Sui Southern Gas Company Limited

ANNUAL REPORT 2019

RICH LEGACY VIBRANT FUTURE

ABOUT THE COVER

From its humble beginnings in early 1950s when the then Sui Transmission Gas Company pioneered the construction of Asia's first 16" dia., 559-km gas pipeline, Sui Southern Gas Company has today become a pulsating power house, dedicated towards transmitting and distributing uninterrupted gas supply to an ever growing customer base. The eternal pursuit for nation building has also come up with numerous challenges that the Company is taking on with a well-defined game plan and a laser focused approach. It is a tall order but the Company management with full support from the Board of Directors is committed towards restructuring the organization, and aligning it in line with its long-term goals. A lot may have changed since those early days in early 1950s when the fledgling company gave a gift of natural gas to a young nation, but what has not changed is the set of core values and unfaltering commitment towards our esteemed customers and shareholders.

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, 2019

- **Dr. Shamshad Akhtar**
  Chairperson (Non-Executive Director)
- **Mr. Muhammad Raziuddin Monem**
  Director (Independent, Non-Executive Director)
- **Mr. Faisal Bengali**
  Director (Independent, Non-Executive Director)
- **Ms. Nida Rizwan Farid**
  Director (Independent, Non-Executive Director)
- **Dr. Ahmed Mujtaba Memon**
  Director (Non-Executive Director)
- **Mr. Manzoor Ali Shaikh**
  Director (Non-Executive Director)
- **Qazi Azmat Isa**
  Director (Non-Executive Director)
- **Mirza Mahmood Ahmad**
  Director (Non-Executive Director)
- **Mr. Sher Afgan Khan**
  Director (Non-Executive Director)
- **Qazi Mohammad Saleem Siddiqui**
  Director (Non-Executive Director)
- **Syed Akhtar Ali**
  Director (Independent, Non-Executive Director)

Acting Managing Director (Executive Director)
Mr. Mohammad Wasim

Company Secretary
Mr. Shoaib Ahmed

Auditors
M/s. Yousuf Adil
Chartered Accountants

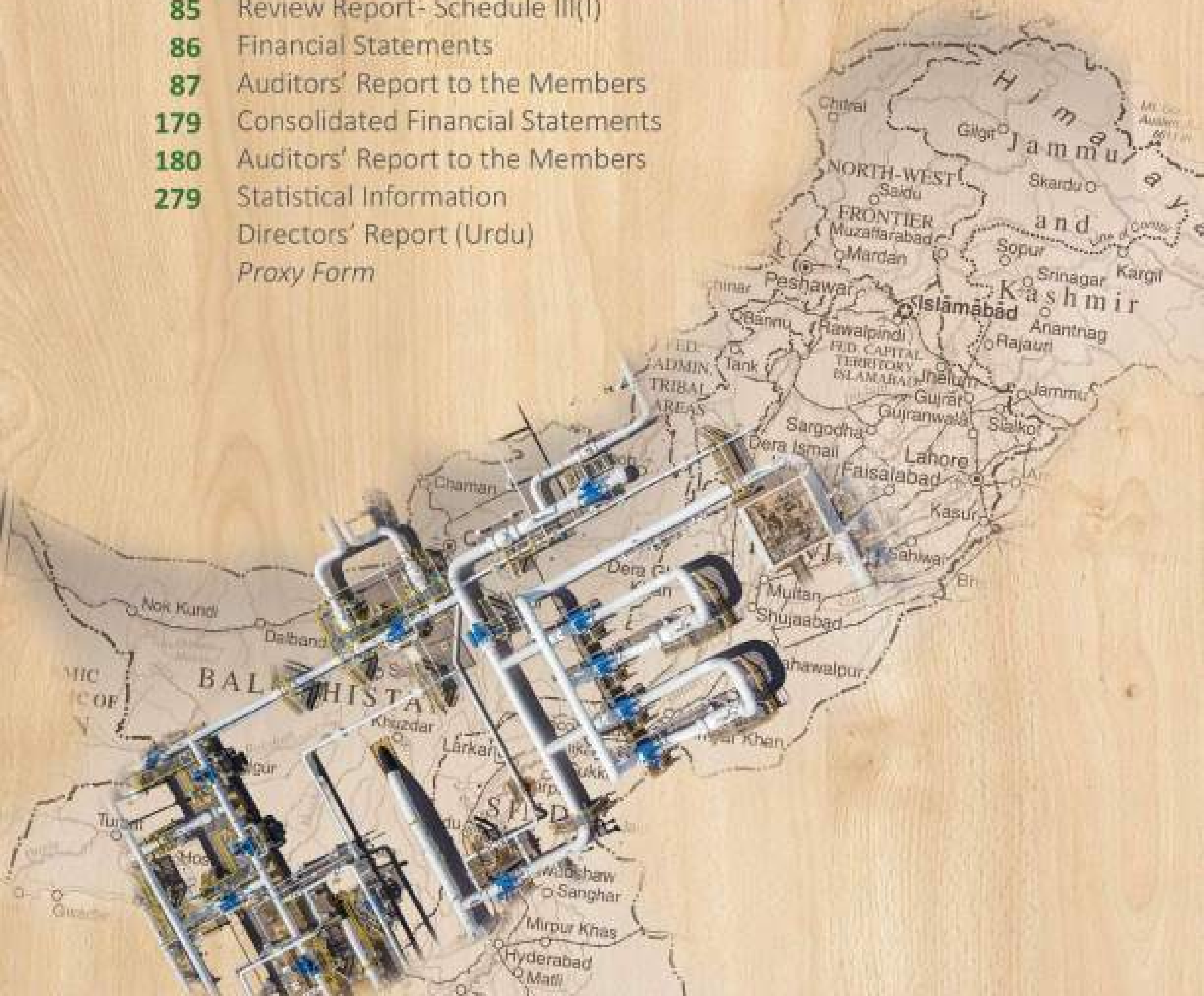
Registered Office
SSGC House
Sir Shah Suleman Road,
Gulshan-e-Iqbal, Block-14,
Karachi – 75300, Pakistan.

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

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

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

CONTENT



Chitral
Gilgit
Jammu
NORTH-WEST
Saidu
FRONTIER
Skardu
Muzaffarabad
and
Sopur
Mardan
Srinagar
Kargil
Peshawar
Kashmir
Islamabad
Bannu
Rawalpindi
Anantnag
Rajauri
FED. CAPITAL TERRITORY ISLAMABAD
Tank
Jhelum
Gujrat
Jammu
Gujranwala
Sargodha
Sialkot
Dera Ismail
Lahore
Faisalabad
Chaman
Kasur
Sahiwal
Multan
Shujaabad
Nok Kundi
Khuzdar
Sanghar
Mirpur Khas
Hyderabad

CORE VALUES

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

FULFILLING POTENTIAL

SSGC is strengthening its leading position amongst the energy companies in Pakistan by offering alternative resources, ensuring energy security for sustainable development, improving operating efficiency and fulfilling its human and technical potential.

ADHERING TO AGE-OLD VALUES

Times may have changed. The Company is operating in an environment that is totally different from the one back in its formative years. What has not changed, however, is the set of values the Company is built upon. These values took SSGC to the pinnacle of success and these values will also help it overcome diverse challenges.

ENSURING A JUST DISTRIBUTION

SSGC is committed towards sculpting out a culture of gas conservation by improving its operations and working towards achieving energy efficiency in its core functions. The Company is also focused towards creating awareness amongst the customers about the responsible and judicious use of natural gas for a win-win situation for all.

BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS

AS ON JUNE 30, 2019

Dr. Shamshad Akhtar
Chairperson

Mr. M. Raziuddin Monem
Director

Mr. Faisal Bengali
Director

Ms. Nida Rizwan Farid
Director

Dr. Ahmed Mujtaba Memon
Director

Mr. Manzoor Ali Shaikh
Director

Qazi Azmat Isa
Director

Mirza Mahmood Ahmad
Director

Mr. Sher Afgan Khan
Director

Qazi M. Saleem Siddiqui
Director

Syed Akhtar Ali
Director

Mr. Mohammad Wasim
Acting Managing Director

Present BOARD OF DIRECTORS

Dr. Shamshad Akhtar
Chairperson

Dr. Shamshad Akhtar has had a broad-based development career in leading national and multilateral organizations spanning over 37 years. Currently she is also serving as Chairperson, Pakistan Stock Exchange. Dr. Akhtar was Governor, State Bank of Pakistan from 2006 to 2009, Under Secretary General of the Economic and Social Commission of the Asia and Pacific (UNESCAP), Senior Special Advisor on Economics and Finance and Assistant Secretary General UN, the UN Secretary General's G20 Sherpa and Vice President, Middle East and North Africa (MENA) at The World Bank. She was also Senior Special Advisor to the President of Asian Development Bank (ADB). In 2018, Dr. Shamshad Akhtar served as Federal Minister of Finance, Revenue, Economic Affairs, Statistics Division, Planning and Development as well as Industry and Commerce Areas in Pakistan's caretaker government. Dr. Shamshad has advised various governments and the private sector in specific areas of development, governance, poverty, privatization, and public-private partnerships in numerous sectors. As Governor of the State Bank of Pakistan, she was nominated Asia's Best Central Bank Governor by the Emerging Markets Group in 2006 and Bankers Trust in 2007. She was also amongst Asian Wall Street Journal's top ten Women Business Leaders in 2008. Dr. Shamshad is a Chairperson of Karandaaz, a not-for-profit Company that focuses on fostering economic growth and creating jobs through financial inclusion of unbanked individuals and unserved enterprises, with a special focus on women and youth. She was a Post–Doctoral Fellow and US Full-bright Scholar at Department of Economics, Harvard University. The learned doctor is also a PhD Economics from University of Paisley, UK, Masters of Arts with Degree in Development Economics from the University of Sussex, UK and MSc (Economics) from the University of Islamabad and Bachelor of Arts (Economics) from the University of Punjab. As part of the SSGC Board of Directors Committees, Dr. Shamshad is Chairperson of Board Special Committee on UFG, Board Nomination Committee and the Board Human Resource and Remuneration Committee.

Mr. Imran Maniar
Managing Director

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

Mr. Muhammad Raziuddin Monem
Director

Mr. Muhammad Raziuddin Monem is a seasoned, goal-oriented professional with over 40 years of experience in Oilfield Systematic Performance Management including emphasis on QHSE and Team Building. He started his career in 1974 with M-I Drilling Fluids / M-I Overseas Ltd. (later a division of Schlumberger) and worked there until 2014, where he retired as the Country Manager and CEO for Pakistan and Area Operations Manager Middle East. During his tenure, he managed the planning and execution of annual and strategic business plans and execution of new technology systems. He has worked on many technical projects with industry giants, including Exxon, Shell, Conoco, Union Texas, Petro Canada, British Petroleum, OMV and ENI / Lasmo and many more. His forte is management efficiencies, product and service delivery optimization and new oilfield technologies and has proven himself as a valuable asset for the Company – through his consistent display of sound business acumen, good people skills resulting in Internationally leading EBITDA, RoI and QHSE Ranking. He underwent a number of advanced management and drilling engineering courses including negotiating skills, motivation, mentoring, QHSE leadership and management besides various courses on drilling engineering, Integrated fluids engineering, and drilling fluid economics. He has authored several papers at international petroleum seminars, co-chaired SPE and other industry panel sessions. He is a member of, and Certified Board Director from PICG which is in collaboration with IFC. Additionally his rich corporate background includes serving on Board of Directors of listed companies including Pak Suzuki Motor Company and Ghandara Nissan. He is a prolific social service volunteer and served as Chairman of Patients Behbud Society of AKUH for 13 years. Since 2006 he has been the Co-Chairman of Community Advisory Board of AKUH. Mr. Monem holds a BS degree in Chemical Engineering from the University of Engineering and Technology, Lahore. He is a life member of American Institute of Chemical Engineers, Society of Petroleum Engineers and is a member of Petroleum Institute of Pakistan and was member of OICCI Energy Sub-committee. As part of SSGC Board of Directors Committees, Mr. Monem is Chairman of Board Corporate Governance and Ethics Committee and Board Risk Management, Litigation and HSEQA Committee. He is also a member of the Board Nomination Committee and the Board Human Resource and Remuneration Committee.

Mr. Faisal Bengali
Director

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

Ms. Nida Rizwan Farid
Director

Ms. Nida Rizwan Farid is an aerospace engineer and energy efficiency consultant. She has led multi-million dollar projects for Airbus A320, A330, A350XWB, A380 and Bombardier's CRJ aircraft. She has also worked extensively with wind farm development and management, energy policy and gas turbine combustion in North America and Europe. Ms. Nida is passionate about spreading energy efficiency awareness in Pakistan and elsewhere, and co-authored the Integrated Energy Plan for Pakistan. Her projects include Pakistan's first comprehensive Energy Flow Diagram, savejoules.com, a comparison website of appliances based on electricity consumption, energy efficiency awareness campaigns, as well as energy audits for commercial and industrial customers. She has an BS in Aerospace Engineering from the Massachusetts Institute of Technology (MIT) and an MS in Mechanical Engineering from ETH Zurich, specializing in aircraft engines and gas turbines. As part of SSGC Board of Directors Committees, Ms. Nida is a member of the Board Finance and Procurement Committee, Board Risk Management, Litigation and HSEQA Committee and Board Special Committee on UFG.

Mr. Mather Niaz Rana

Director

Mr. Mather Niaz Rana is the current Chief Secretary of Balochistan. Mr. Rana has served on important administrative positions in the Government of Punjab, Government of Balochistan and the Federal Government including Islamabad Capital Territory Administration. He has also served as the 48th Chief Secretary of Azad State of Jammu and Kashmir and Secretary, Ministry of Planning, Development and Special Initiatives. He has done his B.Sc. Engineering from University of Engineering and Technology (UET) Lahore, MBA (Finance) from Imperial College London UK and M.Sc. from London School of Economics, UK. Mr. Rana is also a graduate of National Defence University, Islamabad. He is the member of SSGC's Board HR and Remuneration Committee, Board Special Committee on UFG and Board Risk Management, Litigation and HSE& QA Committees.

Mr. Hassan Mehmood Yousufzai

Director

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

Dr. Ahmed Mujtaba Memon

Director

Dr. Ahmed Mujtaba Memon was appointed as Director in SSGC Board by the Government of Pakistan on April 23, 2018. Before his posting in Finance Division, Dr. Memon was serving as DG Input - Output Co-efficient Organization, Federal Bureau of Revenue, in Karachi. He 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. He carries a rich professional and academic background, holding degrees of MBBS, MA (Economics) and MBA Finance. Presently, Dr. Memon is working as Additional Finance Secretary (CF / HR) in Finance Division since, March 2018. He is also a member on the Board of NESPAK and K-Electric. As part of SSGC Board of Directors Committees, Dr. Ahmed is Chairman of Board Finance and Procurement Committee. He is also a member of the Board Audit Committee, Board Nomination Committee and Board Human Resource and Remuneration Committee.

Dr. Sohail Razi Khan

Director

Dr. Sohail R. Khan is a top performing corporate strategy, Oil and Gas business development management consultant, having proven record of achievement in planning, development and growth of oil and gas industry. He is a highly motivated individual with successful international working experience of more than 15 years in Oil and Gas and service industries across UK, UAE, Canada and Qatar. He has a solid track record working for Total (E&P) UK, providing corporate strategy, improving the development of business by deploying oil and gas processes (upstream and downstream), implementing and coordinating efficiency improvement techniques with affiliate management teams across the operations in Total (E&P). Working as a change management consultant for Total (E&P), Dr. Khan successfully designed and implemented FOI (Field Operational Improvement) change management program in time within budget of £10 Million for UK and Qatar assets. The purpose of Field Operational Improvement program was to reshape Total Petroleum (E&P) from business unit centric to enterprise, effective and mature shared service IT organization that can support priorities of the entire operations. Dr. Khan also successfully designed and implemented oil production reporting processes, competency management systems, integrated logistics and procurement systems, 12-24-month planning and budgeting processes with the engagement of multiple stakeholders to define a strategic direction and enhance business development. He was also responsible for determining competency requirements for all functions and staff, against the competency standards, and successfully delivered the annual training plan that caters the needs of Operation, Engineering and HSE disciplines within budget and on time. Dr. Sohail has extensive experience of policy formation, HR development and Training, Audit process, development and execution of IT strategy to support operation by deploying Artificial Intelligence (AI), Big Data Analytics, Cyber Threat Intelligence and Cloud Computing to optimize production, efficiency and improve business processes across the operation. He has vast experience working with IBM Watson Data Platform which provides strategic value to an organization by analyzing vast amount of ‘dark’ data to improve operational and business decisions. Working for I.P.S.G (UK) he has managed IT projects exceeding £10 Million budget, including software development, business process reengineering, processes development, implementation, audit, managing multiple departments and compliance with ISO and European standards. He has vast experience in managing multiple projects concurrently, programs with various project streams, on budget, within scope and quality in line with PMBOK best practices of PMI. Dr. Sohail has valuable company turnaround experience having used leading management tools and techniques such as Lean methodology, RACI, Kanban, PRINCE 2, PMP, ERP, JDE and BPM to bring companies from loss to profit.

Dr. Sohail R. Khan earned his PhD Degree in Management and Technology followed by Masters in Business Administration from University of Central Lancashire UK. He has M.Sc (Distributed Networks and Security System) from University of Hertfordshire UK and MA in Strategic Leadership from University of Wolver Hampton UK. He possessed various industrial certifications in Management, Cyber Threat Intelligence, Big Data Analytics, Ethical Hacking and Corporate IT Governance Framework from University of Maryland, University of Georgia, Google, Cisco and Cybrary Education USA. He has several publications in international journals in the Field of Corporate IT Strategy and Governance Framework, Management Challenges, Cyber Warfare, Cloud Computing, and Service Level Framework. Dr. Khan is a keen sportsman and loves to play cricket and football. As part of SSGC Board of Directors Committees, Dr. Sohail is a member of the Board Audit Committee, Board Finance and Procurement Committee, Board Special Committee on UFG and the Board Human Resource and Remuneration Committee.

Mr. Manzoor Ali Shaikh
Director

Mr. Manzoor Ali Shaikh, an officer of Pakistan Administrative Service Federal Government in BPS-20 is presently posted as Executive Director, State Life Insurance Corporation of Pakistan (SLIC). Prior to his posting in SLIC, he has served the Federal Government and Sindh Government in various positions. His last assignment was as Secretary to the Government of Sindh for Labor and Human Resources Department. He has also served as CEO, Pakistan Reinsurance Company Limited, and member Board National Insurance Company Limited. Mr. Shaikh has also served as Secretary Forests and Wildlife Department. He has also worked as Director General Trade Development Authority of Pakistan and Executive Director Trading Corporation of Pakistan, and Divisional Commissioner Sukkur Division. Mr. 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 is a certified Director and has attended professional training courses and workshops including those conducted by Pakistan Institute of Corporate Governance (PICG) on Governance of Risk and Human Resource and Remuneration Committee. Mr. Shaikh has professional degree in Civil Engineering and has attained a Bachelor’s Degrees in Economics, Arts and LLB. As part of SSGC Board of Directors Committees, Mr. Manzoor is a member of the Board Audit Committee, Board Nomination Committee, Board Risk Management, Litigation and HSE&QA Committee and Board Human Resource and Remuneration Committee.

