور وزن گھٹانے کے حوالے سے احتیاطی اقدامات بھی متعارف کروائے ہیں۔

ڈاکٹرز نے اپنی معلومات میں اضافے اور تربیت کے لیے مختلف سیمینارز میں بھی شرکت کی تاکہ نئے قواعد وضوابط سے خود کو آگاہ رکھیں اور تحقیق سے طریقہ کار اور علاج کی حکمت عملی میں تبدیلی سے علاج معالجے کے دورانیے میں کمی لائی جاسکے۔

ڈیپارٹمنٹ نے کمپنی کے چالیس سال تک کی عمر کے ملازمین میں مختلف طبی مسائل جیسے ہائپرٹینشن، ذیابیطس، ڈس لیپڈیمیا اور کینسر کی مختلف اقسام سے متعلق ہیلتھ سروے بھی کیا۔

سی ایم او نے سندھ اور بلوچستان کے تمام میڈیکل سینٹرز کا دورہ بھی کیا تاکہ طویل المیعاد بیماریوں میں مبتلا افراد کو دی جانے والی طبی سہولیات کی جانچ کرکے ان میں بہتری لائی جاسکے اور ان کے معیار کو ان طبی امداد کے مساوی لایا جاسکے جو کراچی شہر میں فراہم کی جاتی ہیں۔ مریضوں کے طبی معائنے کے دوران معلوم ہوا کہ ان میں سے کئی مریض دل کے شدید امراض میں مبتلا ہیں جبکہ ان کو علاج کی ناقص سہولیات فراہم کی جارہی ہیں۔ سی ایم او نے ایسے تمام مریضوں کو کراچی منتقل کرنے کے احکامات جاری کیے تاکہ بہتر علاج کے ذریعے ان کی بیماری پر قابو پایا جاسکے۔

ہیڈ آفس میں خون عطیہ کرنے کے لیے CCD کے اشتراک سے کیمپس بھی لگائے گئے جس میں کمپنی کے اعلیٰ عہدے داران اور دیگر ملازمین نے جوش وخروش سے حصہ لیا اور ان کے اس اقدام کو انڈس ہسپتال سے آئی ہوئی ٹیم نے بھی بے حد سراہا۔ ذیابیطس میلہ اور چلڈرن ہیلتھ گالا کے علاوہ ملازمین اور ان کے گھر والوں کے لیے نفسیاتی امراض اور ذیابیطس سے متعلق کئی ہیلتھ اویرنیس پروگرامز کا انعقاد بھی کیا گیا۔

میڈی کیئر ہسپتال کو ایس ایس جی سی کے پینل پر رجسٹر کیا گیا۔ جنرل فزیشن ڈاکٹر مشہود عالم شاہ، نیورولوجسٹ ڈاکٹر شاہد محمود اور ویسکولر سرجن ڈاکٹر کاشف کو بھی ایس ایس جی سی کے پینل میں شامل کیا گیا۔

کمپنی کے تمام میڈیکل سینٹرز میں کمپنی کی اپنی لیب کلیکشن فیسیلیٹی کو بھی ٹینڈرز پروسیس کے ذریعے متعارف کروایا گیا۔

ایس ایس جی سی-ایل پی جی (پرائیویٹ) لمیٹڈ (ایس ایس ایل)

سوئی گیس ایل پی جی (پرائیویٹ) لمیٹڈ کا سود، منافع، ٹیکس اور ڈیپری سی ایشن اور امورٹائزیشن (EBITDA) 5% اضافے کے ساتھ 435 ملین روپے پر پہنچ کر گزشتہ چھ سالوں کی بلند ترین سطح پر پہنچ گئی۔ کمپنی نے تمام آپریٹنگ اخراجات اور سرمایہ جات شامل مینجمنٹ فیس جس کی مالیت تقریباً 12 ملین تھی (2016:Nil)، کا بھی احاطہ کیا جو ہولڈنگ کمپنیز کو واجب الادا تھیں اور ٹیکس کٹوتی کے بعد 185 ملین روپے کا آفٹر ٹیکس منافع کمایا جو 16 ملین روپے (9%) کا کل اضافہ ہے۔ 31 ملین روپے کی ٹیکس ادائیگی کے بعد منافع 154 ملین روپے رہا جس کی بڑی وجہ ٹیکس کی کم شرح تھی جو گزشتہ سال بڑھتے ہوئے ڈیفرڈ ٹیکس ایسٹس کی بنیاد پر 42 ملین روپے کے ٹیکس کریڈٹ پر کل 17% تھی۔

آمدنی فی شیئر

بنیادی اور تخفیف شدہ آمدنی فی شیئر 1.54 روپے (2016 میں 2.11 روپے تھی)۔ گزشتہ سال آمدنی فی شیئر موجودہ سال فی شیئر آمدنی سے 0.57 روپے زیادہ تھی جس کی بنیادی وجہ گزشتہ سال میں ہر شیئر پر 0.7 روپے کا ٹیکس کریڈٹ امپیکٹ ہے۔

ہیومن ریسورسز

ہیومن ریسورسز ڈپارٹمنٹ ایس ایس جی سی کے حقیقی اور اہم سرمایے یعنی ملازمین اور افرادی قوت کو منظم رکھنے کی خدمات انجام دیتا ہے۔ ایچ آر ادارے کو اہداف کے حصول میں خصوصی معاونت دیتا ہے۔ سوئی سدرن گیس کمپنی میں ایچ آر ڈپارٹمنٹ کا کردار تمام ایچ آر خدمات کو منظم کرنا ہے جن میں کام کا تعین، بھرتیاں، کارکردگی پر مبنی انعامات، کارکردگی کی جانچ، ترقی کی منصوبہ بندی، ٹریننگ اور ڈیولپمنٹ پر عمل درآمد شامل ہے۔

مالی سال 2016-17 میں ایچ آر نے بھرتیوں کے لیے ایک بڑی سرگرمی کا آغاز کیا تاکہ کام کے لیے درست افرادی قوت کا انتخاب کیا جاسکے۔ اس سلسلے میں مختلف گریڈ کے عہدوں کے لیے بھرتیاں عمل میں لائی گئیں جس میں جونیئر ایگزیکٹوز / انجینئرز سے لے کر سینئر ایگزیکٹوز رینک شامل تھے۔ سوئی سدرن گیس میں بھرتی کا پورا عمل جانچ پڑتال کے مختلف مراحل پر مبنی ہے تاکہ میرٹ پر مبنی شفاف بھرتیوں کو یقینی بنایا جاسکے اور اعلیٰ تربیت یافتہ افرادی قوت کو ملازمت پر رکھا جائے۔ درخواست کنندگان سے رجحان ٹیسٹ (NTS) لیا جاتا ہے جس کے بعد حتمی انتخاب سے پہلے انٹرویوز لیے جاتے ہیں۔ نئے بھرتی ہونے والے نوجوان ایگزیکٹوز موجودہ افرادی قوت میں نئی سوچ لانے کا باعث ہیں جس سے ایس ایس جی سی کی کارکردگی میں بہتری آئے گی۔ کمپنی میں ایک باہمی اعتماد و یگانگت کا ماحول ایچ آر کے عزم سے ممکن ہے۔

ایمرجنگ لیڈرشپ پروگرام (ای ایل پی)

ایمرجنگ لیڈرشپ پروگرام کے تحت کمپنی نے قابل اور باصلاحیت نوجوانوں کو بطور مینجمنٹ ٹرینی انجینئرز / ایگزیکٹوز کے بھرتی کیا۔ اس پروگرام کا مقصد مستقبل کے لیڈرز تیار کرنا اور ان کی ٹریننگ کرنا تھا۔ 2017 میں کل 75 باصلاحیت افراد کو اس پروگرام کے تحت کمپنی میں شامل کیا گیا۔ ان ایم ٹیز کو خصوصی طور پر تیار کردہ پروگرام کے تحت ٹریننگ دی گئی تاکہ ایس ایس جی سی کے ماحول سے انہیں آشنا کیا جاسکے۔

آرگنائزیشن ڈیولپمنٹ

ایچ آر کے ذریعے عمل میں لایا جانے والا ایس ایس جی سی کی آرگنائزیشن ڈیولپمنٹ (او ڈی) جانچ، تربیت اور ڈیولپمنٹ کے ذریعے کمپنی کی افرادی قوت کی کارکردگی اور قابلیت کو بہتر سے بہتر بنانے کے لیے پرعزم ہے۔ اس سے کمپنی کی سطح پر کارکردگی میں بہتری آئے گی جو یو ایف جی میں کمی لانے میں براہ راست کردار ادا کرے گی۔

او ڈی (OD) اس بات کو بتاتے ہوئے خوشی محسوس کر رہا ہے کہ ایس ایس جی سی کے ٹریننگ سینٹر کو ری برانڈ کر کے لرننگ اینڈ ڈیولپمنٹ سینٹر (ایل ڈی سی) کا نام دیا گیا ہے جو پہلے گیس ٹریننگ انسٹی ٹیوٹ (جی ٹی آئی) کے نام سے جانا جاتا تھا۔ سال 2016-17 میں ایل ڈی سی مختلف اقسام کی تربیت پر مرکوز ہے اور ٹیکنیکل، سوفٹ اسکلز، منیجریل اور لیڈرشپ اسکلز پر خصوصی توجہ دے رہا ہے۔

اس وقت ہمارا بہترین پریکٹس اور ٹیکنیکل انسٹی ٹیوشنز کے ساتھ اتحاد کا عمل جاری ہے اس کی بدولت ایس ایس جی سی اپنی موجودہ دستاویزات کو ان کے ہم پلہ کرتے ہوئے اپ ڈیٹ کر سکے گا اور اپنے آرگنائزیشنل ایل اینڈ ڈی فریم ورک میں بہترین کلاس لرننگ اور ڈیولپمنٹ ٹیکنیکس کو شامل کر سکے گا۔ اس سال ہم ادارے میں کل 3992 افرادی ایام شامل کرنے میں کامیاب رہے ہیں۔ ہمارا اگلا قدم تشکیل مینجمنٹ ڈیولپمنٹ (ایم ڈی) اور لیڈرشپ مینجمنٹ اینڈ ڈیولپمنٹ (ایل ای ایم ڈی) پروگرام کا انعقاد ہے۔

ایس ایس جی سی کی جانب سے ٹریننگ کے دوران فراہم کردہ سوفٹ اور ٹیکنیکل اسکلز کا جائزہ درج ذیل ہے:

ٹریننگ کی قسم	ٹریننگ کی تعداد	شرکاء	ٹریننگ کے افرادی ایام
سوفٹ اسکلز	51	1287	1287
ٹیکنیکل	73	1700	2705
مجموعی	124	2987	3992

جل بُجھ – ایک اختراعی جنت گیس ڈیٹیکٹر ڈیوائس (جی ٹی ڈی)

قدرتی گیس ہماری قومی معاشی ترقی اور خوشحالی میں ایندھن کا کردار ادا کر رہی ہے۔ اس لیے اس قیمتی گیس کی بچت کے لیے آر اینڈ ڈی ڈپارٹمنٹ نے جل بُجھ متعارف کروائی ہے، جو پانی کے گیزرز میں نصب ایک ڈیٹیکٹر ڈیوائس (جی ٹی ڈی) ہے جسے ایم ایس ڈیزائن سینٹر نے تیار کیا ہے۔ اس کے ذریعہ نہ صرف گیس کے استعمال پر نظر رکھی جا سکتی ہے بلکہ اسے کنٹرول بھی کیا جا سکتا ہے۔ جی ٹی ڈی کو گیزرز کے تھرموسٹیٹ کے ساتھ نصب کر دیا جاتا ہے جو ہیٹر کے درجہ حرارت کو پہلے سے تعین کردہ شیڈول کے مطابق ایک موبائل ایپلیکیشن کے ذریعہ کنٹرول کرتا ہے۔ جس سے ایک عام گیزر بھی ماحول دوست اور گیس بچانے والی مشین میں تبدیل ہو جاتا ہے۔ جی ٹی ڈی کے استعمال سے ملک میں نہ صرف قدرتی گیس کی بچت ہوگی بلکہ صارفین کے گیس اخراجات میں بھی کمی واقع ہوگی۔

اوپا سینس (یو کے)

گیس لیک اور اخراج (ڈیٹیکشن) سسٹم پر اوپا سینس نے ایک پریزنٹیشن میں بتایا کہ ان کی منفرد ٹیکنالوجی گیس لائنز کے اطراف چھپی ہوئی کمزور آپٹیکل فائبرز کو حساس سینسرز میں تبدیل کر دیتی ہے جس کے ذریعہ نقصان دہ اور خطرناک عوامل جیسے گیس لیک، کھدائی، کٹائی اور والوز کے کھولنے اور بند کرنے کو بھی مانیٹر کیا جا سکتا ہے۔ اس کے علاوہ یہ ٹیکنالوجی محدود حد تک پِگ ٹریکنگ اور مخصوص علاقوں میں بیرونی مداخلت کو پکڑنے جیسی اضافی خدمات بھی فراہم کرتی ہے۔ اس ٹیکنالوجی کو نئے بچھائے جانے والے پائپ لائن پروجیکٹس کے لیے موزوں قرار دیا گیا ہے۔

ڈسٹری بیوشن نیٹ ورک کے لیے سینتری گیس سمولیشن اور لوڈ مینجمنٹ سافٹ ویئر

ڈسٹری بیوشن ڈپارٹمنٹ میں سمولیشن سافٹ ویئر کی ضرورت محسوس ہونے کے بعد ڈپارٹمنٹ کی جانب سے ایک تفصیلی تحقیق عمل میں لائی گئی اور اس کے ذریعے "سینتری گیس سمولیشن اینڈ لوڈ مینجمنٹ سافٹ ویئر" بنایا گیا جسے DNV-GL گروپ نے تیار کیا ہے۔ اس ٹیکنالوجی کو خصوصی طور پر گیس انڈسٹری کے لیے تیار کیا گیا ہے۔ یہ جی آئی ایس سے معلومات اخذ کر کے گیس کے پریشر، بہاؤ اور لائن کے حجم، میٹیریل، گیس ٹریکنگ اور سپلائی ایریاز وغیرہ کو حال اور نئے منصوبوں کے لیے سمولیٹ کر سکتا ہے۔ متحدہ عرب امارات کے DNV-GL کے نمائندگان نے ایس ایس جی سی کا دورہ کیا اور کاروباری اشتراک کے لیے متعلقہ اعلیٰ قیادت سے ملاقات کی۔ اس موقع پر وینڈرز کے ذریعے براہ راست سمولیشن کا طریقہ کار بھی دیکھا گیا تاکہ سمولیشن سافٹ ویئر کی انجینئرنگ اور موجودہ سسٹم پر اس کے استعمال کے امکانات کو سمجھا جا سکے۔ سوئی سدرن گیس کمپنی کے آر اینڈ ڈی ڈپارٹمنٹ نے اس سلسلے میں چھ سافٹ ویئر لائسنس بھی حاصل کیے ہیں تاکہ مختلف فیلڈ کیمبری جانچ اور سمولیشن کی جا سکے۔

آن لائن ویب پورٹل: آئیں مل کر کام کریں

آئی ٹی ٹیم کے اشتراک سے سوئی سدرن گیس کمپنی کی ویب سائٹ پر ایک ویب پورٹل تیار کیا گیا ہے جس تک نہ صرف ایس ایس جی سی کے ملازمین رسائی حاصل کر سکتے ہیں بلکہ عوام بھی اس سے مستفید ہو سکتے ہیں۔ یہ پورٹل ایک ایسا منفرد پلیٹ فارم ہے جہاں تمام افراد اپنی رائے دے سکتے ہیں، خیالات کا اظہار کر سکتے ہیں، مشورے دے سکتے ہیں اور ایسے افراد جو مشورہ چاہتے ہیں، ایس ایس جی سی کو نئے پروپوزل دے سکتے ہیں جو بے شک نئے ہوں یا جن پر فوری عمل کیا جا سکے۔ اس پورٹل پر کئی تحقیقی آراء موصول ہو چکی ہیں جنہیں متعلقہ شعبہ جات تک پہنچایا جا چکا ہے۔

خدمات کے حصول کے لیے وینڈرز کی پری کوالیفکیشن

اس سرگرمی میں سرویں، والوز، ہیٹرز، ریگولیٹرز اور سولر کی فراہمی کے لیے کل 16 سپلائرز سے بولیاں موصول ہوئیں۔ آر اینڈ ڈی، ایچ ایس ای اینڈ کیو اے، فائنانس، ڈسٹری بیوشن اور پروکیورمنٹ پر مبنی ایک ٹیم نے موصول ہونے والے دستاویزات کا تفصیلی جائزہ لیتے ہوئے انہیں کڑے معیارات اور مفصل سائٹ آڈٹ پر پرکھا اور حتمی رپورٹ اعلیٰ انتظامیہ کو پیش کی۔ منظور شدہ سپلائرز سے بہترین اور معیاری اشیاء کی فراہمی سوئی سدرن کے لیے ایک ضروری امر ہے جو ڈسٹری بیوشن نیٹ ورک کو درپیش یو ایف جی کی صورتحال کو مدنظر رکھتے ہوئے اور بھی اہم ہو گیا ہے۔

آئی ٹی کے مستقبل کے پلانز

(1) ایس ایس جی سی ان ہاؤس ڈیزاسٹر ریکوری سائٹ: آئی ٹی کے شعبے نے بزنس کریٹیکل پروجیکٹ کا آغاز کیا اور حیدرآباد ریجنل آفس میں ان ہاؤس ڈیزاسٹر ریکوری سائٹ کا اطلاق کیا تاکہ کاروباری بحران کے دوران بزنس کریٹیکل ایپلیکیشنز اور آئی ٹی سرورز کو جاری رکھا جاسکے۔

(2) ایس ایم ایس الرٹس: ایس ایس جی سی نے ایس ایم ایس کی ایس سروس متعارف کرانے کا پلان بنایا ہے، جس سے صارفین اپنے موجودہ بل اور دیگر تفصیلات ایس ایم ایس کے ذریعے حاصل کرسکیں گے۔ جن صارفین نے نئے کنکشنز کے لیے اپلائی کیا ہوگا وہ اپنی درخواست کے حوالے سے ایس ایم ایس کے ذریعے مستقل اپ ڈیٹ حاصل کرسکیں گے۔

ریسرچ اینڈ ڈیولپمنٹ

(R&D) ڈیپارٹمنٹ کمپنی کے بزنس آپریشنز تکنیکی مسائل اور حکمت عملی کے فیصلوں کے حوالے سے ایک جامع کردار ادا کررہا ہے۔ یہ ڈیپارٹمنٹ جو ماضی میں اتنا فعال نہیں تھا اب تشکیل نو کے بعد دیگر ڈائریکٹوریٹ میں بطور ایک اینڈ اپلائیڈ ریسرچ عمل میں لایا گیا ہے، جس میں تکنیکی ڈیپارٹمنٹس، انوویشن، بزنس ٹرینڈز، کوالٹی مینجمنٹ، UFG، توانائی کی بچت اور آلات کی موثر کارکردگی شامل ہے۔ (R&D) ڈیپارٹمنٹ کا بنیادی کام کمپنی کے تکنیکی مسائل کو حل کرنا ہے۔ مالیاتی سال 2016-17 کے دوران اس ڈیپارٹمنٹ نے درج ذیل پروجیکٹس عمل میں لائے:

گراؤنڈ پینیٹریٹنگ ریڈار

زمین میں دبے گیس پائپس کا مقام پتہ کرنے اور گیس میٹر سے گیس آف ٹیکس کا تعین کرنے کے لیے گراؤنڈ پینیٹریٹنگ ریڈار (GPR) پر وسیع پیمانے پر ریسرچ کی گئی۔ GPR کی صلاحیتوں کا تعین کرنے کے لیے دو دنوں پر مشتمل عملی مظاہرہ بھی کیا گیا۔ اس کا نتیجہ یہ نکلا کہ GPR چھ انچ کے HD PE پائپس کا مقام معلوم کرنے، غیر قانونی آف ٹیکس کا تعین کرنے اور موجودہ ڈسٹری بیوشن ڈرائنگز کو درست کرنے میں مددگار ہے۔ ضروری منظوریوں کے بعد ڈسٹری بیوشن اور کاسٹمر سروسز آپریشنز کے لیے دو GPRs کی منظوری دی گئی۔

تعلیمی اداروں اور صنعتوں کا اشتراک

بزنس کے طریقہ کار میں اصلاحات کو ممکن بنانے اور قومی سطح پر تحقیق کے ایجنڈا کو آگے بڑھانے کے لیے R & D ڈیپارٹمنٹ نے تعلیمی اداروں اور صنعتوں کے اشتراک کے نظریے کو عملی جامہ پہنانے کا آغاز کیا۔ اس حوالے سے ایس ایس جی سی اپنی کاروباری مہارت اور جدت شدہ طریقہ کار سے تعلیمی اداروں کی معاونت کرے گی۔ یہ اشتراک دونوں کے لیے کامیابی کا باعث ہوگی۔ صف اول کی قومی یونیورسٹیوں سے مفاہمت کی یادداشت کے حوالے سے مذاکرات جاری ہیں اور امید کی جاتی ہے کہ مقررہ وقت میں حتمی شکل سامنے آئے گی۔ مختلف یونیورسٹیوں سے معلومات کے تبادلے کے لیے ایک ان ہاؤس ویب پورٹل بھی زیر تشکیل ہے۔

MEMS (مائیکرو الیکٹرو مکینیکل سسٹمز) اسمارٹ میٹرنگ

کمپنی نے میسرز NESCOM کے ساتھ اشتراک میں MEMS میٹرز کی تیاری کا آغاز کیا۔ اس پائلٹ پروجیکٹ کا R&D کے تحت آغاز کیا گیا تھا تاکہ مقامی R&D کی معاونت اور UFG کو کنٹرول کیا جاسکے۔ NESCOM کی طرف سے 9 m3/hr گنجائش کا حامل ایک پروٹو ٹائپ ماڈل تیار کیا گیا تھا اور میژرمنٹ ڈیپارٹمنٹ کی طرف سے ±2% کی قابل قبول حد میں نتائج کے ساتھ اس کی آزمائش کی گئی تھی۔ یہ ماڈل MR-09/الٹراسانک میٹرز کے مساوی ہے۔ MEMS میٹرز میٹرنگ میں جدید ترین ٹیکنالوجی ہے اور الٹراسانک میٹرز کے ساتھ قابل تقابل ہے، جیسا کہ دونوں ہی غیر متحرک حصوں پر کام کرتے ہیں۔ میسرز NESCOM نے SSGC سے اس کے میٹر پلانٹ پر بتدریج ڈیولپمنٹ پلان کے تحت MEMS میٹرز کی کمرشل پروڈکشن کے لیے ٹیکنالوجی ٹرانسفر کرنے کا اقرار کیا ہے۔

اس ڈیپارٹمنٹ نے اپنا انٹرانیٹ ویب پورٹل لانچ کیا، جس پر سہ ماہی بنیادوں پر ڈیش بورڈ کی شکل میں تمام زونز کی کارکردگی ملاحظہ کی جاسکتی ہے۔ کسی واقعہ کی اطلاع اور اس کا تفتیشی عمل بھی ایک طریقہ کار کے ذریعے آن لائن ہونا ممکن ہے۔ HSE & QA کی دستاویزی لائبریری میں تمام متعلقہ دستاویزات موجود ہیں، جن میں: پالیسیز، اسٹینڈرڈز، آپریٹنگ طریقہ کار اور ساتھ ساتھ بین الاقوامی معیارات سے متعلق دستاویزات شامل ہیں۔ اس ویب پورٹل پر مکمل IMS ہینڈ بک بھی دستیاب ہے۔

اس ڈیپارٹمنٹ نے RLNG-II پروجیکٹ کی تعمیری سرگرمیوں کے دوران ایک کلیدی کردار ادا کیا ہے۔ اس کے انجینئرز پلان کرنے اور عملدرآمد کرنے کے مرحلوں میں بڑی مستعدی سے شامل رہے ہیں۔ HSE & QA نے RLNG-II پروجیکٹ کے لیے پلان برائے پریکٹس کو ایک محفوظ اور سازگار ماحول میں انجام دینے کے حوالے سے رہنما ثابت ہوگا، اور ساتھ ہی ریسورسز کو موثر طریقے سے استعمال کرنے میں مددگار ہوگا۔ ٹول بکس سیشنز بھی منعقد کیے گئے تاکہ تمام ورکرز کام کی جگہ پر تحفظ کو یقینی بنائیں۔

HSE & QA انجینئرز نے کراچی، حیدرآباد، نوابشاہ، سکھر، لاڑکانہ اور کوئٹہ میں ٹریننگ اینڈ ڈیولپمنٹ سینٹرز میں درج ذیل موضوعات پر ٹریننگ دی: انٹیگریٹڈ مینجمنٹ سسٹم اور رویوں کی بنیاد پر تحفظ، حفاظتی ڈرائیونگ، ایمرجنسی رسپونس، ویلڈنگ اور کٹنگ کے حوالے سے صحت کے تقاضات، کوالٹی انشورنس کا اطلاق کرنا، آفس اور متعلق ماحول کو سازگار بنانا۔