Mr. Zuhair Siddiqui
Director

Mr. Zuhair Siddiqui retired as Managing Director of SSGC after a service tenure of 12 years. Subsequent to his superannuation, he was engaged as the MD on a two-year contract by SSGC. During his tenure of service in the Company, Mr. Siddiqui held a number of senior leadership positions which include General Manager (IT), Senior General Manager – Customer and Management Services, and Deputy Managing Director. During his tenure of service he was also a member of all the Committees of the Board of Directors which were involved in strategic planning to fulfill the vision and mission of the Company. His hands-on experience in the Company has provided him with invaluable technical and managerial knowledge vital to gas purification, transmission and distribution functions. Prior to joining SSGC, he was employed by Civil Aviation Authority, Karachi for a period of 10 years and Advanced Micro Devices (AMD), American Microsystems Incorporated (AMI) and National Semiconductor in USA, for a period of 11 years. Mr. Siddiqui holds a Bachelor's degree in Electronic Engineering from Karachi and a Master's degree in Computer Engineering from USA. He is also a member of engineering institutions in Pakistan and United States. As part of SSGC Board of Directors Committees, Mr. Zuhair is a member of the Board Finance and Procurement Committee, Board Risk Management, Litigation and HSE&QA Committee and the Board Special Committee on UFG.

Mr. Ayaz Dawood
Director

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

Mr. Shoaib Ahmed
Company Secretary

Mr. Shoaib Ahmed joined SSGC as Company Secretary in 2015. He is a fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and a Certified Director from the Pakistan Institute of Corporate Governance (PICG). He has the distinction of being the youngest Secretary of ICAP and has extensive experience in the areas of professional standards compliance, regulatory affairs, corporate and legal affairs, investment banking, treasury back office management with SBP and corporate laws / taxation. Mr. Ahmed remained Secretary of South Asian Federation of Accountants and narrated ICAP's Coffee Table Book, capturing 50 years of its glorious history.

ENSURING EQUITABLE SUPPLY OF GAS

Today SSGC operates in an environment in which the demand for gas has far exceeded the supply. The Company's efforts have been aimed at exploring new alternatives to augment supplies, beefing up its infrastructure while also prioritizing every gas consuming sector, in accordance with its needs.

NOTICE OF 65TH ANNUAL GENERAL MEETING

Notice is hereby given that the 65th Annual General Meeting (AGM) of **Sui Southern Gas Company Limited** will be held electronically through Tele / Video link facility from the Company's Head Office, SSGC House, Sir Shah Suleman Road, Block 14, Gulshan-e-Iqbal, Karachi on **Tuesday, August 10, 2021 at 11 a.m.** to transact the following businesses:

ORDINARY BUSINESS:

1. To review the minutes of the 64th AGM of the Company held on August 5, 2020.
2. To consider the Annual Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Directors' Report in English and Urdu version and Auditors' Report thereon.
3. To appoint Auditors for the year ended June 30, 2020 and fix their remuneration. The Board of Directors has recommended appointment of M/s. BDO Ebrahim & Co., Chartered Accountants in place of retiring auditors M/s. Yousuf Adil, Chartered Accountants, to be the auditors of the Company.
4. To transact any other business with the permission of the Chair.

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

The shares transfer book of the Company shall remain closed with effect from August 4, 2021 to August 10, 2021 (both days inclusive). Transfers received in order, at the office of Share Registrar M/s. CDC Share Registrar Services Limited (CDCSRS), CDC House, 99-B, Block-B, S.M.C.H.S, Karachi, Phone # 021-111-111-500 (the Share Registrar) at the close of business on August 3, 2021 will be considered in time to attend the meeting.

By order of the Board

Shoaib Ahmed
Company Secretary

Karachi: July 14, 2021

Notes:

1. CHANGE OF ADDRESS

Members having physical shareholding are requested to notify changes in their address immediately, if any, in their registered addresses to our Share Registrar, M/s. CDC Share Registrar Services Limited.

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

2. PARTICIPATION IN ANNUAL GENERAL MEETING THROUGH ELECTRONIC MEANS

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

a) AGM will be held through Zoom application, a video link facility.
b) Shareholders interested in attending the AGM through Zoom application are hereby requested to get themselves registered with the M/s. CDC Share Registrar Services Limited by Monday, August 9, 2021, 11:00 a.m. by sending an e-mail with subject: "Registration for SSGCL AGM" at cdcsr@cdcsrsl.com along with a valid scanned copy of their CNIC.

Shareholders are advised to provide the following information:

Sr. #	Folio / CDC A/c Number	Name of Shareholder	CNIC Number	Cell Number	Email Address

c) Members will be registered, after necessary verification as per the above required information and will be provided a video-link by the Company through email.

d) The Company will send the video-link for the meeting / login credentials to the members at their provided email address, enabling them to attend the AGM on the given date and time through their smartphone / computer devices.

e) Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

f) Members can also share their comments / suggestions on the agenda of AGM by sending email at AGM2019@ssgc.com.pk or cdcsr@cdcsrsl.com or WhatsApp on 0321-820-0864. Shareholders are requested to mention their full name, CNIC # and Folio / CDC Account # for this purpose.

g) Shareholders are encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

3. E-VOTING

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

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

CDC Investor Account Holders will further have to follow the below mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

4a) For attending Annual General Meeting

a) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his / her identity by sharing a copy of his / her CNIC or Passport through email at least by Monday, August 9, 2021) 11:00 a.m.

b) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be shared through email (as mentioned in the notes) (unless it has been provided earlier) at least by Monday, August 9, 2021) 11:00 a.m.

4b) For appointing Proxies

a) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per regulations, shall submit the proxy form as per the above requirement.

b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.

c) Attested copies for CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.

d) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.

e) In the case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent on behalf of the corporate entity shall be submitted along with proxy form to the Company (unless it has been provided earlier).

f) The proxy instrument must be completed in all respects and in order to be effective should be deposited at the Office of the Company Secretary, SSGC House, Sir Shah Suleman Road, Block 14, Gulshan-e-Iqbal, Karachi not later than 48 working hours before the time of holding the meeting (i.e. by Friday, 11:00 a.m. on August 6, 2021) .

g) If any member appoints more than one proxy for the meeting, all such instruments of proxy shall be rendered invalid, however, a member may assign alternate proxy.

h) In case if more than one instruments of proxy are deposited with the Company against a single Folio / CDC Account #, all such instruments of proxy shall be rendered invalid.

5. CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM:

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

6. TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH CD:

The Company has circulated Annual Financial statements to its members through CD at their registered address. Printed copy of above same can be provided to the members upon request. Request Form is available on the website of the Company i.e. www.ssgc.com.pk

7. TRANSMISSION OF ANNUAL REPORTS THROUGH E-MAIL:

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

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

The audited financial statements of the Company for the year ended June 30, 2019 have been made available on the Company's website www.ssgc.com.pk

9. PAYMENT OF CASH DIVIDEND ELECTRONICALLY:

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

In order to receive dividend directly into their bank account, shareholders are requested to fill in "relevant form name of the Company" available on Company's website and send it duly signed along with a copy of CNIC to the Company's Share Registrar, CDC Share Registrar Services Limited, in case of physical shares.

In case shares are held in CDC then "relevant form name of the Company" must be submitted directly to broker / participant / CDC Investor Account Services.

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

10. SUBMISSION OF COPY OF CNIC:

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

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

TARGETING IMPROVED MARKET SHARE

BOARD/COMMITTEE MEETINGS

(JULY 01, 2018 TO JUNE 30, 2019)

BOARD MEETINGS

Name of Directors	Total Number of Board Meetings*	Number of Meeting(s) Attended
Lt. General Javed Zia (Retd.)	14	14
Sardar Rizwan Kehar	14	14
Mirza Mahmood Ahmad	18	18
Mr. Azher Ali Choudhry	14	09
Nawabzada Riaz Nosherwani	14	14
Mr. Abdul Ghufran	04	04
Agha Sher Shah	04	01
Qazi Mohammad Saleem Siddiqui	18	18
Mr. Mohammad Riaz Khan	14	14
Mr. Hassan Nasir Jamy	01	01
Dr. Ahmed Mujtaba Memon	18	16
Mr. Sher Afghan Khan	16	16
Mr. Manzoor Ali Shaikh	11	10
Syed Akhtar Ali	07	07
Dr. Shamshad Akhtar	04	04
Mr. Faisal Bengali	04	03
Ms. Nida Rizwan Farid	04	04
Qazi Azmat Isa	04	03
Mr. Muhammad Raziuddin Monem	04	04
Mr. M. Amin Rajput**	10	10
Mr. Imran Farookhi***	02	02
Mr. Mohammad Wasim****	06	05

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE		
Name of Directors	Total Number of Board Meetings*	Number of Meeting(s) Attended
Lt. General Javed Zia (Retd.)	**07**	**07**
Sardar Rizwan Kehar	**07**	**07**
Mr. Azhar Ali Choudhry	**07**	**06**
Nawabzada Riaz Nosherwani	**07**	**07**
Mirza Mahmood Ahmad	**08**	**08**
Mr. Sher Afgan Khan	**05**	**05**
Mr. Manzoor Ali Shaikh	**01**	**01**
Dr. Shamshad Akhtar	**01**	**01**
Mr. Muhammad Raziuddin Monem	**01**	**01**
Mr. M. Amin Rajput**	**04**	**04**
Mr. Imran Farookhi***	**02**	**02**
Mr. Mohammad Wasim****	**02**	**02**

BOARD FINANCE AND PROCUREMENT COMMITTEE		
Name of Directors	Total Number of Board Meetings*	Number of Meeting(s) Attended
Mr. Abdul Ghufran	**02**	**02**
Agha Sher Shah	**02**	**01**
Qazi Muhammad Saleem Siddiqui	**07**	**07**
Mirza Mahmood Ahmed	**07**	**07**
Mr. Azhar Ali Choudhry	**06**	**06**
Dr. Ahmed Mujtaba Memon	**07**	**06**
Mr. Manzoor Ali Shaikh	**02**	**02**
Syed Akhtar Ali	**02**	**02**
Ms. Nida Rizwan Farid	**01**	**01**
Mr. Sher Afgan Khan	**01**	**01**
Mr. M. Amin Rajput**	**04**	**04**
Mr. Imran Farookhi***	**01**	**01**
Mr. Mohammad Wasim****	**02**	**02**

BOARD AUDIT COMMITTEE		
Name of Directors	Total Number of Board Meetings*	Number of Meeting(s) Attended
Agha Sher Shah	**01**	**01**
Qazi Muhammad Saleem Siddiqui	**05**	**05**
Mr. Mohammad Riaz Khan	**04**	**04**
Dr. Ahmed Mujtaba Memon	**05**	**04**
Sardar Rizwan Kehar	**03**	**03**
Mr. Faisal Bengali	**01**	**01**
Mr. Manzoor Ali Shaikh	**01**	**00**
Mirza Mahmood Ahmad	**01**	**01**
Qazi Azmat Isa	**01**	**01**

BOARD RISK MANAGEMENT AND LITIGATION COMMITTEE		
Name of Directors	Total Number of Board Meetings*	Number of Meeting(s) Attended
Mr. Mohammad Riaz Khan	**04**	**04**
Mr. Abdul Ghufran	**01**	**01**
Mirza Mahmood Ahmad	**04**	**04**
Mr. Manzoor Ali Shaikh	**03**	**03**
Nawabzada Riaz Nosherwani	**02**	**02**
Mr. Muhammad Raziuddin Monem	**01**	**01**
Ms. Nida Rizwan Farid	**01**	**01**
Mr. Faisal Bengali	**01**	**01**
Syed Akhtar Ali	**01**	**01**
Qazi Azmat Isa	**01**	**01**
Mr. M. Amin Rajput**	**02**	**02**
Mr. Imran Farookhi***	**01**	**01**
Mr. Mohammad Wasim****	**02**	**02**

BOARD NOMINATION COMMITTEE		
Name of Directors	Total Number of Board Meetings	Number of Meeting(s) Attended
Lt. General Javed Zia (Retd.)	**03**	**03**
Sardar Rizwan Kehar	**03**	**03**
Mr. Abdul Ghufran	**01**	**01**
Mr. Manzoor Ali Shaikh	**01**	**01**
Agha Sher Shah	**01**	**00**

BOARD SPECIAL COMMITTEE ON UFG		
Name of Directors	Total Number of Board Meetings*	Number of Meeting(s) Attended
Sardar Rizwan Kehar	**07**	**07**
Lt. General Javed Zia (Retd.)	**04**	**04**
Nawabzada Riaz Nosherwani	**07**	**07**
Mirza Mahmood Ahmad	**09**	**09**
Mr. Mohammad Riaz Khan	**07**	**07**
Qazi Muhammad Saleem Siddiqui	**09**	**09**
Mr. Hassan Nasir Jamy	**01**	**01**
Mr. Sher Afgan Khan	**07**	**07**
Dr. Shamshad Akhtar	**02**	**02**
Ms. Nida Rizwan Farid	**02**	**02**
Mr. Faisal Bengali	**02**	**01**
Syed Akhtar Ali	**02**	**02**
Mr. M. Amin Rajput**	**03**	**03**
Mr. Imran Farookhi***	**02**	**02**
Mr. Mohammad Wasim****	**04**	**04**

*Held during the period the concerned Director was on the Board / Committee
** Acting Charge of MD assigned to Mr. Amin Rajput DMD (F&A)/ CFO was relinquished on his resignation on 10 January, 2019 and assigned to Mr. Imran Farookhi DMD (CS).
*** Acting Charge of MD assigned to Mr. Imran Farookhi DMD (CS) was relinquished on his resignation on 22 February, 2019 and assigned to Mr. Mohammad Wasim DMD (OPS).
**** Acting Charge of MD assigned to Mr. Mohammad Wasim was continued till end of the period.

TERMS OF REFERENCE (ToR) OF THE BOARD COMMITTEES

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

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

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

BOARD FINANCE AND PROCUREMENT COMMITTEE

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

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

  To approve / recommend major contracts of civil works along with cost benefit analysis thereof that also include purchase of land.

- To lay down time limits / parameters in respect of procurement of various materials and services.
- To review the borrowing plans of the Company by assessing the requirements thereof and make recommendations to the Board for approval.
- To approve procurement of materials and services exceeding the authority limits of the management.
- To review and recommend to the Board any changes / amendments in the Terms of Reference of the Committee.
- Any other matter entrusted by the Board of Directors from time to time.

BOARD AUDIT COMMITTEE

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

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

BOARD RISK MANAGEMENT, LITIGATION AND HSE&QA COMMITTEE

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

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

BOARD SPECIAL COMMITTEE ON UFG

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

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

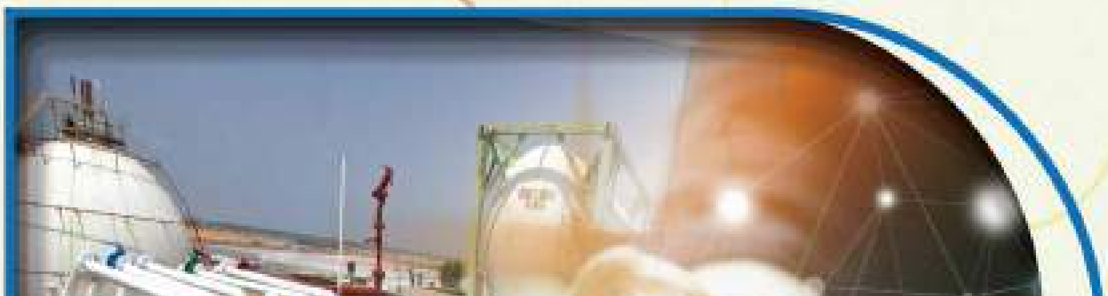
BOARD CORPORATE GOVERNANCE AND ETHICS COMMITTEE

The purpose of the Board Corporate Governance and Ethics Committee is to assist the Board in the establishment, embedding and oversight of the values, the governance and ethical policy framework and monitoring the overall ethical health of the organization and compliance with professional and ethical standards whenever applicable.

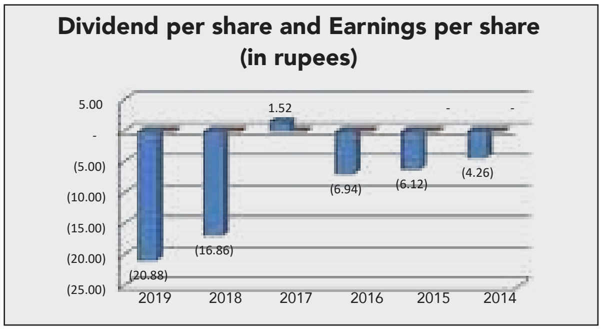
EXPANDING NETWORK, ENSURING PROPER SUPPLY

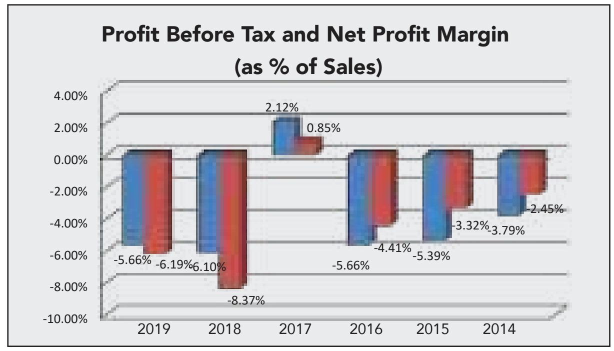
GENERAL OVERVIEW

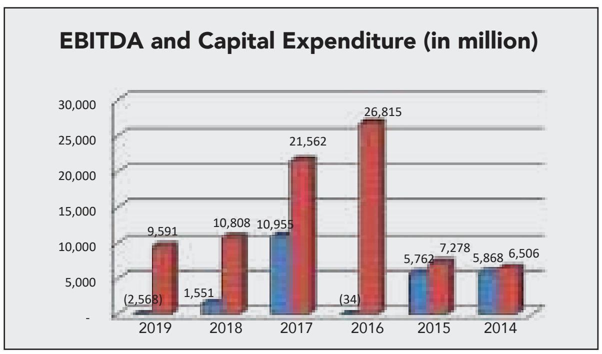
This Section outlines Performance Indicators in the form of graphical representations and tables of financial data and provides details of the Distribution Network and 6-year Financial Highlights.