ایس ایس جی سی نے ایمپلائرز فیڈریشن آف پاکستان کی جانب سے بارھواں بیسٹ HSE پریکٹسز ایوارڈ 2016 حاصل کیا اور اس کے علاوہ NFEH کی جانب سے تیرھواں اینول اینوائرنمنٹل ایکسیلنس ایوارڈ 2016 بھی حاصل کیا۔ کمپنی کے ششماہی انٹرنل اور ایکسٹرنل آڈٹس موجودہ طور پر ISO14001:2004 اور OHSAS18001:2007 کی بنیاد پر انجام دیے جارہے ہیں۔ گذشتہ سرویلنس آڈٹ کے دوران کسی بڑی نان کنفرمٹی (NCR) کی نشاندہی نہیں ہوئی، جس کے نتیجے میں کمپنی نے ستمبر 2016 میں HSE مینجمنٹ سسٹم کی ری سرٹیفکیشن حاصل کی۔ کمپنی نے بہترین نیشنل انوائرنمنٹل کوالٹی اسٹینڈرڈز (NEQS) اور دیگر تمام انوائرنمنٹل اینڈ انوائرنمنٹل پروٹیکشن ایکٹ 1997-2000 کے اصولوں پر عمل کرتے ہوئے، کمپنی ماحولیاتی پیرامیٹرز جیسا کہ ہوا کا اخراج، پانی میں گیس کا اخراج، آوازوں کی سطح اور گاڑیوں کے اخراج کو مانیٹر کرنے کے لیے پیش قدم رہی ہے۔ ان اقدامات کی مانیٹرنگ اور پیمائش EPA کی منظور شدہ تھرڈ پارٹی کے ذریعے کی جاتی ہے تاکہ NEQS کی درست حدود کا تعین کیا جاسکے۔

انفارمیشن ٹیکنالوجی

(1) ڈیٹا سینٹر لوکل ایریا نیٹ ورک ٹوپولوجی کی اپ گریڈیشن: آئی ٹی کے شعبے نے جدید سسکو نیکسس کور لوکل ایریا نیٹ ورک (Cisco Nexus Core Local Area Network) سوئچز نصب کیے تاکہ ڈیٹا نیٹ ورک کی گنجائش کو بڑھایا جائے اور اسے قابل بھروسہ بنایا جائے اور ایس ایس جی سی زونز میں کمپیوٹرز کے لیے ہائی اویلیبلٹی آف لوکل ایریا کنفیگریشن کو متعارف کیا۔ اس اہم اپ گریڈ سے اینڈ یوزرز کے لیے لوکل ایریا نیٹ ورک پر انٹرپرائز ایپلیکیشنز اور سرورز چلانے میں سہولت پیدا ہوگی اور یہ تسلسل کا باعث ہوگا۔

(2) ایس ایس جی سی ہیڈ آفس اور آفسز میں بائیو میٹرک ایکسیس کنٹرول سسٹم: آئی ٹی کے شعبے نے ایس ایس جی سی کے زیادہ تر علاقوں میں جدید بائیو میٹرک ایکسیس کنٹرول ڈیوائسز نصب کی ہیں، تاکہ ایس ایس جی سی کے دفاتر میں ملازمین کی انٹری اور ایگزٹ کے حوالے سے فزیکل ایکسیس کنٹرول اور خودکار رپورٹنگ کو بہتر کیا جاسکے۔

(3) ایس ایس جی سی کے گیس کے تمام صارفین کے لیے اوریکل CC&B میں بلنگ اور کیلکولیشن کی کامیاب تکمیل: جس میں ایس ایم ایس، ٹی بی ایس اور پی آر ایس کی بلنگ شامل ہے۔

(4) کراچی ریجن کے لیے اوریکل CC&B میں بلز ڈیپارٹمنٹ کے لیے کیس مینجمنٹ کا اطلاق کیا گیا۔

(5) GID-CESS اور GDS ناکنگ آف (knocking-off) کی رپورٹس کی تصحیب کی گئی۔

انٹرنل آڈٹ

ایس ایس جی سی میں انفارمیشن سسٹم آڈٹ اینڈ کنٹرول ایسوسی ایشن، ISACA کی جانب سے جاری کردہ انٹرنل آڈٹنگ اور انفارمیشن سسٹم آڈٹنگ کے معیارات کے کوڈ آف کارپوریٹ گورننس کے مطابق انٹرنل آڈٹ (IA) عمل میں لائی جاتی ہے۔ IA ڈپارٹمنٹ کی سربراہی چیف انٹرنل آڈیٹر کرتے ہیں، جو اپنی کارکردگی کے حوالے سے ڈائریکٹرز کی آڈٹ کمیٹی اور انتظامی طور پر منیجنگ ڈائریکٹر کو رپورٹ کرتے ہیں۔ IA انشورنس اور کنسلٹنگ سروسز فراہم کرتا ہے اور کمپنی کے دیگر آپریشنز اور طریقہ کار میں رسک مینجمنٹ، کنٹرول اور گورننس میں بہتری لاکر انہیں مزید موثر بناتا ہے۔ IA کی سرگرمیوں کی اتھارٹی، ذمہ داری اور رپورٹنگ کے آپس میں تعلق کو انٹرنل آڈٹ کے چارٹر میں بیان کیا گیا ہے، جو کہ آڈٹ کمیٹی سے منظور شدہ ہے۔ IA کا ضابطہ اخلاق، اس حد سے وضع کیا گیا ہے کہ انٹرنل آڈیٹنگ ٹیم میں اخلاقیات کو فروغ دیا جائے، جس سے ٹیم اپنی ذمہ داریاں موثر طریقے سے نبھا سکیں۔

تمام IA انشورنس سروسز سالانہ آڈٹ پلان کے طور پر عمل میں لائی جاتی ہیں جو کہ آڈٹ کمیٹی سے منظور شدہ ہوتا ہے جبکہ کنسلٹنگ سروسز محکموں کی مینجمنٹ کی درخواست کے مطابق عمل میں لائی جاتی ہیں۔ مالیاتی سال 2016-17 کا آڈٹ پلان پر موثر طریقے سے عمل کیا گیا۔ ڈائریکٹرز کی آڈٹ کمیٹی کو آڈٹ کے اہم نتائج سے آگاہ کیا گیا۔ نتیجے کا عمل کنٹرولز کو بہتر بنانے، ادارے کی قدر بڑھانے اور آپریشنز کو مزید موثر اور ریسورسز کے بہترین استعمال سے بچت کرنے میں مددگار ثابت ہوا۔

ضابطے اور ٹیرف

- ایس ایس جی سی نے آئل اینڈ گیس ریگولیٹری اتھارٹی (OGRA) کی جانب سے واضح کردہ کارکردگی اور سروسز کے معیارات کو مرتب کیا تاکہ قدرتی گیس کی ٹرانسمشن، ڈسٹری بیوشن اور بلنگ سے متعلق سرگرمیاں ضابطوں کے مطابق کی جاسکیں۔
- زیر جائزہ سال کے دوران، 03 نومبر، 2016 کو کمپنی نے مالیاتی سال 2016-17 کے لیے OGRA کے سامنے پٹیشن دائر کی تاکہ فائنل ریونیو ریکوائرمنٹ (FRR) کا تعین کیا جاسکے۔ اتھارٹی نے 22 دسمبر، 2016 کو اپنے فیصلے میں مجوزہ اوسط قیمت میں 71.64 روپے فی ایم ایم بی ٹی یو کا تعین کیا۔
- 20 جنوری، 2017 کو مالیاتی سال 2016-17 کے لیے نظرثانی کی درخواست پیش کی گئی۔ تاہم، 19 جون، 2017 کو ترمیم شدہ درخواست برائے نظرثانی پیش کی گئی، جس میں موجودہ مقررہ قیمت میں یکم جولائی 2015 سے 4.59 روپے فی MMBTU کے اوسط اضافے کا مطالبہ کیا۔
- زیر جائزہ مدت کے دوران، ایس ایس جی سی نے 05 نومبر، 2016 کو مالیاتی سال 2016-17 کے لیے DERR پر نظرثانی کی ایک درخواست جمع کرائی جس میں کمپنی نے 53.53 روپے فی MMBTU کی مقررہ قیمت کے اضافے کی درخواست کی۔
- 06 مارچ، 2017 کو ایس ایس جی سی نے مالیاتی سال 2016-17 کے لیے تخمینہ شدہ ریونیو کی ضروریات (ERR) جمع کرائی، جس میں کمپنی نے 114.57 روپے فی MMBTU کے اضافے کی درخواست کی۔ عوامی سماعت، 10 اگست، 2017 کو منعقد کی گئی۔ اتھارٹی نے 20 ستمبر، 2017 کو اپنے فیصلے کے ذریعے ERR کا تعین کیا اور 96.34 روپے فی MMBTU اضافے کی اجازت دی۔

ہیلتھ، سیفٹی، اینوائرمنٹ اور کوالٹی انشورنس (HSE & QA)

HSE & QA، ایس ایس جی سی کے ملازمین اور اسٹاف کو تمام فرائض کی ادائیگی میں HSE کی بہترین پریکٹسز کو فروغ دے کر محفوظ ماحول فراہم کرنے کے لیے پرعزم ہے۔ انٹیگریٹڈ مینجمنٹ سسٹم کو لاگو کرنا ضروری ہے تاکہ HSE & QA کی مجموعی کارکردگی بڑھے اور یہ ایک ایسا فریم ورک ثابت ہو جس سے ہم بین الاقوامی طور پر تسلیم شدہ معیارات کے مطابق اپنے آپریشنز اور کارپوریٹ امور چلا سکیں۔

گیس کی پیمائش کا ڈیپارٹمنٹ (میژرمنٹ ڈیپارٹمنٹ)

میژرمنٹ ڈسٹری بیوشن اس امر کو یقینی بناتا ہے کہ صنعتی صارفین کے کسٹمر میٹرنگ اسٹیشنز (CMSs) کے آپریشن اینڈ مینٹیننس کے ذریعے سندھ اور بلوچستان کے تمام فرنچائز علاقوں میں گیس کے حجم کی درست پیمائش کو یقینی بنائے۔ زیر جائزہ سال کے دوران میژرمنٹ ڈسٹری بیوشن نے درج ذیل سرگرمیوں کو ممکن بنایا:

- میٹرنگ درستگی کو چیک کرنے کے لیے 10M فیلڈ پروور کے ذریعے کسٹمر میٹرنگ اسٹیشن پر 2,519 میٹرز فیلڈ پروو کیے گئے۔ مالیاتی سال 17-2016 کے دوران زیادہ گنجائش کے فیلڈ پروور، جس کی برداشت کرنے کی گنجائش 20,000 ایکچوئل فٹ فی گھنٹہ (Acft/hr) تک تھی، کو بروئے کار لایا گیا۔ مذکورہ پروور کو 38M تک میٹرنگ گنجائش کو پروو/برداشت کرنے کے لیے استعمال کیا جائے گا۔ جس سے سائٹ پر بڑے اور درمیانے درجے کے میٹرز کو پروو کرنے کی صلاحیت بھی پیدا ہوگی۔
- 679 عدد PUG میٹرز یا ایسے میٹرز جن سے میٹر چھیڑ چھاڑ کا شبہ ہو یا جن کی رفتار کم ہو اور اوور رسائزڈ (اوور لوڈ) ہوں، کو بدل دیا گیا تاکہ گیس کے حجم کی درست رجسٹریشن کو ممکن بنایا جائے اور پیمائش کی غلطیوں کو کم سے کم کیا جائے۔
- بڑے انڈسٹریل کسٹمرز/ٹاؤن بارڈر اسٹیشن (TBS) پر 193 الیکٹرانک والیوم کوریکٹرز (EVC) اور گیس کی درست پیمائش کے لیے پریشر اور ٹمپریچر ٹرانسڈیوسرز کے ساتھ میٹرز کو نصب کیا گیا۔
- انڈسٹریل کسٹمرز/ٹاؤن بارڈر اسٹیشنز (TBS) پر اضافی 588 ریموٹ مانیٹرنگ یونٹس نصب کیے تاکہ ان صنعتوں/TBS کی گھنٹے کے حساب سے مانیٹرنگ کی جاسکے۔

میٹر ورکشاپ کے ٹی اور حیدرآباد

- میٹر ورکشاپ نے 444 منتقل شدہ صنعتی میٹرز اور 3,475 کمرشل میٹرز ری پیئر کیے
- 191 صنعتی میٹروں کی ان ہاؤس پروونگ عمل میں لائی گئی
- میٹر ورکشاپ میں گھریلو میٹروں کی پروونگ کی گنجائش بڑھائی گئی اور 45,430 گھریلو میٹرز PUG اور کم رفتار کے حوالے سے پروو کیے گئے۔

پروکیورمنٹ کا طریقہ کار

مالیاتی سال 17-2016 کے دوران، عام طور پر ہونے والی پروکیورمنٹ کے علاوہ، کمپنی کے پروکیورمنٹ ڈیپارٹمنٹ نے 42 انچ قطر کی تکمیل کے لیے اہم کردار ادا کیا۔ 42 انچ قطر کی 342 کلومیٹر طویل RLNG-2 پائپ لائن ایس ایس ایم ایس پاک لینڈ سے ایم وی اے نوابشاہ تک لائی گئی۔ پروکیورمنٹ ڈیپارٹمنٹ کی جانب سے اس بات کو یقینی بنایا گیا کہ آر ایل این جی پروجیکٹ سے متعلق تمام مطلوبہ آئٹمز سائٹ پر پہنچ گئے ہیں اور پروجیکٹ کے تمام ٹینڈرز پی پی آر اے کے قوانین کے مطابق کم سے کم پراسیس ٹائم میں مکمل ہو گئے ہوں۔

پروکیورمنٹ ڈیپارٹمنٹ نے چین سے 42 انچ قطر کی پائپ لائن کے 200,000 میٹرز سے زائد کی امپورٹ کو بندرگاہ پر جہاز کے زائد ٹھہرنے کے جرمانے کے بغیر ممکن بنایا۔ ڈیپارٹمنٹ نے پی پی آر اے کے قوانین پر عمل پیرا ہوکر اپنی ساری توجہ سرمائے کے بہترین استعمال پر صرف کی اور ساتھ ساتھ پروجیکٹس کی تکمیل میں کسی قسم کے چیلنجز سے نمٹنے کے لیے خود کو تیار رکھا۔

پروکیورمنٹ ڈیپارٹمنٹ نے چین سے 42 انچ قطر کی پائپ لائن کے 200,000 میٹرز سے زائد کی امپورٹ کو بندرگاہ پر جہاز کے زائد ٹھہرنے کے جرمانے کے بغیر ممکن بنایا۔

گیس چوری کی روک تھام کے لیے کوششیں

- FIA اور SSGC پولیس اسٹیشن کے اشتراک سے گیس چوروں کے خلاف 61 ایف آئی آر درج کی گئیں
- لوکل پولیس اسٹیشن میں گیس چوروں کے خلاف 17 درخواستیں جمع کرائی گئیں
- واجب الادا رقوم کی مالیت کی ریکوری کے لیے 246 سے زیادہ لیگل نوٹس بھیجے گئے

میٹر مینوفیکچرنگ پلانٹ

SSGC نے گھریلو گیس میٹرز کی تیاری کے لیے 1975 میں یہ میٹر مینوفیکچرنگ پلانٹ (MMP) قائم کیا تھا۔ گیس میٹرز گیس یوٹیلٹی کمپنیز کے لیے کیش رجسٹر کی حیثیت رکھتے ہیں۔ اس پلانٹ کا بنیادی مقصد خود انحصاری کے ساتھ ملک کی گھریلو گیس میٹرز کی ضروریات پوری کرنا ہے۔ مزید براں صارف کے استعمال کردہ گیس کے حجم کی پیمائش کمپنی کی نصب کردہ بالکل درست پیمائش والی ڈیوائس کے ذریعے پیمائش کا ہونا مطلوب ہے۔ یہ پلانٹ بین الاقوامی پیمانوں کے مطابق آلات کی باقاعدہ کارروائی کے ساتھ ISO 9001:2008، ISO 14001:2004 اور OHSAS18001:1999 سرٹیفائیڈ ہے۔

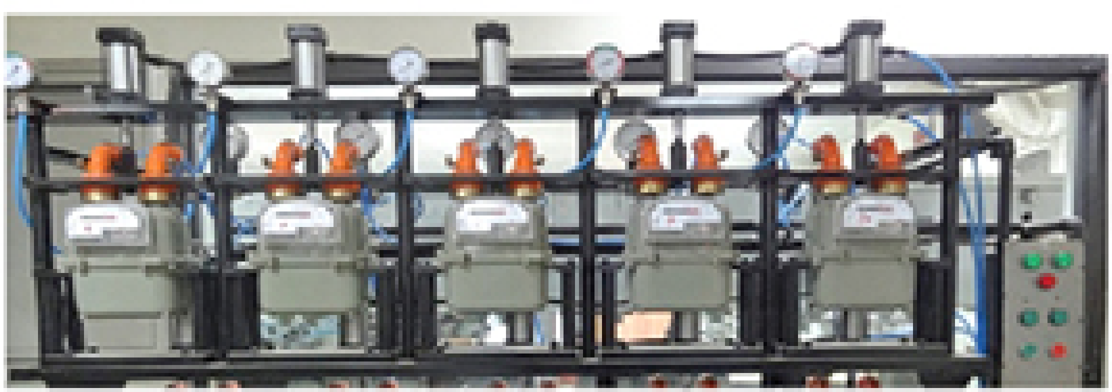
فی الوقت MMP میں دو اقسام کے گھریلو گیس میٹرز تیار / اسمبل کیے جا رہے ہیں جو مکمل طور پر مقامی طور پر تیار کیے جانے والے G-1.6 Remus (2500 لیٹر فی گھنٹہ گنجائش) اور میٹرز (Itron) فرانس کے لائسنس / ٹیکنالوجی کے تحت تیار ہونے والے قدرے بڑے سائز G-4 (6000 لیٹر فی گھنٹہ گنجائش) ہیں۔

SSGC کی اپنی ضروریات کو پورا کرنے کے علاوہ میٹر پلانٹ سوئی ناردرن پائپ لائن لمیٹڈ (SNGPL) کو بھی گیس میٹرز سپلائی کرتا رہا ہے۔ تاہم SNGPL نے 2014-15 سے میٹرز کی خریداری کے لیے بین الاقوامی ٹینڈرنگ کا عمل متعارف کرا دیا ہے۔ میٹر پلانٹ 2009 سے جزوی طور پر محدود تعداد میں G-1.6 گیس میٹرز برآمد کرنے میں بھی مصروف ہے۔

مالی سال 2016-17 کے دوران MMP کی پیداوار، فروخت اور آمدن

درج ذیل چارٹ مالی سال 2016-17 کے دوران میٹر مینوفیکچرنگ پلانٹ کی کارکردگی کا ایک جائزہ پیش کرتا ہے۔

	G 1.6	قدرے بڑے سائز G-4	مجموعی
پیداوار	208,650	233,000	441,650
فروخت:			
SSGC	206,750	215,218	422,968
دیگر	1,646	54	1,700



مستقبل کے لیے اقدامات:

- کسٹمرز کو پیش کردہ خدمات کے معیار میں بہتری کے لیے ان ہاؤس اور آؤٹ سورس اسٹاف دونوں کی ٹریننگ پر توجہ میں اضافہ
- انڈسٹریل اور کمرشل کسٹمرز کے لیے کسٹمر سروے پر زیادہ توجہ
- KPIs پر روزانہ کی بنیاد پر اضافی آگاہی حکمت عملی کا اطلاق تاکہ اثرات نچلی سطح تک پہنچ سکیں
- میٹر ریڈنگ کی تصدیق اور فروخت کے حجم میں اضافے کے لیے ٹیب کے ذریعے تصویر کھینچنا

زیر جائزہ سال میں کسٹمر بیس میں لگ بھگ 2.8 ملین کسٹمرز تک اضافہ دیکھنے میں آیا جنھوں نے اوسطاً 15.5 ارب روپے کی ماہانہ فروخت کا اندراج کرایا۔ مالی سال 2016-17 میں کمپنی کے ڈسٹری بیوشن نیٹ ورک کے ذریعے کمپنی کے فرنچائز ایریاز میں 2.8 ملین انڈسٹریل، کمرشل اور گھریلو کسٹمرز کو تقریباً 362.313 BCF گیس فروخت کی گئی۔

سکیورٹی سروسز اور کاؤنٹر گیس تھیفٹ آپریشنز

سکیورٹی سروسز اور کاؤنٹر گیس تھیفٹ آپریشنز کی توجہ سندھ اور بلوچستان کے تمام فرنچائز ایریاز میں کمپنی کے اثاثوں کو بلا تعطل تحفظ فراہم کرنے پر مرکوز ہے۔ اس کے ساتھ ساتھ یہ قانون کے دائرے میں رہتے ہوئے اور تمام اداروں کا احترام برقرار رکھتے ہوئے گیس چوری کی روک تھام کی کوششوں میں بھی شامل ہے۔

کارکردگی کا خلاصہ – مالی سال 2016-17

تشریح	گیس کی چوری / داخل کیے گئے دعوے			کسٹمرز کے قبول کردہ دعوے			غیر تسلیم شدہ دعوے		
	تعداد	MMCF	رقم (ملین روپے)	تعداد	MMCF	رقم (ملین روپے)	تعداد	MMCF	رقم (ملین روپے)
کراچی	1,043	955.98	625.710	682	663.09	355.789	361	292.89	269.921
اندرون سندھ	198	179.76	171.469	64	22.20	17.540	134	157.56	153.929
بلوچستان	98	77.39	68.249	23	4.79	4.431	75	72.64	63.818
مجموعی	1,339	1213.13	865.428	769	690.04	377.760	570	523.09	487.668

گھریلو کسٹمرز کی کیٹگریز میں وصولیاں

کارروائیوں کی تعداد	وصول شدہ رقم (ملین روپے)	دوبارہ دیے گئے کنکشنز کی تعداد	دوبارہ کنکشن کی رقم (ملین روپے)
249,171	3,416	127,963	1,280

کمرشل کسٹمرز کی کیٹگریز میں وصولیاں

کارروائیوں کی تعداد	وصول شدہ رقم (ملین روپے)	دوبارہ دیے گئے کنکشنز کی تعداد	دوبارہ کنکشن کی رقم (ملین روپے)
3,166	297	1,731	139

سیکٹر کے لحاظ سے وصولیوں اور واجب الادا رقم کی تفصیلات

سابقہ واجبات - مستقل منقطع گوشوارہ		
کسٹمر کلاس	بمطابق جون 2016 (ملین روپے)	بمطابق جون 2017 (ملین روپے)
گھریلو	5,314	5,674
گھریلو (سرکاری/ کاروباری مقدار)	340	352
کمرشل	568	508
مجموعی (گھریلو اور کمرشل)	6,222	6,533

بلنگ

مالی سال 2016-17 میں بلنگ ڈپارٹمنٹ نے بلنگ کی درست اور بروقت ریڈنگ کی اہم ترین سرگرمی کے ساتھ UFG کی کمی کی جانب اپنی توجہ دی۔ زیر جائزہ سال میں کسٹمرز میں لگ بھگ 0.8 ملین کسٹمرز تک اضافہ دیکھنے میں آیا جنہوں نے اوسطاً 15.5 ارب روپے کی مالیت فروخت کا اندراج کرایا۔ مالی سال 2016-17 میں کمپنی کے ڈسٹری بیوشن نیٹ ورک کے ذریعے کمپنی کے فرنچائز ایریاز میں 2.8 ملین انڈسٹریل، کمرشل اور گھریلو کسٹمرز کو تقریباً 362313BCF گیس فروخت کی گئی۔ سال کے دوران کاروباری نتائج پر مثبت اثرات کے لیے اہم نگران اشاریوں (KMIs) سے ہم آہنگ کوالٹی میں بہتری کے لیے کئی اقدامات متعارف کرائے گئے۔ پورے فرنچائز ایریاز میں، تمام کسٹمرز کیٹگریز میں پاسنگ ان رجسٹرڈ گیس (PUG) اور بیجیز میٹرز کا نشانہ بنائے گئے میٹرز کی شناخت کے لیے کوششیں کی گئیں۔ لگ بھگ 84,500 عدد PUG یا بیجیز میٹرز کا نشانہ بنائے گئے میٹرز کو تبدیلی اور ریکوری کے لیے شناخت کیا گیا۔ PUG یا چوری کے کیسز پکڑنے کے لیے تقریباً 233,000 کسٹمرز کے حفاظتی اور احتیاطی کمپلائنس والے کسٹمر کے ایریاز کا ایک سروے مکمل کیا گیا۔ اس طرح شناخت کیے گئے PUG کے میٹرز کے لوڈ سے 3.3 BCF والیوم واپس حاصل کیا گیا۔