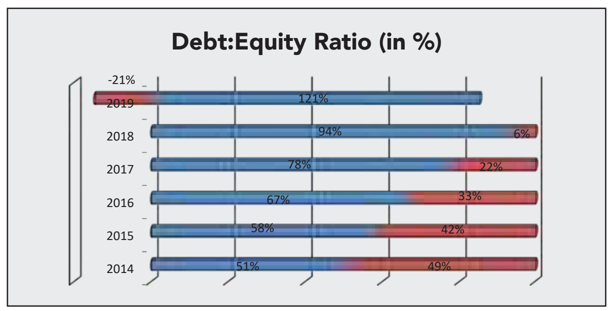


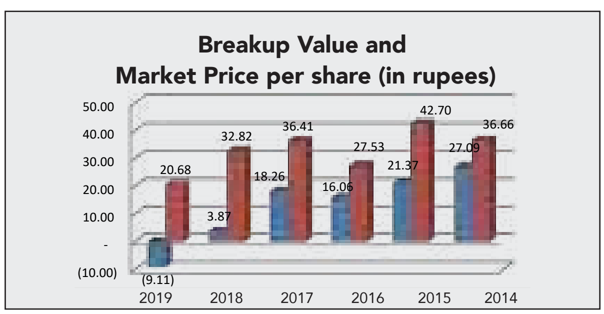
PERFORMANCE INDICATORS











DETAILS OF DISTRIBUTION NETWORK

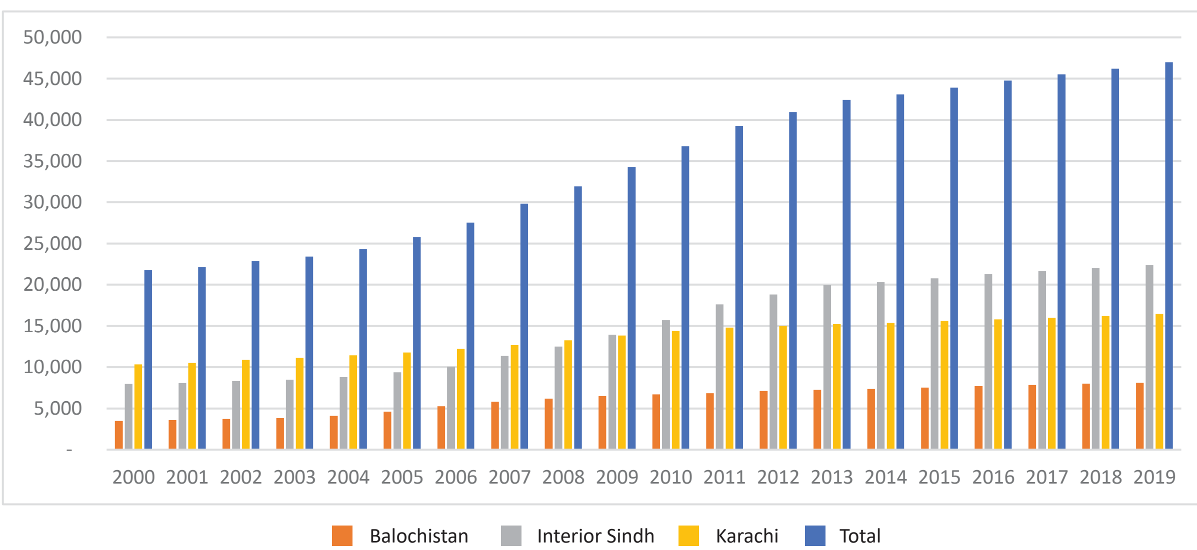
IN KILOMETERS

LEGEND #1 (2000 to 2009)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Balochistan	3,487	3,576	3,699	3,817	4,109	4,619	5,250	5,796	6,193	6,505
Interior Sindh	7,975	8,062	8,310	8,478	8,809	9,361	10,077	11,375	12,484	13,951
Karachi	10,323	10,521	10,881	11,121	11,422	11,784	12,215	12,659	13,253	13,826
Total	21,785	22,159	22,890	23,416	24,340	25,764	27,542	29,830	31,930	34,282

LEGEND #2 (2010 to 2019)

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Balochistan	6,690	6,841	7,117	7,263	7,368	7,518	7,685	7,838	7,988	8,101
Interior Sindh	15,697	17,626	18,826	19,937	20,347	20,757	21,280	21,672	22,014	22,395
Karachi	14,398	14,786	15,019	15,217	15,374	15,615	15,796	16,009	16,207	16,497
Total	36,785	39,253	40,962	42,417	43,089	43,890	44,761	45,519	46,209	46,993



SIX-YEAR FINANCIAL HIGHLIGHTS

KEY INDICATORS

		2019	2018	2017	2016	2015	2014
Trading Results	**Rs Million**						
Sales (excluding Gas Development Surcharge)		297,167	177,404	156,673	138,616	162,583	153,283
Gross (loss) / profit		2,046	(9,777)	(839)	(24,824)	(6,436)	(8,968)
(Loss) / profit before tax		(16,820)	(10,826)	3,316	(7,840)	(8,769)	(5,810)
(Loss) / profit after tax		(18,395)	(14,848)	1,336	(6,115)	(5,391)	(3,753)
Operating Ratios	**%**						
Gross margin		0.69%	-5.51%	-0.54%	-17.91%	-4.05%	-5.85%
Pre tax margin		-5.66%	-6.10%	2.12%	-5.66%	-5.39%	-3.79%
Net margin		-6.19%	-8.37%	0.85%	-4.41%	-3.32%	-2.45%
Financial position	**Rs Million**						
Shareholders equity		(8,022)	3,406	16,082	14,146	18,827	23,867
Property, plant and equipment		129,720	120,524	114,993	96,711	73,942	70,165
Net current assets		(65,870)	(43,029)	(27,102)	(39,333)	(15,580)	(5,774)
Long term assets		1,649	1,870	4,601	4,470	2,241	1,955
Long term liabilities		73,522	75,959	76,409	47,702	41,776	42,479
Capital employed		38,735	59,702	71,917	42,475	44,466	48,773
Performance	**Rs Million**						
Capital expenditure		9,591	10,808	21,562	26,815	7,278	6,506
Asset turnover ratio		0.65	0.51	0.53	0.50	0.64	0.71
Fixed assets turnover ratio		2.38	1.51	1.48	1.62	2.26	2.22
Inventory Turnover	Days	1.93	2.45	2.52	2.06	2.07	1.71
Return on equity	%	NA*	-152.4%	8.8%	-37.09%	-25.25%	-15.01%
Return on capital employed	%	-37.37%	-22.56%	2.34%	-14.07%	-11.56%	-7.27%
Valuation and other Ratios							
Earnings per share	**Rs**	(20.88)	(16.86)	1.52	(6.94)	(6.12)	(4.26)
Cash dividend - per share		-	-	-	-	-	-
Dividend payout ratio	%	0%	0%	0%	0%	0%	0%
Net assets per share (breakup value)	**Rs**	(9.11)	3.87	18.26	16.06	21.37	27.09
Market value per share at 30 June	**Rs**	20.68	32.82	36.41	27.53	42.70	36.66
Price earnings ratio		(0.99)	(1.95)	24.01	(3.97)	(6.98)	(8.60)
Dividend yield	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt : Equity ratio		121:(21)	94:06	72:22	67:33	58:42	51: 49
Current ratio		0.86	0.86	0.88	0.82	0.93	0.97
Debt service coverage ratio		(0.16)	0.11	1.30	(0.00)	0.84	0.93

* Not applicable as equity and return both are negative

DIRECTORS' REPORT

Dear Shareholder,

The Board approved for circulation to the shareholders, the 65th Annual Report and Audited Financial Statements for the financial year ending June 30, 2019, together with the Auditors' Report thereon. This is consistent with Board's decision that the financial statements be prepared based on OGRA's decision on FRR petition, while the process of appeals and review motions will be pursued in parallel in order to avoid delays.

The Board has advised the management to rigorously pursue getting OGRA determination on FRR petition for FY 2019-20 to meet the extended deadline of 3 January, 2022 for holding AGM and issue all pending interim financial statements of FY 2019-20.

The delay in holding of AGM for FY 2018-19 primarily happened as the management was in pursuit of the implementation of the Policy Guidelines issued by the ECC of the Federal Cabinet to OGRA vide its decision dated May 11, 2018 on Case No. ECC-37/09/2018. Under these guidelines OGRA was directed to allow UFG to SSGC associated with the supply of RLNG transacted on volume handled basis. The Board had communicated to the Government that the delays in decision and non-implementation of the RLNG revenue obligations Policy Guidelines by OGRA have serious financial impact which would affect the wellbeing of the company and is detrimental to the socio economic agenda of the GoP.

Earlier, ECC took up this issue in its three meetings but without reaching to any decision. In June 2020 Secretaries Committee, co-chaired by the Finance and Petroleum Divisions, was designated to resolve the issue with stakeholders including Ministry of Energy – Petroleum Division, OGRA officials, SSGC and SNGPL teams, though it met once but made no progress.

Later, in December 2020, OGRA has initiated the process of engaging experts to technically evaluate the impact of handling RLNG on UFG of both gas utility companies which was not materialized. The process has now been re-initiated in April 2021 and it is expected that another 5 months will be required to complete the study. In June 2021, SSGC met the newly appointed Chairman OGRA to sensitize him of the gravity of the matter and sought for due resolution of the issue in the Motion for Review Petition for FY 2018-19 filed with the Authority.

STRENGTHENING OF SSGC'S OPERATIONAL AND FINANCIAL PERFORMANCE

The Board has appointed Mr. Imran Maniar as Managing Director, SSGC who took charge with effect from February 4, 2021. Mr. Maniar holds more than 25 years' international exposure of working in oil and gas sector. He had experience of successful turnarounds of companies and introducing change management culture. The Board has continued to pursue with the management, effective implementation of policy and institutional reforms necessary to transform SSGC into a dynamic and result oriented organization. A range of initiatives and action plans in almost all critical areas of SSGC's operations have been formulated to implement organizational reforms for good governance, greater hold of management team and consistent pursuance of agreed reforms and Government's and regulators decisive actions to resolve pending issues would be a prerequisite for financial and operational sustainability.

Amongst many initiatives the Board has taken, few are listed below:

- Institutionalized and operationalized a dedicated UFG Hub, headed by a Deputy Managing Director with appropriate skill mix.

- Reviewed and monitored the Unaccounted for Gas (UFG) plans and their implementation; though UFG declined somewhat, the bottom line of the company continues to be impacted by UFG disallowance.

- Advised the management and staff to expedite action around 14 SMS's which are yielding highest recorded UFG in order to get quick results for reduction of UFG and a master plan is being devised for Karachi for network segmentation by bifurcating domestic and industrial customers.

- Directed the management to identify and tag in real-time areas with highest impact on UFG reduction on GIS system. Accordingly, UFG reduction activities i.e; rehabilitation, over / underground leak detection and theft detection will also be tagged in the GIS system to ensure effective monitoring of these activities.

- Instructed the management to extensively work towards drastically reducing lead times for new connections in order to discourage theft. The CGTO department is also directed to enhance and publicize anti-theft activities through media coverage to create necessary theft deterrence.

- Management is working to make SSGC lean, efficient and effective organization in compliance with the budget targets set by the Board for FY 2020-21 and FY2021-22 by rationalizing and controlling the revenue expenditures which in any case should not exceed FY 2020-21 actual numbers. As a matter of policy, the Board decided that the Capital Expenditure can only be incurred after the Board is satisfied with the detailed need analysis and feasibility study of each individual project. Rationalization of the budget will help to prioritize capital flows for the rehabilitation of transmission and distribution system in compliance with ASME standards and UFG reduction activities. For maintaining integrity of existing pipeline network, the management has been asked to submit plan for full implementation of ASME standards within 3 years including plan to cater for training and development of staff involved.

- Procurement processes have been revamped and the Board is pursuing for further reduction in time lag involved in the procurement. The Board is also encouraging the management to work on introducing paper less environment through use of electronic process automation systems. The Board has given deadline of December 31, 2021 to complete the automation exercise.

- Sales department is in the process of introducing an online system for new gas connections (without human interactions) for customers. The electronic process automation of Sales department is expected to be completed by December 31, 2021.

- Accountability of management and staff is being enhanced and a quality assurance department reporting to Managing Director is being established.

- A greater emphasis is being made on HSE&QA, creating greater awareness amongst all employees and rollout of QHSE Passports.

REFORMS IN HUMAN RESOURCE

The Board is also privy to the fact that some members of senior management team will be retiring in near future, therefore the management was advised to bring Succession Planning recommendations for all General Manager (GM) level and above, along with amendments in Job Descriptions (JD), if required. Further, the management is in the process to expedite Job Rotation process and fill all the vacant middle and senior management level positions. In order to ensure that all inductions are processed on a competitive and transparent basis and the human resources are being deployed and rationalized effectively. The Board is on course for introducing new and improved Employment Policy according to need of the organization which is aligned with best practices followed in reputable organizations of the private sector.

The Board is also perusing for enhancement of the capacity of the HR department and its necessary restructuring will be performed by engaging high quality people in key areas of the HR function.

The Board is giving due emphasis on the Training and Development of the staff based on skill gap analysis through engagement of high powered trainers to undertake training and development of staff and to run the ‘Train-the-Trainers’ program.

Some other initiatives identified under key reforms agenda of the Board in the area of Human Resource are as follows:

- To document functions performed and workload analysis of each department / division / region of the Company.

- Evaluation of department / location / grade wise establishment position of executive and subordinate cadre (category wise) along with identification of jobs that can be outsourced. This includes evaluation requirements of outsourced manpower for all departments.

- To formalize strategy for roles that could be outsourced and mechanism to monitor productivity analysis of third party workforce without compromising Company’s interest from a legal standpoint.

- To identify job overlapping, redundancies, and surplus / shortfall of manpower within functions.

- To perform Job Evaluation, Job Specification and Job Descriptions for all executive cadre positions.

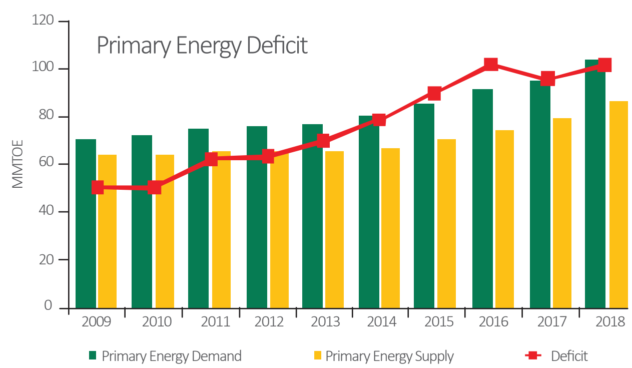
REACHING OUT TO AN EVER GROWING CUSTOMER BASE

ENERGY OVERVIEW

Pakistan's energy sector has continued the trend of increasing energy supply on the back of newer energy generation projects especially under CPEC. The country's total primary energy supply has increased by 8.55% (6.8 MMTOE) to reach 86.3 MMTOE, a drastic improvement since 2013 when the country reported a reduction in energy supply of - 0.21%.

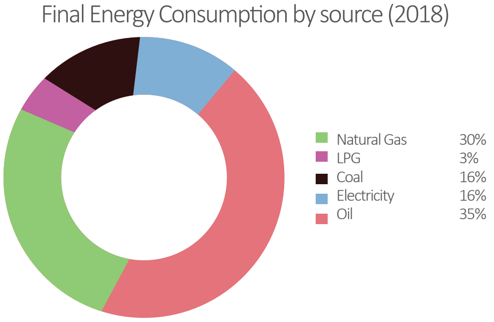
Natural gas remains the largest energy source in the country with a total of 43.3% share of primary energy mix. Pakistan has a large gas market comprising of around 9.2 million customers that are provided gas through an extensive transmission and distribution network of 189,000 kms. Indigenous natural gas has accounted for 34.6% of total energy supply and LNG imports has made up 8.7% of total supply. SSGC occupies a gas market share of 28%.

Source: OGRA and Pakistan Energy Update

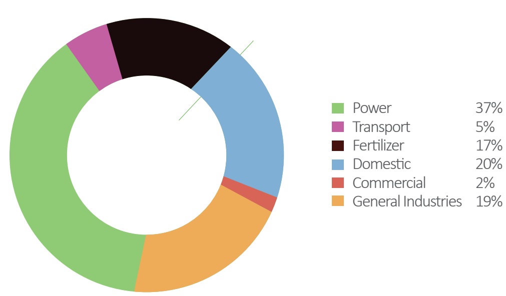


Source: PEY, PIP

Final Energy Consumption by source (2018)



Gas Consumption per Sector (2018)



Source: PEY

FINANCIAL OVERVIEW

During the period under review, the Company recorded a Net Loss after Tax of Rs. 18.4 billion after incorporating major disallowances and financial costs due to outstanding debts.

The summary of financial highlights is given below:

	2018-19 (Rupees in Million)
Loss before taxation	(16,820)
Taxation	(1,575)
Loss after taxation	(18,395)
Loss per share (Rs.)	(20.88)

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

Following are the main reasons for reporting Net Loss:

In FY 2018-19, SSGC was allowed a Return of Rs. 15.3 billion. However, OGRA has made disallowance on account of UFG for Rs. 23.9 billion, Rs. 0.6 billion on account of Provision made against expected credit loss in compliance of IFRS 9 and Rs. 0.6 billion for Gas Consumed Internally (GCI) for RLNG transportation. However, SSGC has planned to recover GCI for RLNG transportation from SNGPL as the gas is consumed in transportation of RLNG to SNGPL.

OGRA has allowed SSGC prior year claims of Rs. 1.2 billion. Further, for FY 2018-19 OGRA has allowed 0.8 billion as surplus against HR Benchmark Cost.

HIGH UFG DISALLOWANCE

The extremely high UFG disallowance is due to the fact that OGRA is not accepting RLNG Volume Handling benefit allowed to SSGC vide a Summary approved by the Economic Coordination Committee (ECC) dated May 11, 2018. Had this benefit been allowed to SSGC, the net UFG disallowance would have been reduced by Rs. 13.1 billion. Besides this OGRA has made certain disallowances which are unprecedented as compared to earlier determinations.

SSGC has been pursuing vigorously OGRA through the Ministry of Energy (Petroleum Division) for implementation of ECC approved summary as all the stakeholders in RLNG supply chain are getting their due cost/ charges recovered through RLNG Prices except SSGC, which is being denied by OGRA despite approval of ECC.

ABSORPTION OF PAST STAGGERED LOSSES

Another negative impact on SSGC financials is due to absorption of Rs. 3.7 billion of staggered losses pertaining to Sindh High Court decision dated November 25, 2016 wherein SSGC stay on account of UFG Benchmark and certain Non-Operating Incomes had been dismissed. As a consequence of this decision, SSGC had to absorb losses of Rs. 36.7 billion pertaining to FY 2011 to FY 2015. With the approval of competent authorities, SSGC had staggered these losses in 6 years and up till FY 2018-19, SSGC has absorbed Rs. 29.4 billion.

HIGH FINANCIAL COST

SSGC has to bear financial charges against borrowing for Rs. 6.8 billion which is mainly due to the Long Term Loan obtained to finance its Pipeline Infrastructure for transmission of RLNG from Karachi Port to Sawan delivering the RLNG volumes to SNGPL network for meeting the energy requirements of North.

MODIFICATION IN EXTERNAL AUDITOR'S REPORT

The External Auditors, M/s. Yousuf Adil Chartered Accountants had expressed qualified opinion in their audit report for the financial year ended 30 June 2019 for amount due from KE and PSML, late payment surcharge (LPS) receivable from SNGPL and WAPDA and Receivable from Habibullah Costal Power Company (Private) Limited (HCPCL). Details are as under:

• RECEIVABLES FROM KE AND PSML

During FY 2018-19, defaulted receivable situation of K-Electric (KE) and Pakistan Steel Mills Limited (PSML) remained the same as in previous years. The Management is vigorously pursuing recovery suit filed against KE and PSML. At the same time, the Management is in constant liaison with the concerned ministries to expedite the recovery of outstanding dues from KE and PSML. It is expected that as soon as the matter is permanently resolved by the Government of Pakistan, the overall financial position of the Company will improve. The claim of the Company including LPD against KE and PSML, as of June 30, 2019 is Rs. 100 billion and Rs. 61 billion respectively.

• LPS RECEIVABLE FROM SNGPL AND WAPDA

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

• RECEIVABLE FROM HCPCL

M/s Habibullah Coastal Power Company (Private) Limited (HCPCL) filed its request for Arbitration under the Rules of the International Chamber of Commerce, Singapore on November 30, 2015. The dispute was on account of non or short-supply of gas (against firm commitment of gas under GSA) by SSGC to HCPCL with effect from December 2009 onwards.

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

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

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

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

EMPHASIS OF MATTER

In addition to the above, the External Auditors, M/s. Yousuf Adil Chartered Accountants had drawn attention on certain issues in their audit report for financial year ended 30 June 2019. Comments on these matters are as under:

i) The Company has absorbed Rs. 29.4 billion out of total Rs. 36.7 billion of losses arising due to Sindh High Court decision. Management is confident that remaining staggered loss will be absorbed by 2021.

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

OPERATIONAL OVERVIEW

SSGC is guided by its core values of integrity, excellence, team work, transparency, creativity and responsibility to stakeholders. In alignment with the Company's mission, SSGC endeavors to provide natural gas facilities to continuously expanding customer base in a safe, reliable and affordable manner. Division and department-wise details of projects and achievements during FY 2018-19 are listed hereunder:

PROJECTS AND CONSTRUCTION (P&C)

During the last 45 years, SSGC's P&C Department has laid over 3,500 KMs of high-pressure natural gaspipelines ranging from 12" – 42" diameter. From FY 2003-04 onwards, more than 8,000 kms worth of supply and distribution networks for new towns and villages, reinforcement and rehabilitation schemes were carried out by the Department.

The Company's overhead pipelines have been targeted by miscreants in the past. Therefore in order to secure SSGC's network, P&C has worked out phase wise plan to replace existing overhead pipelines with submerged pipeline crossings under the canal bed and water channels. P&C also laid down distribution networks; hence the pressure problems of the industrial areas of Landhi and Korangi in Karachi and site area in Kotri were resolved and due to this, UFG was also reduced. Distribution Balochistan's old schemes to the tune of Rs. 357 million were capitalized during the year. In Balochistan the commissioning of LPG-Air Mix or Synthetic Natural Gas (SNG) Plant in Noshki, one of the most under-privileged local areas, benefited 1,500 households of the town by handling a capacity of 200 MMBTU/HR (4 MMCFD) SNG.

P&C also implemented HSE policies during the execution of projects. As a result, there were reduced risks, costs and fewer accidents at sites, with improved standing among the Company's stakeholders.

COMPLETED PROJECTS – FY 2018-19

- 42" dia. RLNG-II Pipe Line Project (leftover Works including NHA Thrust Bore, Tie-ins, MLW, Air Testing and Hydrostatic Testing at River Indus in Segments I and II).
- 3rd Stage Filtration System at HQ 2- Compressor Station Nawabshah for 42" dia. RLNG- II Pipe Line Project (Fabrication and Installation including Civil Works for Piping against various joints of 42", 24", 16" and 12" dia, respectively).
- 10 submerged crossings of 18" and 20" dia. at various canals (IRBP and QPL) .
- 20" dia. Kadanwari Pipeline Hook-up with 20" dia. HP Line JJVL at HQ-3 (Fabrication, Installation and Welding Works).
- Reinforcement of 12" dia. x 26.50 kms line From MVA Palijani to Tando Allahyar.
- 20" dia. x 5 kms Landhi Main C-Station Main Loop and 8" dia x 3.3 kms Fatima Golf Residency and Falaknaz Apartment in Karachi.
- Supply of LPG via various dia. lines of 30 kms to Killi Sharifan, Killi Sahibzada and Killi Badal Karez (PH-II) Noushki Town, Balochistan.
- Completed construction of all civil works at LPG-Air Mix Plant in Bela in Balochistan.
- Completed construction of 8 care taker rooms, 3 solar rooms, 3 GC Rooms and TEG Rooms at different locations along gas pipeline, en-route Sindh and Balochistan.
- Completed construction of boundary wall enclosures at SMS Jhamshoro, MVA Massu Bhurgari, SMS Sindhi Butera, SMS Khadeji and Repeater Station-I.
- Completed civil construction works of boundary wall enclosures, CC Flooring, Various Pipe Supports at SMS Dhabeji, SMS Jhampir and MVA Baran.
- Tape coat and wrap works of various diameters at Khadeji.

FUTURE PROJECTS

A) Major Transmission Pipeline Project

1. 30" dia. x 125 KMs proposed pipeline from Sindh University to Pakland.
2. 12" dia. x 46 KMs pipeline from Rehman Field to Naing MVA.
3. 08" dia. x 28 KMs pipeline From Ayesha Gas Field to Golarchi.
4. 12" dia. QPL rehabilitation works.
5. 30" dia. x 17 KMs proposed pipeline for Port Qasim to SMS Pakland.
6. 24" dia. x 34 KMs leftover works Loopline from Shikarpur to Jacobabad.
7. To replace overhead pipeline crossing with 7 Submerged crossings .
8. To check Metering facility at PoD Daru.
9. To check Metering Setup Installation for Gambat South Field Gas at RS 3.

Projects and Construction team at work on an augmentation scheme in Karachi

CATHODIC PROTECTION

Cathodic Protection (CP) is a dynamic preventive measure used to prevent corrosion on buried metallic pipelines where the applied coating has failed or damaged, exposing bare pipeline metal to the soil. Proper and timely inspections are part of the routine activities of Cathodic Protection Department. The CP department ensures integrity of underground structure of gas Pipelines system against corrosion attacks through optimum use of resources.

DIRECT CURRENT VOLTAGE GRADIENT (DCVG)

DCVG surveys are typically performed on well-coated pipelines with a view to determining the location of coating-related anomalies. In addition to locating coating-related anomalies, data collected specifically at anomaly locations (side-drain data) are integrated with the survey data to determine size factors (severity factors) for the anomalies.

During the year under review, 20 coating faults of categories 2 and 3 during 126 Kms DCVG survey were conducted on 42'' dia. RLNG II Section IV and HQ-III. Coating refurbishments of major faults was done in order to maintain the integrity of RLNG pipeline.

Three faults of categories 3 and 4 and a bare welded joint / without sleeve were found during 29.5 kms DCVG Survey on 24'' dia. Kunnar - Pasaki Pipeline. Theft clamps were removed and coating repair job were carried out.

CIP SURVEY

Close Interval Potential survey is used to determine the effectiveness of cathodic protection system by measuring pipe to soil potential along the pipeline between test stations to ensure that they are performing up to NACE SP0169 specified standard. CP department ensures the monitoring of transmission pipelines by measuring pipe to soil potentials on monthly basis. Based on the recorded potentials, CIP Survey has been conducted on low potential areas.

ACHIEVEMENTS DURING FY 2018-19

- Severe coating defects were observed specially on coal tar coated pipeline. Coating refurbishment was carried out on the basis of coating assessment survey and now pipelines are in protective level.

- 6 Kms survey was carried out on 2'' dia. gas fuel line in Killi Barkhurdar in Quetta section. After inspection, 20 leaks were observed at different locations.

- CP Department performed Close Interval survey on 2'' dia. Gas fuel line Killi Barkhurdar where 20 gas theft clamps were found which were removed in order to mantain the integrity of the pipeline.

COATING REFURBISHMENT

Corrosion is a natural phenomenon and it is the greatest danger to buried steel pipelines. Uncontrolled corrosion of the pipeline leads to leaks, service interruptions and sometimes major loss like explosions. The first transmission pipeline that was laid by SSGC was in the year of 1957. It is the oldest asset of SSGC that is still functional and transporting natural gas. However, with the passage of time, due to reaction with oxygen, moisture and underground water, the coating deteriorates and it needs refurbishment on the corroded areas of the pipelines. Based on the integrated surveys (CIP, DCVG and ECDA) conducted on the pipeline, coating refurbishment has been done.

During the year under review, Coating refurbishment of 34,000 Rft. was carried out on 12'' dia. QPL, 16'' dia. ILBP and 18'' dia. IRBP.

FUTURE PLAN

The coating refurbishment job covering a total area of 55,000 Rft is planned to be performed in the next fiscal year at various locations of transmission pipelines.

CIP / DCVG Survey will also be performed at 300 Kms at various locations of transmission pipeline. Three cathodic protection system shall be installed to meet the current requirement of the pipeline of transmission network.

CATHODIC PROTECTION DISTRIBUTION (NORTH AND SOUTH)

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

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

- Refurbishment of old / deteriorated pipelines through Cathodic Protection Technique by applying Impressed Current Cathodic Protection (ICCP) and Sacrificial Anode System (SAS).

- Establishment of new CP Stations at low Pipe to Soil Potential (PSP) areas and renovation and refurbishment of old / depleted ground beds and Pipeline Coating Integrity surveys.

The main CP targets / activities achieved in FY 2018-19 are tabulated below:

DESCRIPTION	UNIT	CP DEPARTMENT - DISTRIBUTION NORTH AND SOUTH
Additional CP Stations	Nos.	11
Ground Bed Renewal (Conventional)	Nos.	18
Modification of CP Stations	Nos.	14
Pipeline Coating Inspection Survey	Kms	76
Deep Well / Deep Well Ground Beds (North and South) (Renewal)	Nos.	9
Magnesium Anodes Installation	Nos.	1779
Installation and Maintenance of Test points	Nos.	492
HP Mains Survey	Kms	4,710.32
CPS Monitoring	Nos.	5,420
Insulation Survey of CMS / TBS	Nos.	323
Line Pipe Coating and inspection at Dope Yard	Meters	377,458

FUTURE PLAN

In future, establishment of additional CP stations have been planned in Distribution North and South to bridge the gap between the CP current supply and demand of pipeline network. Refurbishment of old/deteriorated coatings, modification of existing CP stations, renovation of depleted ground beds, installation of sacrificial anodes, installation and maintenance of test points to monitor CP status, coating integrity survey to access coating condition and insulation of TBSs and SMSs are also in future plan.

FUTURE PROJECTS - CP (NORTH AND SOUTH)

	Project Description	Units	Region	Year 2019-20	Year 2020-21	Year 2021-22	Year 2022-23	Year 2023-24	Total
1	Pipe Recoating	KM	South	3	3	3	3	3	15
			North (U/S)	5	2	2	3	3	15
			North (L/S)	3	3	3	3	3	15
			North (B)*	-	2	2	2	2	8
Total				11	10	10	11	11	53
2	Ground bed Renovation (Conventional)	Nos.	South	10	10	10	10	10	50
			North (U/S)	4	4	4	4	4	20
			North (L/S)	10	10	10	10	10	50
			North (B)*	5	5	5	5	5	25
Total				29	29	29	29	29	145
3	Ground bed Renovation (Deep Well)	Nos.	South	10	10	10	10	10	50
			North (U/S)	-	-	-	1	1	2
			North (L/S)	-	-	-	1	1	2
			North (B)*	-	-	-	-	-	0
Total				10	10	10	12	12	54
4	New CP Station	Nos.	South	10	15	15	15	10	65
			North (U/S)	15	15	15	12	10	67
			North (L/S)	10	12	14	16	8	60
			North (B)*	3	3	3	3	3	15
Total				38	45	47	46	31	207
5	Magnesium Anodes	Nos.	South	200	200	200	200	200	1,000
			North (U/S)	300	300	300	300	300	1,500
			North (L/S)	300	300	300	300	300	1,500
			North (B)*	200	200	200	200	200	1,000
Total				1,000	1,000	1,000	1,000	1,000	5,000

* Balochistan

Optimistically further enhancement in CP status would be accomplished by completing targets / KMI.

DISTRIBUTION DIVISION

Following are the achievements of Distribution Division in Karachi and Interior Sindh during FY 2018-19:

INFRASTRUCTURE EXPANSION

Normal expansion in pipeline network	270 Kms
Village gasification schemes	90 Kms
Pipeline laid to reinforce the existing network.	18 Kms
New customers added in the system.	109,811
New Town Border Stations (TBS)	13
New Pressure Regulator Stations (PRS)	15
Modification of TBSs	2

UFG REDUCTION ACTIVITIES

Rehabilitation of old network	72 Kms
Underground leak survey	14,897 Kms
Underground leak rectification	28,172 Kms
Overhead leak survey and rectifications	783,884
Theft disconnections	27,863
Creation of segments	64
Meter replacement	34,443

FUTURE SYSTEM EXPANSION PROJECTS

- 24" dia. x 34 Kms ACPL – Surjani Main Re-inforcement Project in order to boost gas supply pressure to Industrial Customers at SITE as well as use for segregation of 02 SMS.
- SMS KT supply mains segregation and pressure regulation in order to supply gas according to demand for Domestic, Commercial and Industrial customers
- 20" dia x 1.5 Kms Interlink Shersha Main and SITE gas turbine Main to supply gas to KE and segregate industrial customers.
- 16" dia x 7 Kms Interlink between Pasmic Main and Landhi Main to boost gas supply to Industrial customers.
- 8" x 16 kms supply main Hala to boost gas supply to tail end customers.

SBU BALOCHISTAN

The Distribution Strategic Business Unit (SBU) covers all areas of Balochistan. During FY 2018-19, SBU Team conducted a number of infrastructure expansions, maintenance of pipelines and UFG reduction activities listed as follows:

INFRASTRUCTURE DEVELOPMENT

Activity	2018-19	2019-20 (Planned)
Normal Main Expansions including villages (Kms)	36.5	25.332
Reinforcement (Kms)	2.80	10.162
Additional TBSs (Nos.)	-------	4
Additional PRSs (Nos.)	6	7
New Connections (Nos.)	11,656	10,362

UFG REDUCTION ACTIVITIES

Activity	2018-19	2019-20 (Planned)
Underground leak survey and rectification (Kms)	1758.8	2247.93
Overhead leak survey and rectification (Nos.)	107,033	89,652
Meters Replacement (Domestic) (Nos.)	81,974	55,081
Theft (Nos.)	2,557	4,162
Segmentation (Nos.)	-------	-------
Rehabilitation (Kms)	-------	-------

PLANNING AND DEVELOPMENT (P&D)

Planning and Development Department conducts planning, designing, and monitoring of projects aimed at development and augmentation of SSGC's transmission network and is also responsible for planning and management of gas purchase agreements.

The department continued to deliver excellent results in achieving objectives pertaining to gas infrastructure development thus contributing towards national energy sustainability.

During the year under review, the department successfully completed 42" dia x 25 kms remaining left over RLNG-2 Pipeline Project including the Indus river crossing.

This was the remaining segment of RLNG-2 pipeline which was completed and commissioned in September 2018.

FUTURE PLAN

In order to keep up with growing demand of SSGC franchise areas, P&D Department plans to undertake various development projects, particulars of which are described hereunder:

- Design, supply, installation and commissioning of 1 unit of 200 mmcfd at HQ Shikarpur.
- Design, supply, installation and commissioning of 1 unit of 200 mmcfd at HQ Sibi.
- 30 inch dia, x 125 kms transmission pipeline project from Sindh University to Pakland.
- 20 inch dia. x 250 kms transmission pipeline from Nawabshah to Pakland.
- 30 inch dia. x 60 kms transmission pipeline to receive TAPI gas.
- 20 inch dia. x 180 kms transmission pipeline from Nawabshah to Sukkur.
- 36 inch/42 inch dia. x 11 kms interlink pipeline between Pakland and Khadiji.
- 30 inch dia x 36 kms transmission pipeline from Pakland to Karachi.
- 12" x 46 Km Rehman-Rizq Gas Pipeline Project (to receive increasing volumes of Rizq- POGC Gas Field).
- 8" x 28 Km Ayesha-Aminah Gas Pipeline Project (to receive additional gas volumes up-to 30 MMscfd).
- 30" x 17 Km Pipeline from CTS Bin Qasim to SMS Pakland (to receive additional RLNG volumes upto 600 MMscfd at SMS Pakland).
- 12" x 09 Km Pipeline from SMS Pakland to New SMS at Dhabeji for Dhabeji Special Economic Zone.
- Compressor Station at Dadu.

LIQUEFIED GASES (LGs)

During the year under review, the LG Department played a pivotal role in expediting the progress of various projects that come under its ambit, to bridge demand-supply gap of natural gas. The input of the Department for the FY 2018-19 is given below:

CURRENT PROJECTS

Projects	Objective / Goal / Progress Achieved
LPG-Air Mix Plants – Awaran and Bela	Installation, commissioning and operation of LPG-Air Mix Plants- Awaran and Bela expected in in FY 2019-20.
Deliver ECC-Approved LPG-Air Mix Plants as per directives of Ministry of Energy (Petroleum Division)	Execution of ECC decision for setting-up ECC-Approved LPG-Air Mix Plants in the franchise areas of SSGC as per following details: 1) Weekly program review meetings conducted. 2) 1st lot comprising ten (10) locations of Balochistan (where possession of state land had been given by local administration) formed. 3) Tendering attempt on EPCC basis: a. Tender floated on October 15, 2017. b. Bids opened on January 3, 2018 (out of 03, one bid rejected due to unavailability of bid bond). c. Both bidders declared technically non-compliant by Evaluation consultant on February 1, 2018. d. Both non-compliant bidders filed grievances. e. Procurement Grievance Committee (PGC) dismissed grievances of both non-compliant bidders in end-March 2018. f. Subsequently, one of the aggrieved bidders, i.e. M/s. Qasim Khan and Company, filed petition in Balochistan High Court. g. The honorable Balochistan High Court dismissed the petition filed by the aggrieved bidder. 4) Retendering attempt on EPCC basis: a. Tender floated on September 30, 2018. b. Tender enquiry opened on December 21, 2018 (out of 03, one bid rejected due to unavailability of bid bond). c. AMCORP-GASCO Joint Venture submitted bid for Lot “A”. d. Jereh Oil and Gas Engineering Corporation submitted bid for Lot “C”. 5) Bidders did not comply with the mandatory supplemental conditions of the EPCC tender. 6) Subsequently tender was cancelled after soliciting external legal opinion. 7) Cancellation of tender enquiry was published in print media on January 31, 2019. 8) Discussions for retendering of ECC-Approved LPG-Air Mix Plants are in progress. 9) Land acquisition of remaining locations for installation of ECC-Approved LPG-Air Mix Plants is in progress.

ENERGY THAT CREATES A BRIGHTER FUTURE

COMPRESSION MAINTENANCE

The Compression Maintenance Department performed the following activities during FY 2018-19.

Revamping of Six Solar RLNG Units @ HQ2

Compression Maintenance Department has always been vigilant in making the compressor stations available, in order to meet the growing demand of gas / RLNG. All 15 compressors are operating satisfactorily.