مزید 43 سائٹس علیحدہ کی گئیں اور بطور UFG زون ان کی دوبارہ تشریح کی گئی۔ مجموعی طور پر لگ بھگ 112,000 کیسز بحالی کے لیے شناخت کیے گئے جب کہ تقریباً 83,000 کو چوری کے کیسز کے طور پر شناخت کیا گیا۔ ان رجسٹرڈ کسٹمرز کے خلاف چوری کے دعوے اٹھانے کے ذریعے 8.05 BCF والیوم واپس حاصل کیا گیا جب کہ امن و امان کے حوالے سے حساس علاقوں سے 3.82 BCF واپس حاصل کیا۔ کسٹمرز کی تمام کیٹگریز کے لیے گیس سپلائی ڈپازٹ (GSD) کی مد میں مجموعی طور پر 1690 ملین روپے جمع کیے گئے۔

CRD کی کارکردگی کی جھلکیاں

سرگرمیاں	مالی سال 2016-17	
	ہدف	حاصل شدہ
• ڈسکنکشن - کمرشل	3,000	3,166
• ڈسکنکشن - گھریلو	206,952	249,171
• دوبارہ کنکشن - کمرشل	عموماً دوبارہ کنکشن 24 گھنٹوں کے اندر کر دیا جاتا ہے تاہم اس کا انحصار کسٹمر سے ہونے والی وصولی پر ہے۔	
• دوبارہ کنکشن - گھریلو		
• میٹر تبدیلی کا شیڈول (فرسودگی کی بنیاد پر)	55,000	49,821
• PUG میٹر کی تبدیلی	103,000	117,347
• معمول کی میٹر کی تبدیلی	35,000	41,923
• کمرشل میٹر کی تبدیلی	3,200	3,353
• کسٹمر سروس کالز	90,400	80,214
• گیس لیک کی درستگی	35,000	43,274
• پریشر سروے (کمرشل)	22,550	20,786
• فیلڈ سائٹس (بلڈنگز) پر معمولی لیک کی درستگی	100	100
• کراچی میں گھر کی اندرونی لائن کی چیکنگ (گھریلو کسٹمرز کا 2%)	34,000	35,023

وصولی (ریکوری)

گیس بلز کے مقابل زیادہ سے زیادہ مختص رقم کی وصولی کے لیے ضروری اقدامات کرنا ریکوری ڈپارٹمنٹ کی بنیادی ذمہ داری ہے۔ مذکورہ مقصد کے لیے مختلف طریقے استعمال کیے جاتے ہیں۔ تفصیلات درج ذیل ہیں:

i) نادہندہ کسٹمرز کو ان کی اخلاقی / قانونی ذمہ داری کی یقین دہانی کے لیے 850,000 نوٹسز / ریمائنڈرز جاری کیے گئے۔

ii) حکومت / بھاری مقدار استعمال کرنے والے صارفین یا گھریلو صارفین میں بھاری مالیت والے نادہندگان سے رابطہ کر کے ادائیگیاں کرنے کو کہا گیا۔

iii) 252,337 نادہندہ کسٹمرز کے کنکشن کاٹے گئے جن کے ذمہ کمپنی کے 3,713 ملین روپے واجب الادا تھے۔

iv) لوگوں کو قسطوں کی سہولت حاصل کرنے پر فوری دوبارہ کنکشن دینے اور دیگر متعلقہ سہولیات کی پیشکش کے لیے مختلف کچی آبادیوں / اپارٹمنٹس اور علاقوں میں کیمپس قائم کیے گئے تھے۔

v) پرنٹ اور ٹی وی کے ذریعوں کے ذریعے بھرپور میڈیا مہم چلائی گئی۔

مستقبل کے منصوبے

پروجیکٹ	مقصد/اہداف
2 عدد LPG/ایئر مکس پلانٹس مہیا کرنا	آواران اور بیلا میں پلانٹس کی تنصیب اور تکمیل کی کارروائی جاری ہے۔
وزارت توانائی (پیٹرولیم ڈویژن) کی ہدایات کے مطابق 27 عدد LPG/ایئر مکس پلانٹس مہیا کرنا	LPG/ایئر مکس پلانٹس کی پروکیورمنٹ اور عمل درآمد: i) مجوزہ پلانٹس کا فزیبلٹی اینڈ انجینئرنگ تک ابتدائی عمل کیا جا چکا ہے۔ ii) 27 پلانٹس کے لیے ECP ٹینڈر کی تیاری کے مراحل میں ہیں۔ iii) پلانٹس کی فنانسنگ کے لیے وزارت خزانہ کے ساتھ رابطے جاری ہیں۔ iv) 27 پلانٹس کے لیے زمین کے حصول کی کارروائی جاری ہے۔

UFG پر کنٹرول

گیس ڈسٹری بیوشن اینڈ ٹرانسمیشن کمپنی کی زبان میں UFG کمپنی کی طرف سے خریدی گئی گیس اور کمپنی کی طرف سے اپنے کسٹمرز کے لیے اصل/روایتی طور پر استعمال کی گئی گیس کا باہمی فرق ہے۔ UFG میں کمی ہمیشہ کمپنی کی اولین ترجیح رہی ہے، جیسا کہ اس میں سال بہ سال اضافہ ہو رہا ہے۔ کمپنی نے جدید ٹیکنالوجیز اور سلوشنز کے استعمال کے ذریعے زیادہ مربوط کوششوں کے ساتھ اس مسئلے پر اپنی توجہ نئے سرے سے مرکوز اور منضبط کی ہے۔

کمپنی کی طرف سے UFG میں کمی کے لیے متعدد پائیدار اور بہت پختہ اقدامات کیے گئے ہیں اور MMCF اور شرح فی صد دونوں اعتبار سے نتائج پہلے ہی نمایاں ہیں۔ ان اقدامات کے لیے لائحہ عمل کی حربی سمت واضح کر دی گئی ہے جو کنٹرول، نگرانی، شفافیت، آڈٹ اور انتظام و انصرام پر مبنی ہوتا ہے۔

ہمارا مقصد UFG کا لائحہ عمل، مسائل، منصوبوں، کرداروں اور تقاضوں کی واضح شناخت کرنا، عملی منصوبہ بندی کرنا، رپورٹنگ اور کنٹرولز کی تشریح کرنا، پیمائش/اعتماد کے تعین کے لیے طریقہ کار کی شناخت اور ایک پروگرام آفس کا قیام ہے۔

تمام اسٹیک ہولڈرز کے اشتراک سے کراچی، سندھ اور بلوچستان کے لیے فوری، مختصر مدتی اور طویل مدتی اقدامات کے لیے ایک UFG اسٹریٹیجی (حکمت عملی) وضع کی جا چکی ہے۔ ماہانہ بنیاد پر طے شدہ اہداف کے مقابل نتائج کی پیمائش کی جاتی ہے اور نتائج میں تعاون کے لیے جہاں ضرورت ہو وسائل کو ہم آہنگ کیا جاتا ہے۔

کسٹمر سروسز

کسٹمر ریلیشنز ڈیپارٹمنٹ (CRD)

کمپنی کے کسٹمر پر مرکوز بنیادی عزم میں CRD سب سے پیش پیش ہے۔ اس سال کے دوران ڈیپارٹمنٹ کی چند کامیابیوں کی فہرست درج ذیل ہے:

- کسٹمر فیسلیٹیشن سینٹرز نے شکایتوں، معلومات، ڈاؤن لوڈ، جزوی منقطعی اور ری کنکشن اور لوڈ شیڈنگ کے مسائل وغیرہ سے متعلق 947,952 کسٹمرز کے معاملات کو نمٹایا۔
- کمپلینٹ سینٹر (1199) کو 698,408 ٹیلیفون کالز موصول ہوئیں۔
- گیس چوری میں ملوث رہائشی/غیر رہائشی کسٹمرز کے کنکشن کاٹنے کے متعلق حجم کا تخمینہ 5.8 BCF شمار کیا گیا۔
- گیس چوری کے مرتکب افراد کے خلاف 25 ایف آئی آر درج کرائی گئیں۔
- فرنچائز ڈیلر ٹیلی کے آسان اجرا کے لیے کورنگی میں اسٹورز کی مرکزیت ختم کی گئی۔
- دیگر ڈیپارٹمنٹس کی مدد سے کمپلینٹ سینٹر کی تزئین اور فرنشنگ وقت پر مکمل کی گئی۔
- اوگرا کے کارکردگی اور سروس کے پیمانوں کی ان کی اصل روح کے مطابق تعمیل کی گئی۔
- CRD کی کاؤنٹرز/اسٹورز سائیکلر پر ٹیلی پیمنٹ کارڈز کے استعمال کا اطلاق کیا گیا۔

لیکویفائیڈ گیسز

زیرِ جائزہ سال کے دوران ڈپارٹمنٹ نے RLNG پروجیکٹ کو مکمل کرنے میں ایک اہم کردار ادا کیا جسے کمپنی نے قدرتی گیس کی طلب اور رسد کے خلا کو پُر کرنے کے لیے شروع کیا ہے۔ ڈپارٹمنٹ نے درج ذیل پروجیکٹس کی تعمیری پیش رفت کا جائزہ لینے اور گہری نظر سے نگرانی کا سلسلہ جاری رکھا۔

پروجیکٹ	مقصد	کامیابیاں
	لائن پائپ آئٹمز، مٹیریل، کنسٹرکشن مشینری اور ایکوپمنٹ کی خریداری کی نگرانی اور رپورٹنگ	پروجیکٹ کی تکمیل میں تاخیر سے بچنے کے لیے 39 پروکیورمنٹ آئٹمز پر قریبی نظر رکھی گئی اور نگرانی کی گئی۔ تمام آئٹمز کی خریداری میں کامیابی حاصل کی گئی۔
42 انچ قطر کی 342 کلومیٹرز طویل RLNG-II لائن پائپ کی تعمیر کی کیسنگ	پائپ لائن کی تعمیراتی نگرانی اور رپورٹنگ	**قطعہ-I:** 42 انچ قطر اور 120 کلومیٹر طویل (پاک لینڈ سے MVA جامشورو تک) 30 جون 2017 کو مکمل کی گئی۔ **قطعہ-II:** 42 انچ قطر اور 64 کلومیٹر طویل (MVA سیہون سے MVA ٹنڈو تک) 30 جون 2017 کو مکمل کی گئی۔ **قطعہ-II(b):** 42 انچ قطر اور 50 کلومیٹر طویل (ٹنڈو سے نواب شاہ تک) 3 جون 2017 کو مکمل کی گئی۔ **قطعہ-III:** 42 انچ قطر اور 82 کلومیٹر طویل (نواب شاہ سے بدرا تک) جنوری 2017 میں مکمل کی گئی۔
RLNG-II کمپریسرز	چھ RLNG کمپریسرز کی تنصیب کی نگرانی اور رپورٹنگ	یونٹ 1 اور 2 کی تنصیب اور تکمیل۔ 16 جنوری 2017 کو تکمیل۔ یونٹ 3 اور 4 کی تنصیب اور تکمیل۔ 28 فروری 2017 کو تکمیل۔ یونٹ 5 اور 6 کی تنصیب اور تکمیل۔ مارچ 2017 میں تکمیل۔
LNG-1 ٹرمینل پروجیکٹ	LNG-1 ٹرمینل کا آپریشن	• 27 جنوری 2017 سے RLNG کے بہاؤ میں 600 MMCFD تک کامیاب اضافہ • LNG کارگوز کی بیچری مکمل کی جا چکی ہے۔ اب تک 101 عدد LNG کارگوز کامیابی سے EETPL LNG ٹرمینل پر آف لوڈ کیے جا چکے ہیں اور ٹرمینل RLNG کا 295 BCF سے زائد والیوم SSGC کے ہائی پریشر ٹرانسمیشن نیٹ ورک میں شامل کر چکا ہے۔ • ہموار آپریشن یقینی بنانے کے لیے LNG سپلائی چین کے تمام اسٹیک ہولڈرز کے ساتھ رابطہ۔

ڈسٹری بیوشن نارتھ – زیریں اور بالائی سندھ

سرگرمیاں	زیریں سندھ		بالائی سندھ		مجموعی اندرونی سندھ	
	ٹارگیٹ 2016-17	حاصل کردہ	ٹارگیٹ 2016-17	حاصل کردہ	ٹارگیٹ 2016-17	حاصل کردہ
U/G لیک درستگی (کلومیٹرز)	1,200	4,062	500	2,115	1,700	6,177
U/G لیک مرمت (تعداد)	اصل (Actual)	16,858	اصل (Actual)	2,222	اصل (Actual)	19,080
O/H لیک درستگی	205,000	132,000	36,000	65,555	241,000	197,555
چوری کا پتا چلانا (تعداد)	اصل (Actual)	29,054	اصل (Actual)	3,283	اصل (Actual)	32,337
FIR کا اندراج	اصل (Actual)	22	اصل (Actual)	15	اصل (Actual)	37