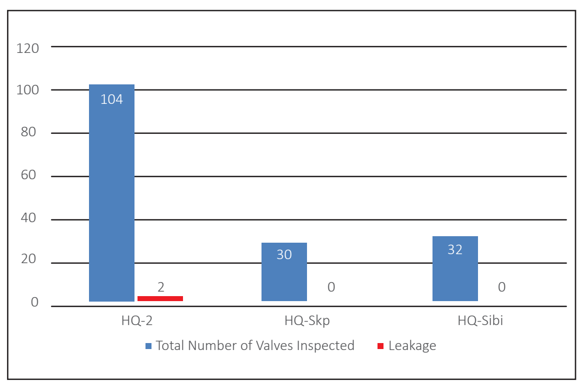
Installation of 2nd filtration stage to improve the pipeline gas quality was also part of this revamping project. Cleaning of 42" dia. Suction Header Pipeline, Scrubbers, Filters Separator and Process Gas Cooler Tube Bundles was achieved, parallel to the Turbo-Compressor revamp job.

UNIT CONTROL PANEL REPLACEMENT @ HQ3

In order to upgrade the units and to avoid system obsolescence, Compression Department replaced two UCPs (unit control panels) of two compressor units at HQ3. This will enable the machine operation and performance monitoring with added features.

UFG CONTROL MEASURES

Reducing UFG has been on the frontline of Company's agenda. Compression Department has been trying hard to reduce the UFG as minimum in its domain. In order to reduce valve leakages, leak survey tests have been conducted in compressor stations including HQ-Sibi, HQ-Shikarpur, HQ-2 and HQ-3. Some valves with minor leakage were identified and corrective actions were taken. Details of test can be seen below:



FUTURE PLANS

- To up keep all compressor stations to meet the Company's business goals.
- To establish oracle based eAM computerized maintenance management system (CMMS) to enhance efficiency of compressor stations.

CUSTOMER SERVICES

CUSTOMER RELATIONS

The main activity of Customer Relations Department (CRD) is to provide top class services to its valued customers. The Company's Customer Facilitation Centres (CFCs), 24/7 operational 1199 Call Centre and emergency sections are full operational and attend to the customers' complaints on daily basis.

CRD registered some notable achievements in FY 2018-19, which are as follows.

- Each year, CRD contributes savings of three to four BCF volume against UFG with PUG meter replacement and schedule meter (Ageing base).
- Contact Centre (1199) agents recieved approximately 751,750 telephone calls and responded to 623,016 calls within 60 seconds and to 56,076 calls after 60 seconds.
- CFC representatives dealt with approximately 999,426 customers for issues related to instalments, duplicate bills, reconnections and unlocking activities.
- Proper implementation of OGRA's Performance and Service Standards was ensured.

Activities	2018 - 19		2019 - 20 (Planned)
	Target	Achieved	Target
Schedule Meter Replacement (Ageing Base)	182,000	157,922	182,000
PUG Meter Replacement	105,000	118,345	105,000
Routine Meter Replacement	37,000	70,691	37,000
Commercial Meter Replacement	3,500	3,143	3,500
Customer Service Cells	81,000	114,055	80,000
Leak Rectification	40,000	57,242	42,000
Pressure Survey (Commercial)	22,702	27,143	23,600
Rehabilitation / Leak Rectification on Flat Sites (Buildings)	110	96	110
Internal Houseline checking 2% of Domestic Customers (Karachi)	36,000	38,244	37,500

RECOVERY

The basic task of Recovery Department is to take necessary steps for recoveries of maximum possible amount due against outstanding gas bills. In FY 2018-19, the target given to Recovery team was '321,343' defaulters in different categories, that includes domestic, government, bulk and commercial customers. Recovery Team successfully targeted '322,643' defaulters through company-wide rigorous disconnection campaign and others tools and techniques. Details are listed as under:

a) **Issuance of Notices / Reminders:** 550,000 notices / reminders were issued to defaulting customers in order to remind them of their moral / legal responsibility.

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

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

d) **Recoveries from Defaulters:** 322,643 defaulting domestic and commercial customers were targeted who owed Rs. 4,559 million to the Company against which amount of Rs. 1,713 million was recovered.

e) **Establishment of Facilitating Camps:** Camps were established at various thickly populated apartments and localities for their convenience of bill installments prompt reconnection and other related activities:

Customer Class	Unit/Region	Number of Actions	Action Amount (Rs.)*	Number of Reconnections	Reconnection Amount (Rs.)
Domestic	Unit-A Karachi	125,175	1,580	53,360	588
	Unit-B Interior Sindh	166,467	1,760	84,056	655
	Unit-Q Balochistan	26,560	894	6,637	250
Total Domestic		**318,202**	**4,234**	**144,053**	**1,493**
Commercial	Unit-A Karachi	2,835	221	1,575	149
	Unit-B Interior Sindh	1,234	68	895	48
	Unit-Q Balochistan	372	36	204	22
Total Commercial		**4,441**	**325**	**2,674**	**220**
Total Domestic and Commercial		**322,643**	**4,559**	**146,727**	**1,713**

* Rs. in million

SECTOR-WISE DETAILS OF RECOVERIES / OUTSTANDING DUES OF DOMESTIC AND COMMERCIAL CUSTOMERS

Domestic and Commercial Arrears - Comparative Statement

Customer Class	As on Jun-18	As on Jun-19
Domestic	**6,076**	**7,841**
Domestic Govt. / Bulk	**353**	**498**
Domestic Total	**6,430**	**8,339**
Commercial	**305**	**367**

BILLING

During FY 2018-19, Billing Department continued with its mission of identifiying and reducing UFG. Certain KMIs were set in the preceding year, to ensure that quality service is provided and operational efficiency is enhanced.

Customer surveys to detect theft cases and other irregularities for all customer categories were an integral strategy initiative of Billing Department. All commercial customers were surveyed on quarterly basis for actual pressure / irregularities. An approximate 157,000 domestic and 19,000 commercial customers (each quarter) were surveyed for verification of low consumption customers to identify out of order meters and vacant premises. A survey of disconnected customers was also conducted for 41,000 domestic and 6,700 commercial cases, to prevent gas theft.

Meter tampering and pipeline tapping are the main contributors in UFG. Continuous efforts were made to identify faulty and tempered meters. During the year under review, around 240,000 customer meters were identified as PUG and volume of 3.2 BCF was recovered. Also a volume of 3.7 BCF was recovered against tampered meters. During FY 2018-19, 2 BCF was claimed under non-registered theft cases. Additionally, 138,846 sites were identified for rehabilitation activities.

This fiscal year the Gas Supply Deposit (GSD) of industrial / commercial customers was enhanced by a total of Rs. 2.1 billion along with recovery of old outstanding dues to the tune of Rs. 400 million.

Initiatives during the fiscal year:

- Special reading / survey for industrial customer on bi-monthly basis.
- Special reading / survey for commercial customers on quarterly basis.
- Printing of meter reading images captured by the handheld devices on consumer's bills to provide quality services.

Future Initiatives:

- To further enhance the functions of handheld device by implementing finger impression application for ensuring accurate meter reading.
- Special Tariff Proposal for Balochistan customers which is under review of the Ministry.
- Planning to make Balochistan as SBU (Strategic Business Unit).

Challenges:

- Depleting indigenous gas reserves and distorting Bulk to Retail Ratio.
- Customer reluctance to shift on RLNG because of higher tariff.
- Increasing litigation cases on tariff, category classifications, GIDC recovery, etc.

UNACCOUNTED FOR GAS (UFG)

Amongst the largest contributors of financial losses to the Company is the rising trend of 'Unaccounted-for Gas' (UFG) which, in simpler terms, can be defined as the difference between the purchase and sale of gas. Despite untiring efforts at all levels of SSGC including the Board of Directors, management, executives and staff, the problem is yet to be brought under control. Broadly speaking, all the 'Unaccounted-for' volumes of gas can be classified into three major categories i.e. theft, leakages, and measurement inaccuracies.

A sizable segment of the population in SSGC's franchise areas lives close to or even under the poverty threshold. This coupled with lack of education, socio-political unrest and unplanned urban growth has given rise to a culture of theft of utilities whereby many communities, businesses and even industries often resort to unlawful attempts to access the supply of natural gas without having to pay for it. Such attempts include tempering and damaging the gas meters, by-passing the gas meters, unauthorized tapping of SSGC pipelines and violations of sanction pressures and load. The sad outcome is the direct losses in shape of theft of precious natural gas and damage to the gas infrastructure that requires expensive repairs and refurbishments.

Unplanned and unrestrained growth of population in both urban and rural areas forced SSGC to continually expand its distribution network which made the upkeep and maintenance of the measurement equipment increasingly difficult. Besides, SSGC's distribution network is often laid alongside other utilities such as sewerage and water supply which makes the gas pipelines prone to damage emanating from such external sources. A large portion of the pipelines have been in service for a number of decades and are therefore prone to leakages. Whereas, the rehabilitation and restoration works are frequently impeded by lack of access and unavailability of requisite permissions from civic authorities. In recent years, SSGC had to implement gas swapping arrangement with SNGPL to support larger national objectives and interests. However, the same entailed influx of RLNG into SSGC's network which exacerbated the gas losses due to incompatibility issues.

As part of strategic efforts, the 'Counter Gas Theft Operations' department has been established which has been successful in obtaining the issuance of 'Gas Theft Control' Ordinance and subsequent setting up of dedicated 'Gas Theft Courts'. The department is diligently pursuing swift filing, trials, and verdicts in respect of gas theft cases. The punishments, both monetary and physical in nature, are expected to discourage the inclination towards gas theft.

The newly established division UFG HUB is aggressively working towards improving the measurement systems to minimize inaccuracies. Segmentation of various consumer regions has been initiated to enable better monitoring of the distribution network. The performance of meters is being carefully analyzed to quickly spot slow or faulty meters and expeditious rectification thereof is being ensured. A strategy is being devised to bring the unauthorized users of natural gas in the billing regime. An extensive campaign is being launched for leakage surveys of both underground and above-ground infrastructure and rectifications thereof. Stringent targets for rehabilitation of old leaky network are set.

The Board and the management have set aggressive targets for UFG reduction for the upcoming years as it is hoped that with the implementation of the referred measures, the UFG figures will successively reduce in the next couple of years. Consequently, the financial performance of the company is expected to make a turn-around through successive improvements.

METER MANUFACTURING PLANT

The core objective of the Meter Manufacturing Plant (MMP) is to fulfill the country's domestic gas meter requirement with self-reliance. Furthermore, it is a statutory requirement of gas companies to ensure that volume of gas consumed by the customer shall be measured by an accurate measuring device installed by the Company. The Plant had earlier Certified ISO 9001:2008 and now its conversion into ISO 9001:2015 is completed. Meter Manufacturing Plant along with entire SSGC is also certified ISO 14001:2004 and OHSAS 18001:1999.

Two types of domestic gas meters are under production at MMP; namely G-1.6 (2,500 liter/hour capacity) and 94% indigenized (i.e. 50 out of 51 parts are made locally except Diaphragms which are imported from international manufacturers), whereas 3rd Generation G-4 (6,000 liter / hour capacity) and 61% indigenized except Measuring Unit which is procured from M/s Itron, France.

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

PRODUCTION, SALES AND REVENUES

The following table provides a snapshot of the performance of Meter Manufacturing Plant during FY 2018-19:

	G 1.6	3rd Gen. G -4	Total
Production	243,605	333,204	576,809
Sales			
SSGC	240,005	311,647	551,562
Others	520	4,050	4,570

MEASUREMENT

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

MEASUREMENT DISTRIBUTION

•3,186 industrial meters were proved onsite at Customer Meter Stations (CMSs) for accuracy within tolerable limits.

•1,314 industrial meters were replaced and proved to ensure accuracy of the meters.

•140 new Electronic Volume Correctors (EVCs) were installed on large industrial customer meters and 1,603 EVCs were calibrated at customer meter stations for improved gas measurement accuracy.

•Installed 39 additional remote monitoring units on industrial customers for monitoring of gas consumption of these industries.

METER REPAIR SHOPS

•Proving capacity of domestic meters at Meter Repair shop was enhanced and 405,698 domestic meters were proved for PUG and slowness.

•In-house proving of 1,684 industrial meters and 5,634 commercial meters was carried out.

•Meter Repair Shops repaired 839 industrial meters and 3,631 commercial meters.

During FY 2018-19, in addition to normal procurement, the Procurement Department played a pivotal role for timely procurement of line pipe by importing huge quantities of bare and coated line pipes for various projects of Transmission Division which are under progress.

PROCUREMENT

Procurement Department always strives to procure goods, services and works for SSGC in shortest possible time while ensuring integrity, fairness and transparency by remaining within PPRA ambit. The department aims to remain focused in obtaining the best value for money by adopting PPRA rules in true spirit and keeping itself abreast for meeting any type of challenges for timely accomplishment of the projects.

SERVICES

During the year under review, the Services Department performed the following functions:

ELECTRICAL SECTION

SSGC Services Department's mandate is to provide electrical power to facilities in areas of franchise including Electrical Systems, HVAC, Power Generation and allied amenities. The in house power generation capacity at different facilities is 13.7 MW. Heating Ventilation and Air Conditioning Refrigeration (HVACR) capacity at different facilities is 2,523 R. Ton

SCADA SECTION

- Provided WAN Connectivity to IT applications and SCADA (Supervisory Control and Data Acquisition) for high pressure natural gas pipelines monitoring, control and load management.

- Digital Microwave Communication system acts as core network for WAN and SCADA. It comprises of forty one repeater stations located in parallel with Indus right bank pipeline system, Indus left bank pipeline system, Badin line and Quetta Pipeline system. The system is operating on 7/8 GHz with payload capacity from 20 MBPS to 80 MBPS.

- SCADA RTU (Remote Terminal Units) are located on Valve Assemblies, Sales Metering Stations, Bulk Consumer metering statins, CP Stations and Town Border Stations. SCADA MCC (Main Control Center) is located at Karachi Terminal while BCC (Backup Control Center) is at Head Office.

ACHIEVEMENTS DURING FY 2018-19

- Upgradation of Telecom Links on Indus Right Bank Pipeline System
- Integration of Quetta Pipeline Valve Assemblies with SCADA System for remote Operations.
- Upgradation of Telecom Links on Indus Left Bank Pipeline System.
- New 150 Feel Self Support tower deployment at HQ Sibi.
- Upgradation of Electrical System at HQ-Quetta.
- Installation, testing and Commissioning of 02 Nos. Gas Engine Generator 150 KW at RO-Sukkur and RO-Larkana.
- Installation, testing and commissioning of Electrical System, Power Generation and Security System at LPG Air Mix Plant – Awaran (Balochistan).
- Installation of Electrical System, Power Generation and Security System at LPG Air Mix Plant – Bela (Balochistan).
- Major Overhauling of 440 KW Gas Engine Generators # 2 Waukesha make installed at Head Office.
- Major and Top Overhauling of 125 KW of HQ-Quetta, HQ-Dadu and RO-Hyderabad.
- Upgradation of Public Address System at Head Office.

FUTURE PLANS

- Upgradation of Spur Telecom Links at Badin Line and Kadanwari Pipelines.
- Replacement of 300 feet guyed tower with Self Support tower at Repeater Station Jhampir.
- Utilizations of Hybrid Solar Systems at Repeater Stations.
- Major Overhauling of 440 KW Gas Engine Generators # 1 Waukesha make installed at Head Office.
- Modernization of 04 Nos. Elevators at Head Office.
- Procurement of 450 Ton Direct Gas Fired Absorption Chiller at Head Office.

INTERNAL AUDIT

Internal Audit (IA) function is responsible for conducting assurance and consulting assignment in accordance with the Code of Corporate Governance, the International Standards for the Professional Practice of Internal Auditing and Standards for Information Systems Auditing issued by the Information Systems Audit and Control Association, ISACA. Chief Internal Auditor leads the Department, who reports functionally to the Board Audit Committee and administratively to the Managing Director. The authority, responsibility and reporting relationships of IA activity are described in the Internal Audit Charter approved by the Audit Committee.

IA Code of Ethics has been devised to promote an ethical culture within the internal auditing team for the effective discharge of their duties. IA continuously adds value to the various Company operations and processes by evaluating and improving the state of Risk Management, Controls and Governance processes. During the year under review, Audit Committee of Directors reviewed the appropriateness of resources of this function and encouraged strengthening of IA Department within the Company.

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 2018-19 was effectively followed. Significant audit findings were reported to Audit Committee of Directors. Corrective actions resulted in improving controls, adding value to the organization and savings through improved efficiency of operations and optimum utilization of resources.

SS&CGTO

Security Services and Counter Gas Theft Operations Department (SS&CGTO) was established in July 2017 after the amalgamation of Security Services (SS) and Surveillance and Monitoring (S&M) Departments along with FIR Cell already available with Customer Relations Department. The newly established department aimed to implement the newly enacted Gas (Theft Control and Recovery) Act 2016 passed by National Assembly on March 23, 2016.

OBJECTIVES OF THE DEPARTMENT

1. To act as gas theft countering tool with specialemphasis on industrial and commercial sectors.
2. To keep an internal watch against malpractices / laxities abetting gas theft / unauthorized use of gas.
3. To secure SSGC assets both through physical and technical means including outsourced provisions.
4. **Contribution in Reduction of UFG**
   a. Active contribution of Internal watch and Gas Theft Intelligence Wing.
   b. Industrial Load Survey all across area of franchise.
   c. Closure of CNG stations / Industries for not observing Gas Closure Schedule.
   d. Registration of FIRs in all regions including Quetta.

5. **Future Plans**
   a. Amendments in Gas Theft Control and Recovery Act 2016, to iron out legal flaws.
   b. Formulation of rules to implement Gas (Theft Control and Recovery) Act 2016.
   c. Establishment of SSGC Police Stations in Quetta, Larkana and Hyderabad.
   d. Establishment of separate Gas Utility Courts.
   e. Intense coordination with trade bodies and industry.
   f. Completion of industrial survey and monitor its follow up actions.
   g. Improved Internal watch and gas theft intelligence mechanism along with approval of its ToRs.
   h. Intense awareness programmed through media.
   i. More intense operations and effective prosecution.

PERFORMANCE SUMMARY - FY 2018-19

DESCRIPTION	Theft Identified / Claim Raised			Claims Accepted by Customer			Unacknowledge Claims		
	#	MMCF	AMOUNT Rs. in million	#	MMCF	AMOUNT Rs. in million	#	MMCF	AMOUNT Rs. in million
KARACHI	570	494.50	382.587	401	437.06	323.003	169	57.44	59.583
INTERIOR SINDH	228	247.73	197.261	100	185.11	121.345	128	62.62	75.915
BALOCHISTAN	123	130.36	121.943	44	18.83	17.210	79	111.73	104.733
TOTAL	921	872.59	701.790	545	640.80	451.559	376	231.79	240.231

Since the inception of SSGC Police Station	
Total Apprehended	224
Criminal Trials in progress	471
On Bail	66
In Custody / Jail	57
Total Convicted	20

BUILDING A ROBUST INFRASTRUCTURE

REGULATION AND TARIFF

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

There were 26 numbers of Performance and Service Standards (P&SS) notified by OGRA in the year 2003. During FY 2018-19, after detailed deliberations with Sui Companies, the Authority notified 11 additional P&SS making total of 37 numbers of P&SS in the gazette of Pakistan dated February 27, 2019.

As per SSGC's license condition # 28, Technical Audit of the company is carried out after every 10 years. M/s Bureau Veritas were appointed as a Technical Auditor for the 2nd Technical Audit of the Company. The audit was started and was completed in accordance with OGRA's approved Terms of Reference (ToR).

FOR FY 2018-19

During the year under review, the Company filed its Review Petition against Determination of Estimated Revenue Requirements for FY 2018-19 on July 20, 2018 before OGRA in which SSGC requested an increase of Rs. 72.38 per MMBTU.

The Petition was revised due to change in Cost of Gas on October 15, 2018 and amended on November 13, 2018 and December 4, 2018, resulting in an upward revision in revenue requirement amounting to Rs. 84.30 per MMBTU.

A public hearing for above was held on December 18, 2018 at Karachi by OGRA. Subsequently on February 27, 2019, the Authority determined a shortfall of Rs 69.10 per MMBTU against Rs. 84.30 per MMBTU claimed by SSGC.

FOR FY 2019-20

During the year under review, the Company filed its petition on November 30, 2018 before OGRA for determination of its Estimated Revenue Requirement (ERR) for FY 2019-20 in which SSGC requested an increase of Rs. 106.54 per MMBTU in the prescribed prices of the Company.

Public hearings were conducted on April 08 and 10, 2019 at Karachi and Quetta, respectively. OGRA in its decision dated May 17, 2019 determined SSGC's shortfall of Rs. 159.68 per MMBTU which included prior year's (FY 2018-19) shortfall of Rs. 69.87 per MMBTU.

During the period under review, SSGC filed its Motion for Review Petition against DERR for FY 2019-20 on June 15, 2019 requesting for an increase in prescribed prices by Rs. 36.07 per MMBTU.

LPG LICENSES

During the year under review, the Company requested to OGRA for issuance of License for LPG storage, Operation of Air-Mix LPG Plant and Distribution of Air-Mix LPG through pipeline for its LPG Air-Mix Plant in Awaran. Subsequently the Authority after fulfilling all the prerequisites had issued the said license on February 25, 2019.

HSE & QA

HSE&QA has been continually endeavoring to cultivate a culture of unconditional dedication to HSE&QA throughout SSGC. In this regard, a comprehensive Integrated Management System, comprising Quality Management System, Environmental Management System, and Occupational Health and Safety Management System, has been implemented in all franchise areas. The IMS Certification of SSGC for QMS:2015, EMS:14001:2015 and OHSAS1800:2007 were acquired for Transmission and Distribution system and sale of natural gas in Sindh and Balochistan through 3rd Party M/s. Bureau Veritas Certification.

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

HSE&QA Department has initiated the concept of HSE&QA passport. The purpose of HSE&QA passport is to ensure that all SSGC personnel / employees working with respect to HSE&QA operations can easily identify potential hazards and rectify them. HSE&QA Department introduced near-miss through trainings to create awareness amongst the officers and employees to help in reporting near miss activities.

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

HSE&QA has been putting all-out efforts to uphold quality related activities, The state-of-the-art DI Quality Assurance lab has been renovated at site Dopeyard and DI shop has been shifted to Dopeyard, old testing equipment were replaced with modern equipment / tool, automated test bench for regulators and conveyor belt was installed.

INFORMATION TECHNOLOGY

SSGC is always adopting latest IT technologies for online system in order to improve efficiency and offer better customer's services. Like in the previous years in FY 2018-19, numerous technology initiatives were taken, like adoption of Virtualization, meter Image printing on the bills for instant verification, upgradation of storage for more data retention, development of a Mobile Application for billing information and also awarded globally for the achievements. IT security is specially focused for these deployments and keeping in view the latest IT threats and state-of-the-art Adaptive Security Appliance was installed in high availability for fool proof security round the clock. These appliances automatically detects and protects the IT system from external threats and updates dictionary for the latest threats in addition to the intimation of any abnormal traffic trends.

One of the major initiatives taken was the building of an in-house IT Disaster Recovery site in Hyderabad Regional Office using an existing building block. Initially the facility was outsourced with limited services and number of days of use at a much higher cost. This was a huge project and was completed in time, saving a huge recurring cost. This initiative was taken because the new setup offers much more services with unlimited utilization time and at the same time offering much higher resources. Data center was built from the scratch with full technology controls including CCTV, Biometric, precise cooling for IT equipment, redundant power with a UPS backup. All core services are hosted in the facility in addition to the supported applications. Major Business applications including Domain Controller, E-Mail, ERP, GIS, CC&B and SFTP services were hosted for access in case of an application outage or a disaster. The project was timely completed and all the services were successfully migrated from Outsourced to the In-house model.

SSGC also received ESRI 2019 Special Achievement Award in GIS for Successful transformation of ArcGIS Silverlight Applications and in-house implementation of new web GIS applications for gas transmission and distribution pipeline networks of entire franchise areas of the Company, covering Sindh and Balochistan. In addition to the enhanced functionalities this transformation also saved huge consultancy charges.

HUMAN RESOURCE

During FY 2018-19, HR-OD (Organizational Development) implemented potential assessment center for 873 eligible Executives ranging from Grade III to VI throughout the franchise area in order to gauge their eligibility for advancement to the next grade.

ELP orientation program was successfully conducted for 2018-19 batch of management trainees setting the foundation for the future leadership of the organization.

An average of 19 training man hours per employee was achieved through a mix of technical and soft skills trainings exceeding the target set by the Oil and Gas Regulatory Authority. Also, for the very first time HR-OD carried out post training evaluation exercise for trainings carried out in FY 2018-19 to assess the impact of trainings on job performance of employees and better understand the learning and development requirements of the Company.

The Human Resource Department also carried out the summer internship program during FY 2018-19, through which a total of 100 students from various Engineering and Management universities were offered internship in different departments throughout the Company.

OPERATIONS

The Company enrolled a batch of 100 trainees in FY 2018-19 (including 65 Engineers, 25 Business Graduates and 10 ACCA Members). These trainees were enrolled to provide professional exposure. The trainees enrolled were provided on job training to nourish their skills and knowledge and were also provided an opportunity to transform the business through their creative and thoughtful ideas. Furthermore, the Company also offered permanent employment to 60 trainees who were enrolled and trained for around two years. These trainees were provided on job training in various locations of Sindh and Balochistan and were provided an exposure to understand the nature of business.

UFG CONTROL

UFG awareness sessions were held across the franchise areas in order to create further awareness amongst employees with regard to the threat of UFG and techniques for countering the same. UFG awareness program was also merged with essential trainings such as gas pipeline (steel) identification module in order to reach front line technical employees who are dealing directly with UFG-related issues.

FUTURE PLANS

HR-OD in collaboration with IT Department plans to develop a training module which will record training data for each employee in order to carry out skill gap analysis and address business need requirement. HR-OD further plans to identify core training requirements of each department in order to better plan out training calendar as per organizational and business needs and further emphasize UFG awareness in trainings.

HR-Ops in collaboration with the IT Department plans to improve the existing online Job portal, the primary purpose being to improvise the current portal so as to make it more user friendly for applicants to apply as well as for the user to further reduce the timeframe of screening and shortlisting respectively.

HR Department is also in process of automating various operational activities such has leave management, separations and overtime linked with biometric attendance system, etc.

MEDICAL SERVICES

The Medical Services Department takes pride in providing the most comprehensive health coverage to the Company's valuable employees and their eligible dependents. As in previous years, in FY 2018-19 the focus was on screening of executives and employees for early detection and timely intervention of disease and for this purpose, many reforms were implemented, wherever necessary.

Many new cases of heart and other chronic diseases, cancers and road traffic accidents were reported and managed with judicial use of all available resources amid steep inflation and burgeoning costs. Annual medical evaluation of all executives above 40 years age was initiated simultaneously at all medical centers in Karachi and upcountry.

New, improved check and balance system was introduced in all upcountry pharmacies to ensure transparency. Chief Medical Officer along with Chief Manager (MS) / Upcountry Incharge visited all the medical centres 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 being available at Karachi.

To facilitate our patients with best possible services, new medical center is under construction at Hyderabad on fast track. Eight new Medical facilities, including hospitals, consultants and labs were taken on SSGC panel. In a historic decision, one of the panel hospitals was de listed because of mal practice and poor quality of service.

In continuation of SSGC's community-based activities, Medical Services Department organized a free health camp at Lyari in which qualified doctors along with paramedical staff conducted full day OPDs and also provided free medicines to the needy and deserving patients of Lyari.

To provide medical assistance to the teams of foreign engineers at HQ-Nawabshah, a doctor along with paramedical staff and a well-equipped ambulance were deputed at the SITE as demanded by P&D Department. The department provided complete and comprehensive assistance to vaccination teams in organizing polio and measles vaccination days.

WHO recommended vaccination is now being provided at more medical centers to ensure maximum coverage of children of all age groups. Health awareness programs, a regular feature of the department's activities were held at all medical centers, focusing on the most prevalent health issues such as women's health, diseases of bones and joints, diabetes and breast cancer besides many other topics.

Company's doctors attended many seminars and workshops as they are strongly encouraged to stay abreast with updates and developments in the medical field. Medical Services Department has initiated a project that is focused on providing better health care facilities to its employees and their families. For this purpose an analytical survey was conducted by senior doctors amongst the health care facilities that are being extended by various petroleum organizations to employees and their families.

SSGC-LPG (PVT.) LTD. (SLL)

SLL maintained profitable operations and earned Operating Profits of Rs. 135 million (FY 2018-19: Rs. 148 million). The Company earned a net profit after taxation of Rs. 26.0 million (FY 2018-19: Rs. 30.3 million).

The Company's terminal business was affected by lower utilization of terminal capacity with decrease in imports of LPG into Pakistan via sea-route as imported LPG became un-viable for consumers due to higher International LPG prices, Depreciation of Pakistani Rupee against US Dollar by around 30% which further increased the imported LPG costs and higher volumes of cheaper and inferior quality LPG increased via land route. During the year the Board of Directors of the Company appointed Mr. Asim Tirmizi as Managing Director.

During the year the Company was able to repay the Bridge Loan amounting to Rs. 175 million to the Holding Company. With expected profitable performance the Company anticipates that it will restructure the Term Loan and will soon start the repayment of term loan owed to SSGCL. The plant at Muridke near Lahore was made operational in 2019 with all regulatory compliances including OGRA and explosive licenses. All three bottling plants located at PQA, Muridke and Haripur are now operational. As part of the strategy to improve the quality of the accounting and management information, the new ERP software was made fully operational in May 2019. Configuration of advanced features and development of MIS reports are in process.

It is anticipated that the Company shall continue to maintain a high market share in the terminal business and remains confident that its LPG marketing business will further grow with improvement in its market share.

The Board and the management feel confident that the Company will further improve its financial performance, as the Company plans to enter into agreements with strategic importers resulting in improved utilization of storage capacity and additional generation of terminal storage fees (Jetty passthrough). In long-term LPG market is expected to grow above the GDP growth rates in next 5 years and any shortfalls in local production shall continue to be met through imports. Within the LPG segment, the Company will continue to focus on expanding its reach in areas where piped gas is not available. The Company plans to increase its volumes by bulk trading which will also increase the terminal utilization.

CORPORATE SOCIAL RESPONSIBILITY

Living up to its reputation for extending facilitation to the lesser privileged communities in its franchise province of Sindh and Balochistan, the Company continued to undertake worthy initiatives under its Corporate Social Responsibility (CSR) program through its investments in notable projects that supported cause of education, healthcare and other noble causes.

Providing scholarships to the needy yet meritorious students at university level has always been the main feature of SSGC's CSR program. For promotion of educational activities, the Company provided financial assistance to academic intuitions for procurement of various goods. This included school furniture and equipment for IT lab in an academy offering free quality education in the outskirt of Rehri Goth, Ibrahim Haidery, science laboratory equipment in a nursing institute in Quetta and setting up a computer lab for a school for poor in Karachi's Sherpao basti. SSGC continued its last year support by facilitating the yearly operational expenses of a learning centre at Karachi's Machar colony and also adopted poor children studying in a Hyderabad school.

SSGC extended its support to the needy students by taking responsibility of their yearly expenses incurred in the education of deaf children and differently-abled special needs children along with boarding and lodging of orphan students.

Supporting the yearly treatment expenses of children suffering from Thalassemia and needing eye cancer surgeries was also managed along with provision of medical equipment for the healthcare centers serving communities, absolutely without any charges. As in past, SSGC also facilitated the handicapped person through provision of artificial limbs.

Continuing its previous support, SSGC once again facilitated the last wishes of terminally ill children. The Company brought smiles on scores of children living with their mothers in jail by entertaining them through a kid's oriented movie screening in a theatre. Iftaar dinner was also arranged in jail with the prisoners, whereas poor blind people were provided white canes under the CSR program.

SSGC also contributed a substantial amount in the Prime Minister's fund for construction of Diameer Bahsha and Mohmand dams.

ACKNOWLEDGEMENTS

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

On behalf of the Board,

Dr. Shamshad Akhtar
Chairperson, Board of Directors

Imran Maniar
Managing Director / CEO

July 14, 2021

MANAGEMENT COMMITTEE

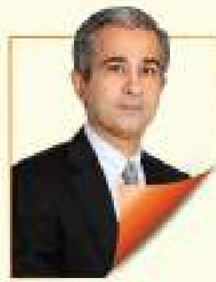
Imran Maniar
Managing Director

Muhammad Amin Rajput
Dy. Managing Director (F&A)/
Chief Financial Officer

Mohammad Wasim
Dy. Managing Director
(Operations)

Imran Farookhi
Dy. Managing Director
(Corporate Services)

Saeed Ahmed Larik
Acting Dy. Managing Director
(Unaccounted-for-Gas)



Irfan Zafar
Senior General Manager
(Special Projects)

Syed Muhammad Saeed Rizvi
Senior General Manager
(Unaccounted-for-Gas)

Asad Saeed Khan
Senior General Manager
(Human Resource)

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

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

APPOINTMENT OF MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

During the period FY 2018-19, the process of appointment of regular MD / CEO was underway. During said period Mr. Muhammad Amin Rajput the Acting MD resigned on January 10, 2019 and the Board assigned the acting charge of MD to Mr. Imran Farookhi, DMD (CS). Subsequently, Mr. Imran Farookhi resigned on February 22, 2019 and the Board assigned acting charge of MD to Mr. Mohammad Wasim, DMD (Ops).

CASUAL VACANCY ON THE BOARD

1. Mr. Hassan Nasir Jamy resigned on September 17, 2018 and Sher Afgan Khan filled the casual vacancy on October 11, 2018.
2. Abdul Ghufran resigned on November 17, 2018 and Mr. Manzoor Ali Shaikh filled the casual vacancy on January 7, 2019.
3. Agha Sher Shah resigned on November 17, 2018 and Syed Akhtar Ali filled the casual vacancy on February 13, 2019.
4. Qazi Azmat Isa was appointed on April 5, 2019 in place of Nawabzada Riaz Nosherwani on the nomination of the Federal Government / Ministry of Energy (Petroleum Division).
5. The Federal Government / Ministry of Energy (Petroleum Division) changed its nomination on the SSGC Board with effect from April 23, 2019 as follows:

Incoming Directors

i) Dr. Shamshad Akhtar
ii) Mr. Muhammad Raziuddin Monem
iii) Mr. Faisal Bengali
iv) Ms. Nida Rizwan Farid

Outgoing Directors:

i) Lt. Gen. Javed Zia (Retd.)
ii) Sardar Rizwan Kehar
iii) Mr. Muhammad Riaz Khan
iv) Mr. Azher Ali Choudhry

COMPOSITION OF THE BOARD

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

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

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

Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed. The Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with, the period in which such non-compliance continued and reasons for such non-compliance. A sound system of internal control is established and maintained which is regularly reviewed and monitored with ongoing efforts towards

Rs. Million	2019	2018
Pension Fund - Executives	1,102,679	1,184,607
Gratuity Fund - Executives	3,743,474	2,754,249
Pension Fund Non-Executives	196,352	255,810
Gratuity Fund Non-Executives	3,266,675	3,032,482
Provident Fund - Executives	3,900,834	3,682,566
Provident Fund Non-Executives	3,661,455	3,512,184
Benevolent Fund – Executives	198,264	187,280

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

Disclosure on remuneration of Chief Executive, Directors and executives is given on page number 262 of the Annual Report 2019.

There has been no material departure from the best practices of corporate governance as detailed in the listing regulations. Information about outstanding taxes and levies is given in the notes to the financial statements. Details of the value of investments by the funds based on respective audited financial statements as at June 30, 2019 are given in the above table.

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

A statement of the Pattern of Shareholding in the Company as on June 30, 2019 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 282 of the Annual Report.

AUDITORS

The Board recommended to the shareholders for appointment of M/s. BDO Ebrahim & Co., Chartered Accountants as External Auditors for FY 2019-20 in place of retiring auditors M/s. Yousuf Adil, Chartered Accountants. The name of External Auditors will be presented before the General Meeting for appointment.

DIVIDENDS

Due to losses and negative equity of the Company no dividend is recommended by the Board.

On behalf of the Board

Dr. Shamshad Akhtar
Chairperson, Board of Directors

Imran Maniar
Managing Director / CEO

SCHEDULE I
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 Energy (Petroleum Division)
For the year ended: June 30, 2019

i) 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 #</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. Mr. Muhammad Raziuddin Monem</td><td>23-Apr-19</td></tr>
<tr><td>2. Mr. Faisal Bengali</td><td>23-Apr-19</td></tr>
<tr><td>3. Ms. Nida Rizwan Farid</td><td>23-Apr-19</td></tr>
<tr><td>4. Syed Akhtar Ali</td><td>13-Feb-19</td></tr>
<tr><td rowspan="4">Non-Executive Directors</td><td>5. Dr. Shamshad Akhtar</td><td>23-Apr-19</td></tr>
<tr><td>6. Mr. Sher Afgan Khan</td><td>11-Oct-18</td></tr>
<tr><td>7. Qazi Mohammad Saleem Siddiqui</td><td>28-Oct-16</td></tr>
<tr><td>8. Mr. Manzoor Ali Shaikh</td><td>07-Jan-19</td></tr>
</table>

		9. Dr. Ahmed Mujtaba Memon	23-Apr-18			
		10. Mirza Mahmood Ahmad	28-Oct-18			
		11. Qazi Azmat Isa	5-Apr-19			
	Executive Directors	12. Mr. Mohammad Wasim	22-Feb-19			
3.	The Directors have confirmed that none of them is serving as a Director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.			3(5)	✓	
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.			3(7)	N/A	
5.	The Chairperson of the Board is working separately from the Chief Executive of the Company.			4(1)	✓	
6.	The Chairperson has been elected by the Board of Directors except where Chairperson of the Board has been appointed by the Government.			4(4)	✓	
7.	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the Chief Executive has been nominated by the Government)			5(2)	N/A	
8.	(a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Company along wit h its supporting policies and procedures, including posting the same on the Company's website. www.ssgc.com.pk (c) The Board has set in place, adequate systems and controls for the identification and redressal of grievances arising from unethical practices.			5(4)	✓ ✓ ✓	

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

<table>
<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>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.

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

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

✓

✓</td><td>✓</td></tr>
<tr><td>22.</td><td>All Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.</td><td>11</td><td>✓</td><td></td></tr>
<tr><td>23.</td><td>(a) The Board has formed the requisite committees, as specified in the Rules.

(b) The committees were provided with written term of reference defining their duties, authority and composition.

(c) The minutes of the meetings of the committees were circulated to all Board members.