زیرِ جائزہ سال کے دوران ڈسٹری بیوشن نارتھ ڈویژن نے درج ذیل اقدامات کیے:

- سانگھڑ اور مضافاتی گوٹھوں کو گیس کی ہموار فراہمی کے لیے 14 کلومیٹر طویل 8 انچ قطر کی پائپ لائن بچھانے کے ذریعے SSGC ڈسٹری بیوشن نیٹ ورک کی ترسیل کی صلاحیت میں اضافے کے لیے سسٹم کی توسیع
- نچلی سطح پر UFG کی نگرانی کے لیے سسٹم کی حصہ بندی کے لیے نئے حصوں کی تیاری
- UFG کنٹرول کے لیے SMSs اور مرکزی TBSs کی یومیہ گیس خریداری کی نگرانی کی گئی
- زیادہ سے زیادہ اوور ہیڈ اور انڈر گراؤنڈ لیکیج کی مینجمنٹ اور درستگی کے ذریعے UFG کم کرنے کے لیے بھرپور کوششیں
- گیس چوروں کے خلاف سخت کارروائیاں کی گئیں اور تقریباً 32,000 چوری کے معاملات منقطع کیے گئے اور 37 ایف آئی آرز درج کرائی گئیں
- ڈویژن کی طرف سے کی گئی غیر معمولی کوششوں کے نتیجے میں مالی سال 2015-16 کے مقابلے میں مالی سال 2016-17 میں UFG کے حجم میں 3,135 MMCF کی کمی آئی۔
- 70 نئے شہروں اور دیہاتوں کو گیس کی فراہمی کے ذریعے دوردراز علاقوں کے سماجی معاشی حالات میں بہتری میں کردار ادا کیا گیا۔

بلوچستان ریجن*

زیرِ جائزہ سال کے دوران ڈسٹری بیوشن بلوچستان نے 46.7 کلومیٹر نیٹ ورک کی معمول کی توسیع، 11.7 کلومیٹر مین کی مضبوطی / انضمام اور 5.304 کلومیٹر سروس کی مضبوطی / تبدیلی مکمل کی۔ اس کے علاوہ نئے شہروں اور دیہاتوں کو گیس کی فراہمی کے لیے 64.2 کلومیٹر طویل پائپ لائن نیٹ ورک بچھایا گیا۔ 1,355 کلومیٹر کے مساوی انڈر گراؤنڈ لیک سروے اور درستگی اور 71 اوور ہیڈ لیک سروے اور درستگی کے کام بھی انجام دیے گئے۔ 8,310 گھریلو کسٹمرز، 144 کمرشل اور 2 انڈسٹریل کسٹمرز کو نئے کنکشن دیے گئے۔

UFG میں کمی: UFG میں کمی کی مختلف سرگرمیوں مثلاً اوور ہیڈ اور انڈر گراؤنڈ لیک سروے، لیک کی درستگی، حصہ بندی اور بحالی شامل ہیں جن کی وجہ سے مالی سال 2016-17 میں بلوچستان کے لیے UFG میں 2,455 mmcf کی بچت کے ساتھ 7.62% کی کمی ہوئی۔

مستقبل کا منصوبہ: مالی سال 2017-18 کے دوران LPG ایئر مکس پلانٹس کے ذریعے بلوچستان کے 25 مجوزہ مقامات کے گیس کو پروسیس کرنے کے لیے کمپنی نے منصوبہ سازی کی ہے۔

** کوئٹہ، سبی، ژوب اور لورالائی

کیتھوڈک پروٹیکشن

- کوٹنگ ریفربشمنٹ: ٹرانسمیشن اور ڈسٹری بیوشن پائپ لائن کے 11,601 کلومیٹرز (38,062 Rft.) کی کوٹنگ اور ریپنگ مکمل کی گئی۔ ان میں انڈس لیفٹ بینک پائپ لائن (ILBP)، انڈس رائٹ بینک پائپ لائنز (IRBP)، کوئٹہ پائپ لائنز (QPL) اور ڈسٹری بیوشن میں سپلائی لائنز شامل ہیں۔
- اضافی کیتھوڈک پروٹیکشن اسٹیشنز کی تنصیب: ILBP، IRBP، QPL اور ڈسٹری بیوشن میں سپلائی لائنز پر 34 اضافی کیتھوڈک پروٹیکشن اسٹیشنز نصب کیے گئے۔
- کیتھوڈک پروٹیکشن سولر سسٹم کی اپ گریڈنگ: ILBP، IRBP اور BGFIP پر سولر ماڈیولز کے اضافے اور پرانی خراب شدہ بیٹریز، چارج کنٹرولرز اور کیتھوڈک پروٹیکشن یونٹس کی تبدیلی کے ذریعے 10 سولر پاور اسٹیشن اپ گریڈ کیے گئے۔
- پاور سورس کی تبدیلی: ٹرانسمیشن اور ڈسٹری بیوشن پائپ لائنز کو بجلی کی بلاتعطل سپلائی کے لیے ناکارہ تھرمو الیکٹرک جنریٹرز اور ٹرانسفارمر ریکٹیفائرز تبدیل کرکے 14 سولر سسٹمز نصب کیے گئے۔
- گراؤنڈ بیڈز کی تجدید: ٹرانسمیشن اور ڈسٹری بیوشن پائپ لائنز پر 67 گراؤنڈ بیڈز کی تجدید کی گئی۔
- مختلف طریقوں سے امکانی سروے: ٹرانسمیشن اور ڈسٹری بیوشن پائپ لائنز پر 206 کلومیٹرز کا سروے مکمل کیا گیا۔
- کیتھوڈک ٹیسٹ پوسٹس (CTP): ٹرانسمیشن اور ڈسٹری بیوشن پائپ لائنز پر تیسرے فریق کی وجہ سے ہونے والے نقصانات کی وجہ سے 394 کیتھوڈک ٹیسٹ پوسٹس دوبارہ نصب کی گئیں۔
- 42 انچ قطر کی RLNG پائپ لائن: 42 انچ قطر کی زیر تعمیر RLNG پائپ لائن کا کراسنگ سلیوز اور پائپ سے کنکشن مکمل کیا گیا۔

ڈسٹری بیوشن - ساؤتھ

ڈسٹری بیوشن ساؤتھ کراچی شہر کے تمام حصوں کا ذمہ دار ہے۔ زیر جائزہ سال کے دوران ڈسٹری بیوشن ساؤتھ نے 104 کلومیٹرز کی معمول کی توسیع مکمل کی اور سسٹم میں 50,838 نئے صارفین کا اضافہ کیا۔ 13 ٹاؤن بارڈر اسٹیشن (TBSs) اور 9 پریشر ریگولیٹنگ سسٹمز (PRSs) نصب کیے گئے جب کہ 18 ٹاؤن بارڈر اسٹیشنز میں ترمیم کی گئی۔

یہ ڈویژن UFG کی بلند ہوتی سطح کم کرنے میں بھی مصروف عمل رہا۔ اس نے پرانے نیٹ ورک کے 73 کلومیٹرز بحال کیے اور 1,982 کلومیٹرز کے لیک سروے کیے اور 13,043 انڈر گراؤنڈ اور 10,2694 لیک کی مرمتوں میں حصہ لیا۔ علاوہ ازیں 6 نئے سے تحقیق کیے گئے۔

مستقبل کا منصوبہ - سسٹم میں بہتری کے منصوبے

- آخری سرے کے صارفین کے سسٹم پریشر میں اضافے کے لیے گلشن اولمپین ہال سے ڈی ایچ اے ڈی سیلینیشن پلانٹ تک 20 انچ قطر کی 7 کلومیٹر طویل پائپ لائن کی توسیع
- کورنگی اور لانڈھی کے درمیان انڈسٹریل نیٹ ورک کے سسٹم کی گنجائش بڑھانے کے لیے 20 انچ قطر کی 5 کلومیٹر پائپ لائن کی توسیع
- لانڈھی ایریا کے سسٹم پریشر میں اضافے کے لیے TBS مرادگوٹھ سے TBS لیاری تک 12 انچ قطر اور 5 کلومیٹر پائپ لائن کا لانڈھی تک ایکسٹینشن پروجیکٹ

ڈسٹری بیوشن - نارتھ

ڈسٹری بیوشن نارتھ زیریں اور بالائی سندھ میں تمام علاقوں بشمول حیدرآباد، نواب شاہ، لاڑکانہ اور سکھر اور ساتھ ساتھ پورے بلوچستان کا احاطہ کرتی ہے۔ مالی سال 17-2016 کے دوران نارتھ ٹیم نے انفرا اسٹرکچر کی بحالی اور توسیع کی بہت سی سرگرمیوں کے ساتھ ساتھ UFG میں کمی کے بہت سے کام سرانجام دیے جن میں پائپ لائنز کی بحالی اور سروس لائنز کی تبدیلی، انڈر گراؤنڈ لیک کی بحالی اور مرمت، PUG میٹرز کی تبدیلی اور نئے کنکشنز شامل ہیں۔

ترسیل (ٹرانسمیشن)

زیرِ جائزہ سال کے دوران ٹرانسمیشن ڈویژن پائپ لائن آپریشن، کمپریشن اور پائپ لائن مینٹیننس سے متعلق مختلف منصوبوں میں مصروفِ عمل رہا۔

پائپ لائن آپریشن

- لنڈو سے ہرا تک 42 انچ قطر کی 132 کلومیٹر لائن اور MVA پاک لینڈ (KMP-0) سے MVS کماڑیلی (KMP-21) تک 24 انچ قطر کی R-LNG ٹرانسمیشن پائپ لائن کی تکمیل، صفائی (Purging) اور پریشرائزنگ
- نئے نصب شدہ SMS سندھ نوری آباد پاور پلانٹ اور اس کی 12 انچ قطر والی 12 کلومیٹر سپلائی پائپ لائن کی تکمیل، صفائی اور پریشرائزنگ
- HQ-2 دادو میں R-LNG-II کمپریسر اسٹیشن کی تکمیل
- بولان وادی میں زمین کے کٹاؤ کی وجہ سے 2016 میں سبی سے کوئٹہ تک مختلف جگہوں سے نمایاں ہو جانے والی 12 انچ قطر کی کوئٹہ پائپ لائن کے تقریباً 10,000 فٹ حصے کی اونچائی کم کرنے اور بھرائی کے کام کی کامیاب تکمیل

کمپریشن

کمپریسر کی مینٹیننس کی معمول کی اور احتیاطی سرگرمیوں کے علاوہ مالی سال 2016-17 میں درج ذیل بڑے کام سرانجام دیے گئے:

- HQ-2 دادو میں نئے یونٹ کنٹرول پینل کے ساتھ یونٹ کنٹرول پینل-B کی تبدیلی
- HQ-2 پر اسٹیشن کنٹرول پینل کی تکمیل
- HQ-2 پر چھٹے سولر کمپریسر یونٹس (Taurus T-60) کی تکمیل

پائپ لائن مینٹیننس:

- HQ-3 جامشورو پر پائپ لائن کی کھدائی اور بندھائی کے بعد موجودہ 20 انچ قطر کی لائن اور 24 انچ قطر کے ریگولیشن ہیٹ کو بچھانے کے لیے فیبریکیشن اور ویلڈنگ کی گئی جہاں مجموعی طور پر 57 جوڑ ویلڈ کیے گئے۔
- CTS ساون پر پِگ ریسیور اور فلٹریشن ہیڈ اپ کے ساتھ چار اسکریبرز، پانچ انچ قطر سپر ہیڈرز، سکشن ہیڈرز (اسٹیشن آئسولیشن والوز مین SSGC بیٹری کی حد تک)، ڈسچارج ہیڈرز (اسٹیشن آئسولیشن والوز مین SSGC بیٹری کی حد تک)، 42 انچ قطر کی لائن کے بائی پاس کے ذریعے HQ-2 کمپریسر اسٹیشن پر کمپریسر والو کی تکمیل
- HQ-3 پر کمپریسڈ گیس ریورس فلو کے لیے موجودہ ریگولیشن ہیٹ کے ساتھ 20 انچ قطر کی لائن کی فیبریکیشن اور ویلڈنگ کی تکمیل
- HQ-3 سیکشن میں شرپسندوں کی کارروائی کی وجہ سے پائپ لائن میں ہونے والی لیکیج کی پائیدار مرمت کے لیے 24 انچ قطر کی کرچیاں کی لائن پر ویلڈنگ کے ذریعے Plidco اسٹیل لیک کلیمپ کی تنصیب
- پورے ٹرانسمیشن اور ڈسٹری بیوشن نیٹ ورک کی مختلف پائپ لائنوں پر کوٹنگ کے 56 کام سرانجام دیے گئے۔