(d) The committees were chaired by the following non-executive Directors:
<table>
<tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr>
<tr><td>Audit Committee</td><td>6</td><td>Mr. Faisal Bengali</td></tr>
<tr><td>Board Risk Management, Litigation and HSE&QA Committee</td><td>6</td><td>Mr. Muhammad Raziuddin Monem</td></tr>
<tr><td>Human Resource and Remuneration Committee</td><td>5</td><td>Dr. Shamshad Akhtar</td></tr>
<tr><td>Finance and Procurement Committee</td><td>6</td><td>Mirza Mahmood Ahmad</td></tr>
<tr><td>Nomination Committee</td><td>5</td><td>Dr. Shamshad Akhtar</td></tr>
<tr><td>Board Special Committee on UFG</td><td>7</td><td>Dr. Shamshad Akhtar</td></tr>
</table></td><td>12(1)</td><td>✓

✓

✓

✓</td><td></td></tr>
<tr><td></td><td>The Board committees shall be chaired by Non-executive Directors. However, the Independent Directors in the committees shall not be less than their proportionate strength.</td><td>12(2)</td><td></td><td>✓</td></tr>
</table>

24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓	
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓	
26.	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓	
27.	The Directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓	
28.	The Directors, CEO and Executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.	18	✓	
29.	(a) A formal and transparent procedure for fixing the remuneration packages of individual Directors has been set in place and no Director is involved in deciding his own remuneration. (b) The annual report of the Company contains criteria and details of remuneration of each Director.	19	✓ ✓	
30.	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer before consideration and approval of the Audit Committee and the Board.	20	✓	

<table>
<tr><td rowspan="2">31.</td><td>The Board shall establish an audit committee, whose members shall be financially literate and majority of them, including its Chairperson, shall be Independent Non-Executive Directors, subject to the provisions of sub-rule (2) of rule 12. The names of members of the audit committee shall be disclosed in each annual report of the Public Sector Company.</td><td>21 (1)</td><td></td><td>✓</td></tr>
<tr><td>The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members:
<table>
<tr><th>Name of Member</th><th>Category</th><th>Professional Background</th></tr>
<tr><td>Mr. Faisal Bengali</td><td>Independent Director</td><td>MBA</td></tr>
<tr><td>Qazi Azmat Isa</td><td>Non-Executive Director</td><td>MBA</td></tr>
<tr><td>Qazi Mohammad Saleem Siddiqui</td><td>Non-Executive Director</td><td>BE</td></tr>
<tr><td>Dr. Ahmed Mujtaba Memon</td><td>Non-Executive Director</td><td>MBBS, MA (Economics)</td></tr>
<tr><td>Mirza Mahmood Ahmad</td><td>Independent Director</td><td>LLM</td></tr>
<tr><td>Mr. Manzoor Ali Shaikh</td><td>Non Executive Director</td><td>B.E (Civil)</td></tr>
</table>
The chief executive and chairman of the Board are not members of the audit committee.</td><td>21(2)</td><td>✓</td><td></td></tr>
<tr><td rowspan="3">32.</td><td>(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.</td><td rowspan="3">21(3)</td><td>✓</td><td></td></tr>
<tr><td>(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.</td><td></td><td>✓</td></tr>
<tr><td>(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.</td><td></td><td>✓</td></tr>
</table>

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)	✓	

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director/CEO

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

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

Sr. #	Rule /Sub-rule / Regulation number	Rule / Sub-rule / Observation	Reasons for Non-compliance	Future Course of Action
1.	8(1)	The Government has not carried out any performance evaluation of the members of the Board.	-	-
2.	10(a)	The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	The reason for non-finalization of quarterly, half yearly and delay in finalization of Annual accounts were appropriately communicated to SECP and PSX.	Noted for compliance
3.	12(2)	The Board committees shall be chaired by Non-executive directors. However, the Independent Directors in the committees shall not be less than their proportionate strength. This requirement has not been complied by the Company as at June 30, 2019 in Board Human Resource and Remuneration Committee.	The requirement of proportionate strength of Independent Directors was compiled from July 2018 to April 2019. However, on reconstitution of the Board Committees on May 14, 2019 due to changes made by the GoP in its Board nominations, the non-compliance occurred.	Noted for compliance
4.	21 (1)	The Board shall establish an audit committee, whose members shall be financially literate and majority of them, including its Chairperson, shall be Independent Non-Executive Directors, subject to the provisions of sub-rule (2) of rule 12. Majority numbers of Audit Committee members are not Independent Directors.	This issue has been addressed subsequently.	Noted for compliance

Additional Disclosures as required under Listed Companies (Code of Corporate Governance) Regulations, 2017:

a. The Total number of Directors is 12 including Chief Executive Officer (Acting) being a deemed Director as per the following:

i) Male: 10 members

ii) Female: 2 members

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

c. The Company is complying with Code of Corporate Governance regarding Directors Training Program.

d. The Audit committee meet at least once in every quarter of the financial year as per the requirement of CCG 2017. However, no meeting was held in the 2nd Quarter of the financial year as the scheduled BAC was rescheduled and fall in 3rd quarter of financial year.

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

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

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE	BOARD SPECIAL COMMITTEE ON UFG	BOARD RISK MANAGEMENT, LITIGATION AND HSE&QA COMMITTEE	BOARD FINANCE AND PROCUREMENT COMMITTEE	BOARD AUDIT COMMITTEE	BOARD NOMINATION COMMITTEE
Dr. Shamshad Akhtar Mr. Muhammad Raziuddin Monem Mr. Manzoor Ali Shaikh Mr. Sher Afgan Khan Mirza Mahmood Ahmad	Dr. Shamshad Akhtar Mirza Mahmood Ahmad Ms. Nida Rizwan Farid Mr. Sher Afgan Khan Mr. Faisal Bengali Qazi Mohammad Saleem Siddiqui Syed Akhtar Ali	Mr. Muhammad Raziuddin Monem Ms. Nida Rizwan Farid Mr. Faisal Bengali Syed Akhtar Ali Mr. Manzoor Ali Shaikh Qazi Azmat Isa	Mirza Mahmood Ahmad Ms. Nida Rizwan Farid Mr. Sher Afgan Khan Dr. Ahmed Mujtaba Memon Qazi Mohammad Saleem Siddiqui Syed Akhtar Ali	Mr. Faisal Bengali Dr. Ahmed Mujtaba Memon Qazi Mohammad Saleem Siddiqui Mirza Mahmood Ahmad Qazi Azmat Isa Mr. Manzoor Ali Shaikh	Dr. Shamshad Akhtar Mr. Muhammad Raziuddin Monem Dr. Ahmed Mujtaba Memon Qazi Muhammad Saleem Siddiqui Mr. Faisal Bengali

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

COMMITTEE'S NAME	FREQUENCY OF MEETINGS (YEARLY)
BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE	08
BOARD SPECIAL COMMITTEE ON UFG	09
BOARD RISK MANAGEMENT, LITIGATION AND HSE&QA COMMITTEE	04
BOARD FINANCE AND PROCUREMENT COMMITTEE	07
BOARD AUDIT COMMITTEE	05
BOARD NOMINATION COMMITTEE	03

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

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

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

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director/CEO

SCHEDULE III(I)
REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE AND PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (CCG) and Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) (both hereinafter referred to as 'Codes') prepared by the Board of Directors of Sui Southern Gas Company Limited for the year ended June 30, 2019 to comply with the requirements of the Pakistan Stock Exchange Limited where the Company is listed and the provisions of Public Sector Companies (Corporate Governance) Rules, 2013.

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

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

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

Based on our review, following has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended June 30, 2019.

We highlight below instances of non-compliance with the requirements of the Rules, as disclosed in the Statement of Compliance:

Sr. #	Reference	Description
i.	8 (1)	The Government has not carried out any performance evaluation of the members of the Board.
ii.	10 (a)	The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end. However, the Company delay in the finalization of its quarterly, half yearly and Annual accounts on time.
iii.	21 (1)	Audit Committee does not comprise of majority number of independent directors.
iv.	12 (2)	Some of the Board Committees does not have majority of Independent Directors as its members. Furthermore, the Independent Directors in the Committees are also less than the proportionate strength.
v.	28(2)	Audit Committee did not meet at least once in every quarter of the financial year as per requirement of Code of Corporate Governance 2017. No meeting was held in the second quarter of the financial year.

Yousuf Adil

Chartered Accountants

Engagement Partner:
Hena Sadiq

Place: Karachi
Date: July 14, 2021

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the annexed unconsolidated financial statements of Sui Southern Gas Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2019, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss, the total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

a) As disclosed in notes 27.1 and 27.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 32,888 million (2018: Rs. 31,948 million) and Rs. 23,661 million (2018: Rs. 22,924 million) from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML) respectively. Significant portion of such receivables include overdue amounts, which have been considered good by management and classified as current assets in the unconsolidated financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances due to which management has decided to recognise LPS on a receipt basis from the aforesaid entities effective from July 01, 2012.

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

b) As disclosed in note 30 to the unconsolidated financial statements, interest accrued includes interest receivable of Rs. 7,547 million and Rs. 3,741 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA) respectively. These have been accounted for in line with Company's policy of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to dispute with WAPDA, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered and the timeframe over which such recovery will be made; and

c) On April 30, 2018, The International Court of Arbitration decided against the Company in the case with Habibullah Coastal Private Company Limited (HCPCL) and imposed liquidated damages amounting to Rs. 4,158 million. Prior to the decision, the Economic Coordination Committee (ECC) through its meeting held on February 07, 2018 had proposed waiver of liquidated damages and directed Ministry of Energy – Petroleum Division to work out modalities in consultation with all stakeholders. Based on that decision, management has recognised a receivable of Rs. 4,158 million (2018: Rs. 3,788 million) from HCPCL as disclosed in Note 31 to the unconsolidated financial statements. However, to date, no agreement has been finalized between the relevant stakeholders. In the absence of the agreement, there is no contractual right to receive cash or financial asset from HCPCL and the requirements of IFRS 9 'Financial Instruments' are not met. Had management not recognised this receivable, the loss before tax would have increased by Rs. 4,158 million (2018: Rs. 3,788 million) and net assets would have reduced by Rs. 2,952 million (2018: Rs. 2,652 million).

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

Emphasis of Matter

We draw attention to:

(i) 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 the ECC, Securities and Exchange Commission of Pakistan (SECP) and the Oil and Gas Regulatory Authority (OGRA);

(ii) note 17.1 to the unconsolidated financial statements that describes that the Company has reversed the late payment surcharge (LPS) expense of Rs. 26,222 million on delayed payables pertaining to gas supplied by Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) with effect from July 01, 2012 to June 30, 2016 and not recorded LPS expense for the year ended June 30, 2017, June 30, 2018 and June 30, 2019 amounting to Rs. 7,569 million, Rs. 7,477 million and Rs. 10,525 million respectively for reasons described in the said note.

Our opinion is not qualified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

S. No	Key Audit Matter	How matter was addressed in our audit
1	**Financial Performance** As disclosed in note 1.3 to the unconsolidated financial statements that describes the reasons why Company has incurred losses, performance has been declined over the years and the steps / plans of the management/ Board which will result in improvement in the Company's profitability and its financial position in the next few years. Due to significance of matter we consider this to be a key audit matter.	Our audit procedures include the following: • reviewed the financial projections of the Company and evaluated the reasonableness and appropriateness of the assumptions used in preparation of the projections; • reviewed managements unaccounted for gas (UFG) reduction plan and evaluated the reasonableness and appropriateness of the assumptions used in UFG reduction plan; • inspected Government of Pakistan (Finance Division) support letter in which Government extends its support

S. No	Key Audit Matter	How matter was addressed in our audit
		to maintain the Company's status of going concern; • compared subsequent financial information against projections to evaluate whether assumptions used in the projections appear to be appropriate; • inspected minutes of the meeting of Those Charged with Governance to review progress against the approved plans for financial management and UFG reduction; • inspected covenant relaxation letter to the Company from financial institutions; and • reviewed and assessed the adequacy of the disclosures with the requirements of applicable financial reporting framework.
2	**Revaluation of leasehold land and freehold land:** As disclosed in note 3.7 and 6 to the unconsolidated financial statements, freehold land and leasehold land are carried at revaluation model. The revaluation exercise performed during the year by an external valuer (the expert) engaged by management has resulted in an increase of Rs. 7,370 million in the value of property. We have considered the above matter as a key audit matter due to valuation of lease hold and freehold land involves significant judgement and estimates.	Our audit procedures include the following: • assessed the competence, capability and independence of management expert; • evaluated the methodology used by the management expert; • checked the completeness and accuracy of source data sent to management expert; • engaged an auditor's expert to assess whether the assumptions used in valuation of leasehold land and freehold land is reasonable; and • reviewed and assessed the adequacy of the disclosures with the requirements of applicable financial reporting framework.
3	**First time adoption of IFRS 9 'Financial Instruments'** As disclosed in note 3.5 to the unconsolidated financial statements, IFRS 9 "Financial Instruments" became applicable for the first time on the Company's annual financial statements, with effect from July 01, 2018. This standard supersedes the requirements of IAS 39 "Financial Instruments – Recognition and Measurement". Management has determined that the most significant impact of the new standard on the Company's financial statements relates to the application of the Expected Credit	Our audit procedures include following: • obtained an understanding of management process to record impairment and ensure that it is consistent with the requirement of applicable financial reporting framework. Evaluated the design and implementation of management's key internal controls relating to credit control, debt collection and making impairment loss allowances for doubtful debts; • reviewed and assessed the appropriateness of changes to the Company's accounting policies due to adoption of the IFRS 9;

S. No	Key Audit Matter	How matter was addressed in our audit
	Loss (ECL) model for impairment of financial assets excluding those related to the entities owned or controlled by the Government of Pakistan which are specifically exempt as per Circular No. 985 (I)/2019 dated September 02, 2019 and further clarification vide its letter no. EMD/IACC/4/2009.145 dated September 8, 2020 of SECP. The Company assesses at each reporting date whether the financial assets carried at amortized cost are credit impaired. The Company's management has applied a simplified ECL model to determine the allowance for impairment of trade debts. The ECL model involves the use of various assumptions, macro-economic factors and study of historical trends relating to Company's history of collection of such trade debts. We considered the above as key audit matter due to first time application of IFRS 9 on the financial statements, which included use of significant judgements and estimates by the management.	• checked the accuracy and completeness of underlying data used in the model and the arithmetical accuracy of the computation of ECL; • assessed the reasonableness of key assumptions and judgments used to calculate impairment; • inspected correspondence between the Company and customers and where relevant with the ECC and Ministry of Petroleum and Natural resources; • inspect correspondence letter from Security Exchange Commission of Pakistan (SECP) regarding exclusion of balance due from Government of Pakistan as a consequence of circular debt till June 30, 2021; and • reviewed and assessed the adequacy of the disclosures with the requirements of applicable financial reporting framework.
4	**Contingent Liabilities:** As disclosed 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. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to the significance of the amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we have considered contingent liabilities as a key	Our audit procedures, amongst others, included the following: • obtained an understanding of the Company's process and controls over litigations through meetings with management and review of minutes of the meetings of Board of Directors including its sub committees; • analysed significant changes from prior periods and obtained a detailed understanding of these items and assumptions applied; • obtained confirmations from the Company's external legal and tax counsels for their views on legal position of the Company in relation to these pending matters; • involved internal professionals to assess appropriateness of management's conclusion on matters disclosed as tax contingencies; • checked correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with

S. No	Key Audit Matter	How matter was addressed in our audit
	audit matter.	the issues involved; and • assessed the adequacy of the related disclosures made in the unconsolidated financial statements in this respect with regard to the applicable accounting and reporting standards.
5	**Revenue Recognition** As disclosed in note 34 and 35 to the unconsolidated financial statement, the Company is engaged in the transmission and distribution of natural gas in Sindh and Balochistan. The revenue is recognised on the basis of gas supplied to customer, at rates announced by OGRA, at the time when the gas has been delivered to the respective customer's gas meter. The revenue also includes Gas Development Surcharge which is calculated based on OGRA Ordinance, 2002 and the Final Revenue Requirement issued by the OGRA. We consider this as key audit matter due to significance of the amounts involved and that required significant time and efforts.	Our audit procedures include the following: • obtained detailed understanding of the management process for recognition of revenue and to assess whether it is consistent with requirements of applicable accounting standard; • assessed appropriateness of the Company's accounting policies for revenue recognition in light of applicable accounting and reporting standards; • evaluated the design and operating effectiveness of control (including mitigating controls) over revenue recognition; • performed substantive procedures including test of details on a sample of transactions by inspecting meter reading documents, sales agreement, gas bills and rates from OGRA notification and substantive analytical procedures by developing an overall expectation of revenue based on relevant and reliable data and comparing with actual results; • inspected the Final Revenue Requirement issued by the OGRA; • ensured that Gas Development Surcharge is recorded as per the regulatory requirement; and • reviewed and assessed the adequacy of the disclosures with the requirements of applicable financial reporting framework.
6	**Employee Benefits** As disclosed in note 9 and 43 to the unconsolidated financial statement, the Company operates multiple retirement benefit schemes for different cadres of employees. The total net present value of such obligations is Rs. 11,241 million as at June 30, 2019. We have considered this matter as key audit	Our audit procedures include the following: • evaluated the design and implementation of controls in respect of post-retirement benefit obligations; • assessed the competence, capability and independence of management expert; • evaluated the underlying data sent to management expert; and

S. No	Key Audit Matter	How matter was addressed in our audit
	matter as the valuation of pension and gratuity plan liabilities requires judgement in determining appropriate assumptions such as salary increase, mortality rates, discount rates and inflation level.	• engaged an auditor's expert to assess whether the assumptions used in calculating the liabilities were reasonable who performed the following procedures: - assessed whether salary increases and mortality rate assumptions were consistent with the relevant national and industry benchmarks; - assessed that the discount and inflation rates used were consistent with auditor expert's expertise and knowledge and in line with other companies' recent external reporting; and - reviewed the calculation prepared by management's expert to assess the consistency of the assumptions used.