مرکزی پائپ لائن کی انسٹرومنٹیشن

- گیس لوڈ کی گنجائش بڑھانے کے لیے ٹنڈو جام اور شہداد پور SMSs کی اپ گریڈیشن
- HQ-2 کمپریسر پر پاور جنریشن کے لیے فیول میٹرنگ اسکڈ کی فیبریکیشن، ویلڈنگ، تنصیب اور تکمیل
- HQ-2 کمپریسر اسٹیشن پر سکشن، ڈسچارج، لوڈنگ اور وینٹ سائیڈ پر نصب شدہ تھرو والوز کی نئے بڑے (Actuator) کے ساتھ تبدیلی
- گیس لوڈ کی گنجائش بڑھانے کے لیے حیدرآباد خان، سندھ محمد خان اور ٹھری میرواہ SMSs پر ایک انچ قطر کے کنٹرول والوز کی ریگولیٹرز کے ساتھ تبدیلی
- HQ-2 پر 18 انچ قطر کے بال والو کے ایک میکینیکل گیئر آپریٹر کو نئے بڑے (Actuator) کے ساتھ تبدیلی
- SMS جہت پت پر ایک انچ قطر کے دو کنٹرول والوز کی 2 انچ قطر کے کنٹرول والوز کے ساتھ تبدیلی
- لنڈو حیدرآباد کھنڈو اسیکشن (T&D) پر 4 انچ قطر کے دو پرانے اور گھسے ہوئے کنٹرول والوز کی تبدیلی

2- سندھ ہائی کورٹ کے فیصلے کی وجہ سے رونما ہونے والے بقیہ غیر جذب شدہ نقصانات مجاز حکام کے فیصلے کی بنیاد پر پانچ سالوں پر تقسیم کر دیے گئے ہیں۔ انتظامیہ پُر اعتماد ہے کہ تقسیم شدہ نقصانات 2021 تک جذب کر لیا جائے گا۔

3- SSGC نے یکم جولائی 2012 سے حکومت کے زیر کنٹرول E&P کمپنیز (OGDCL، PPL اور GHPL) پر واجب الادا LPS اخراجات کو تسلیم کرنے کا سلسلہ اس وقت تک کے لیے منقطع کر رکھا ہے جب تک SSGC کو PSML اور KE کی طرف سے LPS آمدنی موصول نہیں ہو جاتی جس کی تفصیل مالیاتی گوشواروں میں نوٹ نمبر 38.7 میں درج کی گئی ہے۔

4- کنٹنجینسی اینڈ کمٹمنٹ نوٹ نمبر 18 میں بیان کردہ قانونی چارہ جوئیوں اور دیگر معاملات کے سازگار حل کے لیے سرگرمی سے پیروی کی جا رہی ہے۔

آپریشنل ریویو

سوئی سدرن گیس کمپنی دیانت، بہترین کارکردگی، ٹیم ورک، تخلیقی صلاحیت، شفافیت اور اسٹیک ہولڈرز کے ساتھ ذمہ داری جیسی اپنی مرکزی اقدار سے رہنمائی حاصل کرتی ہے۔ کمپنی کے مشن سے ہم آہنگی کے ساتھ سوئی سدرن گیس کمپنی صارفین کے بڑھتے ہوئے حلقے کو محفوظ، قابل اعتماد اور باکفایت طریقے سے قدرتی گیس کی فراہمی کا عزم رکھتی ہے۔ مالی سال 17-2016 کے دوران پائپ لائنز ڈیزائن اور ڈیپارٹمنٹ کے منصوبوں کی تفصیلات درج ذیل ہیں:

منصوبہ سازی سے تعمیر تک

اپنی تربیت یافتہ افرادی قوت اور تعمیراتی آلات، مشینری اور گاڑیوں کی مدد سے، پروجیکٹ اور کنسٹرکشن ڈیپارٹمنٹ ملک بھر میں ہائی پریشر گیس اور آئل پائپ لائنز کی فزیکل کنسٹرکشن، کمپریسر اسٹیشن کی مکینیکل کنسٹرکشن، نیچرل گیس پیوریفیکیشن اینڈ ڈی ہائیڈریشن پلانٹس اور اسی طرح کے مکینیکل کنسٹرکشن کے کاموں کی پوری صلاحیت رکھتا ہے۔

زیر جائزہ سال کے دوران اس ڈیپارٹمنٹ نے پورٹ قاسم میں سوئی سدرن گیس کمپنی کے کسٹڈی ٹرانسفر اسٹیشن (CTS) سے ضلع خیرپور میں ساوان تک، جو سوئی ناردرن گیس پائپ لائنز لمیٹڈ کے پائپ لائن سسٹم کا نکتہ آغاز ہے، 42 انچ قطر کی 342 کلومیٹر طویل پائپ لائن بچھانے میں اہم کردار ادا کیا۔

زیر جائزہ سال کے دوران، پروجیکٹ اور کنسٹرکشن ڈیپارٹمنٹ کے مکمل کردہ منصوبے

- مین والو اسمبلی (ساوان) سے بلدیہ اسٹیشن، حیدرآباد تک 42 انچ قطر کی 132 کلومیٹر طویل RLNG-II لائن
- 20 انچ قطر اور 18 انچ قطر کے کراس اوور اور لوپ لائن پروجیکٹس، کراچی
- مختلف قطر کی 100 کلومیٹر سے زائد طویل ڈسٹری بیوشن اسکیموں سے متعلق ڈائریکٹرز شمولیت شہری اور دیہی منصوبے اور بحالی کی سرگرمیاں
- ڈسٹری بیوشن پروجیکٹس کے متعلق مختلف قطر (24 انچ، 20 انچ، 18 انچ، 16 انچ) کے HDD کراسنگ پروجیکٹس

جاری پروجیکٹس

- شکار پور سے جیکب آباد تک 24 انچ قطر کی 33 کلومیٹر طویل لائن کا لوپ لائن پروجیکٹ
- 12 انچ قطر والی 23 کلومیٹر طویل کورنگی پائپ لائن کی ری روٹنگ (re-routing) (دو حصے)
- SMS پاک لینڈ پر 42 انچ قطر کی RLNG-II والو اسمبلی، ریگولیشن سیٹ اپ
- بلوچستان میں دور دراز اور چھوٹے شہروں میں LPG ایئر مکس پلانٹس پر تعمیراتی کام
- نئے شہروں اور دیہاتوں کو گیس کی سپلائی اور ڈسٹری بیوشن کی بحالی کے لیے 300 کلومیٹر نیٹ ورک بچھانے کے لیے 122 ڈسٹری بیوشن اسکیمز

گیس لیک ٹھیک کرنے، متعلق مقامات پر ساہبرا گیس کی تنصیب اور باقاعدگی سے گیس چوری پکڑنے کے لیے چھاپوں کے ذریعے UFG کنٹرول کرنے کے لیے مربوط کوششیں کر رہی ہے۔

ایکسٹرنل آڈیٹرز کی رپورٹ میں ترمیم

ایکسٹرنل آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 30 جون 2017 کو ختم ہونے والے مالی سال کے لیے KE اور PSML پر واجب الادا رقم اور ساتھ ساتھ SNGPL اور واپڈا سے قابل وصول لیٹ پیمنٹ سرچارج (LPS) کے لیے اپنی آڈٹ رپورٹ میں اپنی ایمفیسز کا اظہار کیا ہے۔

KE اور PSML سے قابل وصول رقوم:

مالی سال 2016-17 کے دوران کے الیکٹرک (KE) اور پاکستان اسٹیل ملز لمیٹڈ (PSML) سے قابل وصول رقوم وہی رہیں جو گزشتہ سالوں میں تھیں۔ انتظامیہ KE کے خلاف دائر کیے گئے ریکوری کے مقدمے کی تیزی سے پیروی کر رہی ہے۔ اس کے ساتھ ساتھ انتظامیہ KE اور PSML سے واجبات کی وصولی تیز کرنے کے لیے متعلقہ وزارتوں سے مسلسل رابطے میں ہے۔ توقع کی جاتی ہے کہ جیسے ہی حکومت پاکستان کی طرف سے یہ مسئلہ مستقل طور پر حل کیا جائے گا، کمپنی کی مجموعی مالیاتی صورت حال بہتر ہو جائے گی۔

30 جون 2017 کے مطابق KE اور PSML کے خلاف کمپنی کا دعویٰ بالترتیب 74,449 ملین روپے اور 49,056 ملین روپے ہے۔

سوئی ناردرن اور واپڈا سے قابل وصول LPS:

کمپنی کو گردشی قرضوں کی صورت حال کی وجہ سے سوئی ناردرن اور واپڈا کی طرف جمع شدہ واجب الادا رقوم کی عدم ادائیگی کے مسئلے کا سامنا ہے۔ تاہم طے شدہ شرائط وضوابط کی بنیاد پر کمپنی واجب الادا رقم کے متعلق LPS جمع کر رہی ہے۔ کمپنی اس بنیاد پر متعلقہ سرکاری محکموں کو تازہ ترین صورت حال سے آگاہ کر رہی ہے اور توقع کی جاتی ہے کہ قومی سطح پر گردشی قرضوں سے عہدہ برآ ہونے کے ساتھ ہی یہ مسئلہ بھی حل ہو جائے گا۔

مندرجہ بالا امور کے علاوہ ایکسٹرنل آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 30 جون 2017 کو ختم ہونے والے مالی سال کے لیے اپنی آڈٹ رپورٹ میں بعض دیگر مخصوص معاملات کی طرف بھی توجہ مبذول کرائی ہے۔

ان معاملات پر تاثرات درج ذیل ہیں:

1- کمپنی کی مالیاتی قوت برداشت کا تخمینہ لگانے کے لیے انتظامیہ نے درج ذیل بڑے عوامل کے ساتھ آئندہ پانچ سالوں کے لیے مالیاتی پلاننگ تیار کر لی ہیں جو اپنے آپریشنز کی پائیداری سے متعلق کمپنی کے دعووں کی تصدیق کرتی ہیں:

i) LPG ایئر مکس پلانٹس میں 14 ارب روپے کی سرمایہ کاری کی جائے گی، جن میں سے سب کے لیے 2020 تک سرمایہ مہیا ہونے (Capitalized) کی توقع ہے۔

ii) حجم کی بنیاد پر RLNG ہینڈلنگ پر مبنی UFG الاؤنس کے لیے اوگرا سے رجوع کیا جائے گا جیسا کہ گزشتہ پیراگراف میں تشریح کی گئی ہے۔

iii) نئے نافذ کردہ نرخ آپریٹنگ اثاثہ جات پر مالی سال 2018-19 سے موثر 17.43% کی شرح سے مجموعی شدہ منافع فراہم کریں گے۔ نئے نافذ کردہ نرخ مخصوص نان آپریٹنگ آمدنی پر 50% کا حصہ بھی فراہم کریں گے اس طرح LPG اور NGL کی فروخت سے حاصل شدہ آمدنی سے کمپنی کی خالص آمدنی میں بہتری آئے گی۔

iv) UFG میں 2022 تک بتدریج 11% تک کمی کی منصوبہ بندی کی گئی ہے۔ علاوہ ازیں چارٹرڈ اکاؤنٹنٹس کی فرم کی طرف سے UFG الاؤنس کی حتمی رپورٹ کو حتمی شکل دیے جانے کے بعد ترمیم شدہ UFG الاؤنس کو 4.5% سے بڑھا کر 7.6% کر دیا گیا۔ (5% بنیادی بینچ مارک جمع 2.6% KMIs کی منظوری سے مشروط)۔

یاد دہانی کرائی جاتی ہے کہ آئل اینڈ گیس ریگولیٹری اتھارٹی (OGRA)۔ جامشورو جوائنٹ وینچر لمیٹڈ (JJVL) سے حاصل ہونے والی رائلٹی کی آمدنی، میٹر کی تیاری سے حاصل ہونے والے منافع، تاخیر سے ادائیگی کے جرمانے (LPS) اور گیس کنڈنسیٹ کی فروخت کو، جس کی اوگرا نے اس سے قبل اپنے فیصلے بتاریخ 24 ستمبر 2010 میں بطور نان آپریٹنگ آمدنی اجازت دی تھی، اپنے حکم نامہ بتاریخ 2 دسمبر 2010 میں 30 جون 2010 کو ختم ہونے والے سال کے لیے آپریٹنگ آمدنی قرار دیتی ہے۔ اوگرا نے اپنے مندرجہ بالا فیصلے میں ناقابل شمار (چوری / ضائع شدہ) گیس (UFG) کے قابل قبول بینچ مارک کو بھی 7% سے کم کر کے 4.25%-5% کر دیا ہے۔

مندرجہ بالا فیصلے سے شکایت ہونے کی وجہ سے کمپنی نے اوگرا کے فیصلے کے خلاف ہائی کورٹ آف سندھ میں ایک اپیل جمع کرائی تھی۔ جس پر عدالت نے عبوری ریلیف دیا اور جب کہ اوگرا کو عدالت کے حتمی فیصلے تک مالی سال 2010 کے بارے میں اپنے 24 ستمبر 2010 کے فیصلے کے مطابق اسی اصول پر مالیاتی تقاضوں کا تعین کرنے کی ہدایت کی گئی۔ تاہم UFG بینچ مارک کے حوالے سے اوگرا کو ایک آزادانہ اسیسمنٹ اسٹڈی سرانجام دینے اور اس کی رپورٹ عدالت کے پاس جمع کرانے کی ہدایت کی گئی۔ اس کے بعد انتظامیہ نے عدالت کے عبوری ریلیف کی بنیاد پر 2011 تا 2015 کے مالی سالوں کے لیے کمپنی کا مالیاتی تقاضا جمع کرایا اور اوگرا نے بھی مذکورہ مالی سالوں کے لیے کمپنی کا موقف تسلیم کیا جو عدالت کے حتمی فیصلے سے مشروط ہے۔ تاہم معزز سندھ ہائی کورٹ نے اپنے فیصلے، بتاریخ 22 نومبر 2016 کے ذریعے کمپنی کی پٹیشن خارج کر دی۔ اس کے نتیجے میں اوگرا نے مالی سال 2016 کے لیے FRR کے تعین کے لیے اپنے فیصلے میں 4.5% کی UFG کی اجازت دی ہے اور جامشورو جوائنٹ وینچر لمیٹڈ سے حاصل ہونے والی رائلٹی کی آمدنی، میٹر کی تیاری سے حاصل ہونے والے منافع، تاخیر سے ادائیگی کے جرمانے اور آپریٹنگ انکم گیس کنڈنسیٹ کی فروخت کو آپریٹنگ انکم قرار دیا ہے۔

عدالت کے فیصلے کے اثر کے تحت کمپنی سے مطلوب تھا کہ وہ اپنے مالیاتی گوشواروں میں 36.7 ارب روپے کے نقصانات تسلیم کرے۔ چونکہ کمپنی تمام خسارے کو ایک سال میں درج کرانے کے قابل نہیں تھی، لہٰذا SECP کی اجازت سے 50% خسارہ یعنی 18.4 ارب روپے 2016 میں تسلیم کیے گئے۔ بقیہ رقم کے لیے معاملہ ECC میں جمع کرایا گیا کہ 50% خسارے یعنی 18.4 ارب روپے کو پانچ سالوں پر مشتمل قسطوں پر تقسیم کرنے کی اجازت دی جائے۔

مندرجہ بالا کے علاوہ ECC کو دو سمریاں مزید جمع کرائی گئیں (i) مستقبل کے سالوں کے لیے UFG کنسلٹنٹ اسٹڈی رپورٹ کے بعد اتھارٹی کی طرف سے متعین کردہ UFG بینچ مارک کے مطابق 2010-11 سے 2016-17 تک مالی سالوں کے لیے طے کردہ UFG کے عبوری بینچ مارکس کو حتمی شکل دینا (ii) مختص پائپ لائنز مکمل نہ ہونے کی وجہ سے SNGPL کے ساتھ RLNG کے تبادلے کے نتیجے کے طور پر SSGC کے ٹرانسمیشن سسٹم میں UFG کے نقصانات کا الاؤنس دینا۔

مندرجہ بالا سمریوں پر ECC نے پالیسی گائیڈ لائنز جاری کیں جن کی بنیاد پر اوگرا نے اجازت دی کہ (i) بقیہ 50% خسارے یعنی 18.4 ارب روپے کو پانچ سالوں پر مشتمل قسطوں پر تقسیم کیا جائے (ii) UFG اسٹڈی کا فائدہ دیا اور اس طرح موجودہ سال کے لیے 1,390 ملین روپے اور گزشتہ سالوں میں 2013 سے 2016 تک کے لیے 4,278 ملین روپے کے UFG (اس۔ الاؤنس میں کمی) اس شرط کے ساتھ کہ جمع شدہ خسارہ ختم ہونے تک ڈیویڈنڈ کی شکل میں منافع تقسیم نہ کیا جائے۔

RLNG حجم کی ہینڈلنگ کی وجہ سے UFG کے اضافی نقصان کے حوالے سے اوگرا نے کمپنی کا دعویٰ تکنیکی اعتبار سے بلا جواز پایا۔ کمپنی پُراعتماد ہے کہ وزارت توانائی (پیٹرولیم ڈویژن) کے ذریعے معاملے کی پیروی کے ذریعے اوگرا سے یہ دعویٰ تسلیم کرائے گی۔

UFG کے بھاری اس۔ الاؤنس

کمپنی کی منافع کمانے کی اہلیت میں بگاڑ کے لیے UFG کے بھاری نقصانات کا بھی مرکزی کردار ہے، جیسا کہ اوگرا کی طرف سے بینچ مارک طے کیے گئے ہیں۔ گیس چوری، پیمائش میں خامیاں اور اوور ہیڈ اور انڈر گراؤنڈ پائپس میں لیکیج UFG میں حصہ دار عوامل ہیں۔ ان عوامل کے علاوہ، بعض بیرونی عوامل بھی ہیں جو کمپنی کے کنٹرول سے باہر ہیں، یعنی اندرون سندھ کا امن وامان کی صورت حال، SNGPL کے ساتھ گیس ترسیل کے انتظامات کی وجہ سے RLNG حجم ہینڈلنگ اور نئے شہروں کا اضافہ، جن میں سے ہر ایک نے UFG میں نمایاں اضافے میں اپنا حصہ شامل کیا ہے۔ کمپنی نقصان زدہ میٹرز بدلنے،

ڈائریکٹرز رپورٹ

معزز شیئر ہولڈرز،

کمپنی کی 63 ویں سالانہ رپورٹ اور مالی سال 30 جون 2017 کے لیے آڈٹ شدہ مالیاتی گوشوارے مع متعلقہ آڈیٹرز رپورٹ پیش کرنا ہمارے لیے باعث مسرت ہے۔

توانائی کا جائزہ

پاکستان کے انرجی کے شعبے نے گزشتہ چند سالوں (2013-2016) کے دوران حوصلہ افزا مجموعی ریکارڈ ترقی کی، جہاں مجموعی بنیادی توانائی کی فراہمی میں 3.82% کی شرح سے اضافہ ہوا۔ بنیادی توانائی کی فراہمی میں اضافہ پورٹ قاسم کراچی پر پہلے ایل این جی ری گیسیفکیشن ٹرمینل کے ذریعے کی جانے والی ایل این جی کی درآمد کی شکل میں توانائی کے نئے وسائل کا نتیجہ ہے۔ اس کے علاوہ متبادل توانائی یعنی ہوا، شمسی، بائیو گیس اور جوہری توانائی کے کئی منصوبے بھی شروع کیے گئے۔

قدرتی گیس کی طلب اور فراہمی کا فرق تقریباً 2 bcfd کا خلاء پر کرنے کے لیے سوئی سدرن گیس کمپنی نے ملک کے بالائی حصے کو جو گیس کی شدید قلت کا شکار تھا اس کو 42 انچ 342 کلومیٹر طویل ٹرانسمیشن پائپ لائن کے ذریعے سپلائی کے لیے اپنے موجودہ نیٹ ورک کی استطاعت میں اضافے کے منصوبے پر عمل کیا۔ زیر جائزہ سال کے دوران کمپنی تمام سیکشنز کامیابی سے بروئے کار لائی ہے جن میں 42 انچ تقریباً 120 کلومیٹر (پاک لینڈ تا MVA جامشورو) لائن، 42 انچ تقریباً 64 کلومیٹر (MVA سے MVA تا نندو) لائن، 42 انچ تقریباً 82 کلومیٹر (نواب شاہ تا دادو) لائن اور 42 انچ تقریباً 50 کلومیٹر (ٹنڈو تا نواب شاہ) لائن شامل ہے۔ زیر جائزہ سال کے دوران سوئی ناردرن گیس پائپ لائن لمیٹڈ کی طرف سے پریشر میں اضافے کا مطالبہ پورا کرنے کے لیے 200 mmcfd گیس کی گنجائش والے تمام چوکیدار کمپریسر اسٹیشنز کیے گئے۔

تاحال 101 سے زائد LNG کارگوز کامیابی سے EETPL LNG ٹرمینل پر آف لوڈ کیے جا چکے ہیں جس سے RLNG کا 295 mmcfd سے زائد والیوم SSGC کے ہائی پریشر ٹرانسمیشن نیٹ ورک میں شامل ہو چکا ہے۔

مالیاتی جائزہ

زیر جائزہ مدت کے دوران کمپنی نے لگنے والی پابندیوں اور واجب الادا قرضوں کی مالیاتی لاگتوں کی شمولیت کے بعد 1,336 ملین روپے کا خالص منافع درج کرایا۔

ان مالیاتی نتائج کا خلاصہ درج ذیل ہے:

2016-17 (ملین روپے)	
قبل از ٹیکس منافع	3,316
ٹیکسیشن	(1,980)
بعد از ٹیکس منافع	1,336

ڈائریکٹرز رپورٹ

(اردو ترجمے کے ساتھ)

NOTES

SUI SOUTHERN GAS COMPANY LIMITED

63rd Annual General Meeting for the year ended 2016-17

FORM OF PROXY

I / We, ____________________ of ________________ being a member of Sui Southern Gas Company Limited, holder of ________________Ordinary Share(s) as per Register Folio No. / CDC Account No. ____________ hereby Appoint. ________________ Folio No. / CDC Account No. _______ who is also member of Sui Southern Gas Company Limited, as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the Annual General Meeting of the Company to be held on Friday, February 15, 2019 and at any adjournment thereof. Signed under my / our hand this __________day of 2019.

Rupees Five Revenue Stamp

Signature should tally with the specimen signature registered with the Company Share Registrar

Signature of Witness: ____________________	Signature of Witness: ____________________
Name: ____________________	Name: ____________________
CNIC No.: ____________________	CNIC No.: ____________________
Address: ____________________	Address: ____________________

Notes:

1.Proxies, in order to be effective, must be received at the Registered Office of the Company at SSGC House, Sir Shah Suleman Road, Gulshan-e-Iqbal, Karachi not less than 48 hours before the meeting.

1.CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with the proxy form before submission to the Company (Original CNIC/Passport is required to be produced at the time of the meeting).

1.In case of corporate 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

سال مختتمہ 17-2016 کے لیے تریسٹھواں سالانہ اجلاس عام

پراکسی فارم

میں/ہم .... جو کہ .... جو سوئی سدرن گیس کمپنی لمیٹڈ کا/کے ممبر ہوں/ہیں، جس/جن کی ملکیت میں رجسٹرڈ فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر .... کے مطابق .... عام شیئرز (شیئرز) ہیں، .... فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر .... کو اپنا پراکسی (نمائندہ) مقرر کرتا/کرتے ہیں جو کہ سوئی سدرن گیس کمپنی لمیٹڈ کے ممبر بھی ہیں، تاکہ میری/ہماری غیر موجودگی میں 15 فروری، 2019 کو منعقد ہونے والے سالانہ اجلاس عام میں میری/ہماری جانب سے شرکت کرسکیں اور میری/ہماری طرف سے ووٹ کریں اور کسی التوا کی صورت میں 2019 کے .... دن، میری/ہماری جانب سے دستخط کریں۔

پانچ روپے کا ریونیو اسٹامپ	________________ دستخط کمپنی کے شیئر رجسٹرار کے ساتھ رجسٹر شدہ نمونے کے دستخط کے مطابق ہونا ضروری ہے

گواہ کے دستخط: ....
نام: ....
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ....
پتہ: ....

گواہ کے دستخط: ....
نام: ....
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ....
پتہ: ....

نوٹس:

(1) پراکسیز کے موثر ہونے کے لیے ضروری ہے کہ وہ اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس، ایس ایس جی سی ہاؤس، سر شاہ سلیمان روڈ، گلشن اقبال، کراچی میں موصول ہو جائیں۔

(2) سی ڈی سی کے شیئر ہولڈرز اور ان کے پراکسیز سے درخواست کی جاتی ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی، کمپنی میں جمع کرانے سے پہلے پراکسی فارم کے ساتھ منسلک کریں (اجلاس کے وقت کمپیوٹرائزڈ قومی شناختی کارڈ/پاسپورٹ کی اصل دکھانا لازمی ہے)۔

(3) کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے، پراکسی فارم کے ساتھ جمع کرانا لازمی ہے (سوائے اس کے کہ وہ پہلے پیش کی جا چکی ہو)۔

NOTES