Information Other than the Unconsolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated financial statements and our auditor's report thereon. Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance / conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. For matters described in Basis for Qualified Opinion section above, we were unable to conclude whether other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We have concluded that other information is materially misstated for the same reason as described in the Basis for Qualified Opinion section above.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that:

a) in our opinion, except for the matters discussed in our 'Basis for Qualified Opinion' paragraph:

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

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

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

b) In our opinion, no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

Chartered Accountants

Place: Karachi
Date: July 14, 2021

BLUE IS THE NEW GREEN

Benefits of Blue Flame:

- It helps **conserve gas**
- It ensures **safety**
- It ensures **proper combustion**

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2019

	Note	2019	2018
		------------ (Rupees in '000) ------------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000
Issued, subscribed and paid-up capital	4	8,809,163	8,809,163
Reserves	5	4,907,401	4,907,401
Surplus on re-measurement of available for sale securities		-	334,805
Surplus on re-measurement of FVTOCI securities		199,621	-
Surplus on revaluation of property, plant and equipment	6	21,043,031	13,673,415
Accumulated losses		(42,981,531)	(24,318,479)
Total Equity		(8,022,315)	3,406,305
LIABILITIES			
Non-current liabilities			
Long term finance	7	36,919,543	44,721,775
Long term deposits	8	17,559,361	15,181,333
Employee benefits	9	5,847,259	5,935,400
Obligation against pipeline	10	879,331	933,345
Deferred credit	11	4,844,471	6,037,795
Contract liabilities	12	4,402,391	-
Long term advances	13	3,070,033	3,148,848
Total non-current liabilities		73,522,389	75,958,496
Current liabilities			
Current portion of long term finance	14	9,837,805	11,573,691
Short term borrowings	15	16,294,237	9,759,947
Trade and other payables	16	417,608,590	269,769,504
Current portion of obligation against pipeline	10	54,014	49,386
Current portion of deferred credit	11	394,735	570,973
Current portion of contract liabilities	12	166,933	-
Unclaimed dividend		285,434	285,565
Interest accrued	17	17,881,425	17,229,031
Total current liabilities		462,523,173	309,238,097
Total liabilities		536,045,562	385,196,593
Contingencies and commitments	18		
Total equity and liabilities		528,023,247	388,602,898

The annexed notes 1 to 58 form an integral part of these unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2019

	Note	2019	2018
		------------ (Rupees in '000) ------------	
ASSETS			
Non-current assets			
Property, plant and equipment	19	**129,720,492**	120,523,674
Intangible assets	20	**21,413**	48,853
Long term investments	21	**1,236,149**	1,376,433
Net investment in finance lease	22	**188,949**	246,764
Long term loans and advances	23	**184,039**	180,117
Long term deposits		**18,801**	17,438
Total non-current assets		**131,369,843**	122,393,279
Current assets			
Stores, spares and loose tools	24	**2,363,680**	2,015,195
Stock-in-trade	25	**1,799,292**	1,125,441
Current maturity of net investment in finance lease	22	**57,814**	57,815
Customers' installation work in progress	26	**211,349**	179,691
Trade debts	27	**84,156,885**	76,761,352
Loans and advances	28	**2,184,117**	2,492,061
Advances, deposits and short term prepayments	29	**202,441**	171,729
Interest accrued	30	**13,110,415**	11,690,562
Other receivables	31	**272,693,110**	151,756,310
Taxation - net	32	**19,536,007**	19,549,064
Cash and bank balances	33	**338,294**	410,399
Total current assets		**396,653,404**	266,209,619
Total assets		**528,023,247**	388,602,898

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2019

	Note	2019	2018
		(Rupees in '000)	
Sales		251,645,232	184,014,613
Sales tax		(32,381,199)	(25,251,284)
	34	219,264,033	158,763,329
Gas development surcharge	35	84,884,740	22,645,175
RLNG differential margin	36	(6,982,069)	(4,004,081)
Net sales		297,166,704	177,404,423
Cost of sales	37	(295,120,476)	(187,181,334)
Gross profit / (loss)		2,046,228	(9,776,911)
Administrative and selling expenses	38	(4,820,392)	(4,475,239)
Other operating expenses	39	(20,685,914)	(5,512,109)
Impairment loss against financial assets		(849,498)	-
		(26,355,804)	(9,987,348)
		(24,309,576)	(19,764,259)
Other income	40	14,247,641	14,002,137
Operating loss		(10,061,935)	(5,762,122)
Finance cost	41	(6,758,292)	(5,063,738)
Loss before taxation		(16,820,227)	(10,825,860)
Taxation	42	(1,574,541)	(4,022,348)
Loss for the year		(18,394,768)	(14,848,208)
		(Rupees)	
Basic and diluted loss per share	44	(20.88)	(16.86)

The annexed notes 1 to 58 form an integral part of these unconsolidated financial statements.

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

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2019

	Note	2019	2018
		---------- (Rupees in '000)	----------
Loss for the year		**(18,394,768)**	(14,848,208)
Other comprehensive income			
Item that may be reclassified subsequently to unconsolidated statement of profit or loss:			
- Unrealised loss on re-measurement of available for sale securities		**-**	(183,894)
- Unrealised loss on re-measurement of of FVTOCI securities		**(135,184)**	-
Items that will not be reclassified subsequently to unconsolidated statement of profit or loss:			
- Remeasurement of post retirement benefits obligation		**(1,311,533)**	(1,368,151)
- Impact of deferred tax		**-**	410,445
- Gas development surcharge	31.1.2	**1,311,533**	1,368,151
		-	410,445
Revaluation surplus on land arising during the year		**7,369,616**	1,945,150
Total comprehensive loss for the year		**(11,160,336)**	(12,676,507)

The annexed notes 1 to 58 form an integral part of these unconsolidated financial statements.

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

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2019

	Issued, subscribed and paid-up capital (Note 4)	Capital reserves (Note 5)	Revenue reserves (Note 5)	Surplus on re-measurement securities available for sale	Surplus on re-measurement of FVTOCI securities	Surplus on revaluation of property, plant and equipment	Accumulated losses	Total
	(Rupees in '000)							
Balance as at June 30, 2017	8,809,163	234,868	4,672,533	518,699	-	11,728,265	(9,880,716)	16,082,812
Total comprehensive income for the year ended June 30, 2018								
Loss for the year	-	-	-	-	-	-	(14,848,208)	(14,848,208)
Other comprehensive income for the year	-	-	-	(183,894)	-	1,945,150	410,445	2,171,701
Total comprehensive loss for the year	-	-	-	(183,894)	-	1,945,150	(14,437,763)	(12,676,507)
Balance as at June 30, 2018	8,809,163	234,868	4,672,533	334,805	-	13,673,415	(24,318,479)	3,406,305
Effect of adoption of IFRS 9 - Note 3.4	-	-	-	(334,805)	334,805	-	(268,284)	(268,284)
Balance as at July 01, 2018 (Restated)	8,809,163	234,868	4,672,533	-	334,805	13,673,415	(24,586,763)	3,138,021
Total comprehensive income for the year ended June 30, 2019								
Loss for the year	-	-	-	-	-	-	(18,394,768)	(18,394,768)
Other comprehensive (loss) / income for the year	-	-	-	-	(135,184)	7,369,616	-	7,234,432
Total comprehensive (loss) / income for the year	-	-	-	-	(135,184)	7,369,616	(18,394,768)	(11,160,336)
Balance as at June 30, 2019	**8,809,163**	**234,868**	**4,672,533**	**-**	**199,621**	**21,043,031**	**(42,981,531)**	**(8,022,315)**

The annexed notes 1 to 58 form an integral part of these unconsolidated financial statements.

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

UNCONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended June 30, 2019

	Note	2019	2018
		------------ (Rupees in '000) ------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(16,820,227)**	(10,825,860)
Adjustments for non-cash and other items	45	**18,294,118**	15,750,685
Working capital changes	46	**17,765,165**	4,635,174
Financial charges paid		**(6,322,125)**	(4,973,973)
Employee benefits paid		**(109,177)**	(100,361)
Payment for retirement benefits		**(1,874,848)**	(904,810)
Long term deposits received - net		**2,378,028**	959,037
Deposits paid - net		**(1,363)**	(3,073)
Loans and advances to employees - net		**304,022**	141,462
Interest income received		**364,378**	17,987
Income taxes paid		**(1,561,484)**	(1,817,468)
Net cash generated from operating activities		**12,416,487**	2,878,800
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(9,592,933)**	(10,799,143)
Payments for intangible assets		**(2,008)**	(8,702)
Proceeds from sale of investment		**5,100**	-
Proceeds from sale of property, plant and equipment		**119,493**	125,832
Lease rental from net investment in finance lease		**104,425**	114,780
Payment for obligation against pipeline		**(135,732)**	(135,732)
Dividend received		**17,020**	18,818
Net cash used in investing activities		**(9,484,635)**	(10,684,147)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		**69,044**	10,072,635
Repayments of local currency loans		**(9,600,000)**	(9,611,491)
Customer finance received		**6,400**	12,962
Repayment of customer finance		**(13,560)**	(14,350)
Dividend paid		**(131)**	(156)
Net cash (used in) / generated from financing activities		**(9,538,247)**	459,600
Net decrease in cash and cash equivalents		**(6,606,395)**	(7,345,747)
Cash and cash equivalents at beginning of the year		**(9,349,548)**	(2,003,801)
Cash and cash equivalents at end of the year		**(15,955,943)**	(9,349,548)
Cash and cash equivalent comprises:			
Cash and bank balances		**338,294**	410,399
Short term borrowings		**(16,294,237)**	(9,759,947)
		(15,955,943)	(9,349,548)

The annexed notes 1 to 58 form an integral part of these unconsolidated financial statements.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended June 30, 2019

1. STATUS AND NATURE OF BUSINESS

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

The registered office of the Company is situated at SSGC House, Sir Shah Suleman Road, Block 14, Gulshan e Iqbal, Karachi. The Company's pipe coating plant is situated at Plot No. F-76 SITE Avenue Karachi (Here 3/4", 1" & 2" pipe is coated) for Distribution South Karachi and the Company Khadeji P&C Base Camp M-9 Motorway Karachi.

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

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

1.2 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA), the Company is provided a minimum annual return before taxation of 17.43% per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial and other non-operating expenses and non-operating income. The determination of annual required return is reviewed by OGRA, under the terms of the license for transmission, distribution and sale of natural gas, targets and parameters set by OGRA. Income earned in excess / short of the above guaranteed return is payable to / recoverable from the Government of Pakistan (GoP) and is adjusted from / to the gas development surcharge balance payable to / receivable from the GoP.

1.3 Financial Performance

During the year, the Company has suffered loss after tax of Rs. 18,395 million resulting in an increase in its accumulated losses to Rs. 42,982 million and weakening of its equity by Rs. 11,429 million after including the impact of staggering as discussed in note 2.1.1 to these unconsolidated financial statements.

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

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

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Company was allowed UFG based on RLNG handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. However, in its determination on Final Revenue requirement for FY 2017-18 OGRA did not consider implementing the aforementioned decision and advised to take up the matter with SNGPL in consultation with Ministry of Energy (Petroleum Division). The Company has reiterated its earlier position of higher UFG due to RLNG and as a result OGRA has initiated a process of hiring of services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of Indigenous gas as well as imported RLNG. ECC also constituted a Committee comprising Secretaries, Petroleum & Finance to sort out the issue between the Company and Sui Northern Gas Pipelines Limited (SNGPL).

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

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

- Under new tariff regime, the company will also be entitled to the guaranteed return on operating asset from 17% to 17.43% from FY 2019 for next two years.

- Banks have also waived the debt to equity covenant for financial years 2018-19 and 2019-20. However, the Company has never defaulted in payment of any installment of principal and interest thereon and some of the loans have been totally paid off to date.

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

1.4 Determination of revenue requirements

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

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

On November 25, 2016, the Sindh High Court dismissed the Company's petitions through its judgement. Consequently, OGRA in its decision dated December 22, 2016 and October 26, 2017 for determination of FRR for FY 2016 and 2017 respectively allowed UFG at 4.5% and treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge, and Sale of Gas Condensate as operating income. The Company has filed civil petition for leave to appeal in the Supreme Court of Pakistan on January 25, 2017, against the abovementioned Sindh High Court judgement. But the management has considered OGRA's decision in preparation of financial statements for the year ended June 30, 2019.

2. BASIS FOR PREPARATION

2.1 Statement of compliance

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

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

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

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

2.1.1 Staggering of Losses arising due to Sindh High Court decision

As disclosed in note 1.4, OGRA 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 unconsolidated 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 and compliance with the disclosure requirements of IFRSs for departing with IFRSs are met.

Based on above 50% impact (Rs. 18,359 million) of the decision of Sindh High Court for FY 2011 to 2015 was accounted for in FY 2015-16. The remaining Rs. 18,359 million was required to be accounted for in FY 2016-17. However, considering financial position of the Company and the fact that the loss of Rs. 36,718 million pertains to 5 financial years, a summary was moved by Ministry of Energy (Petroleum Division) to Economic Coordination Committee (ECC) to allowing staggering of Rs. 18,359 million in 5 years. The ECC approved the summary through letter dated May 31, 2018 advising SECP to allow staggering of remaining Rs. 18,359 million in five years. The Company approached SECP after considering ECC decision, who through its letter dated June 27, 2018 advised the board to make the necessary decision to present a true and fair view of the Company's financial position and performance. Based on the letter received from SECP, OGRA, in its decision dated December 24, 2018, endorsed the staggering of remaining Rs. 18,359 million over a period of five years (FY 2016-17 to FY 2020-21) and continued the practice of FY 2017-18. This staggering has also been accounted for in these unconsolidated financial statements.

Further, the OGRA, in its decision dated December 24, 2018 also directed the Company to review its dividend pay-out policy for future years till such time the above adjustment impact is dispelled (i.e. FY 2020-21).

2.2 Basis of measurement

These 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

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

2.4 Use of estimates and judgments

The preparation of these unconsolidated financial statements in conformity with 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 unconsolidated financial statements in the subsequent year are discussed in note 53.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those applied in the preparation of the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2018, except for the application of IFRS 15 'Revenue from Contracts with Customers' as disclosed in note 3.3 and IFRS - 9 'Financial Instruments' as disclosed in note 3.4.

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

Except for the application of IFRS 15 'Revenue from Contracts with Customers' in note 3.3 and IFRS - 9 'Financial Instruments' disclosed in note 3.5, the following standards, amendments and interpretations are effective for the year ended June 30, 2019. 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 unconsolidated financial statements other than certain additional disclosures.

Standards / Amendments / Interpretations	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

Standards / Amendments / Interpretations	Effective Date accounting period beginning on or after
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 15 'Revenue from Contracts with Customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
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

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 except for the application of IFRS 16 'Leases' and IFRS 14 'Regulatory Deferral Accounts' of which the management is in the process of assessing the impacts on the Company's financial statements for the year ended June 30, 2020.

	Effective from accounting period beginning on or after:
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
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.
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
IFRS 14 "Regulatory Deferral Accounts" - The objective of IFRS 14 is to specify the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.	July 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019

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 17 – Insurance Contracts

3.3 IFRS 15 - Revenue from Contracts with Customers

The Company has adopted IFRS 15 with effect from July 01, 2018. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 18 Transfer of Assets from Customers and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Company has elected to apply the standard on a modified retrospective basis as permitted by IFRS 15 whereby the cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

As a result of adopting IFRS 15 on modified retrospective basis, the following adjustments were made to the amounts recognised in the unconsolidated statement of financial position:

	Carrying amount as previously reported	Reclassification due to adoption of IFRS 15	IFRS 15 carrying amount
	June 30, 2018	July 01, 2018	July 01, 2018
Description	-------------------(Rupees in 000)	-------------------	
Deferred credit	6,037,795	(876,342)	5,161,453
Current portion of deferred credit	570,973	(140,557)	430,416
Trade and other payables	269,769,504	(2,677,773)	267,091,731
Contract liabilities	-	3,554,115	3,554,115
Current portion of contract liabilities	-	140,557	140,557

The core business of the Company is transmission and distribution of gas and is the only performance obligation towards its customers based on the contracts with customers.

The Company has recognised contract liabilities due to adoption of IFRS 15 on July 01, 2018, which represents contribution received from the customers towards the cost of supplying and laying transmission, service and main lines. Prior to year ended June 30, 2010, these contributions were treated as Deferred Credit and were being amortised as income over the useful lives of the related assets. From the year ended June 30, 2010, these contributions were recognised in the income on immediate basis (upon completion and commissioning of the project) based upon the management's interpretation of International Financial Reporting Interpretation Committee (IFRIC) – 18 "Transfers of assets from customers" which was effective from the same year. However, the similar contributions from customers in respect of the additional pipelines laid and commissioned prior to the year ended June 30, 2010 are being amortised over the useful lives of the assets.

From July 01, 2018, as per requirements of IFRS 15, these contributions are being amortised over the useful lives of the related assets as laying of the pipelines is not a distinct performance obligation, instead is considered a part of the Company's only performance obligation to deliver gas to the customers. For balances prior to application date in accordance with the opinion of the Accounting Standard Board (ASB) of ICAP dated July 08, 2020 that a retrospective adjustment to the opening statement of financial position is not required with respect to the deferment of previously recognized revenues against the contributions received towards the cost of supplying and laying transmission, service and main lines on contract as these do not have a continuing performance obligations under IFRIC 18.

3.3.1 Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

- For comparative balances deferred credit from customers after July 01, 2009 for laying of distribution lines is recognised in the unconsolidated statement of profit or 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 amortised in unconsolidated statement of profit or loss over the useful lives of related assets.

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

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

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

3.3.2 Gas development surcharge

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

3.3.3 RLNG differential margin

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

3.4 Contract liabilities

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

3.5 IFRS 9 'Financial Instruments

On application of IFRS - 9 'Financial Instruments', there is no material change in the Company’s financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2018.

3.5.1 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the year ended June 30, 2019.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities;
2) Impairment of financial assets; and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's financial statements are described below except the General Hedge Accounting which the Company does not apply.

(a) Classification and measurement of financial assets

The Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

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

Specifically:

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

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

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

Management has reviewed and assessed the Company’s existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company’s financial assets as regards their classification and measurement:

- the Company’s investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been reclassified as at FVTOCI. The change in fair value on these equity instruments will be recorded in the other comprehensive income;
- there is no change in the measurement of the Company’s investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL.

Para (c) below tabulates the change in classification of the Company’s financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Company’s unconsolidated statement of financial position, unconsolidated statement of profit or loss and unconsolidated statement of other comprehensive income or total comprehensive income for the year.

(b) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in unconsolidated statement of profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities because the Company does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

(c) Disclosures in relation to the initial application of IFRS 9

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

Impact of change in accounting policies due to adoption of IFRS 9

Financial assets and financial liabilities	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
			(Rupees in '000)		
Financial assets					
Long term investments	AFS	FVTOCI	376,432	376,432	-
Net investment in finance lease	LR	AC	304,579	304,579	-
Loans and advances	LR	AC	1,710,103	1,710,103	-
Trade deposits	LR	AC	21,570	21,570	-
Trade debts	LR	AC	76,761,352	76,761,352	-
Interest accrued	LR	AC	11,690,562	11,662,554	(28,008)
Other receivables	LR	AC	63,269,861	63,029,585	(240,276)
Cash and bank balances	LR	AC	410,399	410,399	-
Financial liabilities					
Long term financing	OFL	AC	56,295,466	56,295,466	-
Long term deposits	OFL	AC	15,181,333	15,181,333	-
Short term borrowings	OFL	AC	9,759,947	9,759,947	-
Unclaimed dividend	OFL	AC	285,565	285,565	-
Trade and other payables	OFL	AC	259,280,583	259,280,583	-
Interest accrued	OFL	AC	17,229,031	17,229,031	-

- "LR" is loans and receivables
- "AC" is amortised cost
- "HFT" is held for trading
- "AFS" is available for sale
- "FVTOCI" is fair value through other comprehensive income
- "FVTPL" is fair value through profit or loss
- "OFL" is other financial liabilities

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39 incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9, the Company recognised additional impairment on the Company's trade debts amounting to Rs. 268.284 million which resulted a decrease in retained earnings as at July 01, 2018 as shown above in the table.

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

The Company has applied IFRS 9 using modified retrospective approach has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 on impairment have been recognized directly in opening balance of retained earnings as follows:

Financial assets	Provisions as at June 30, 2018	Impact on retained earnings	Charge for the year	Provisions as at June 30, 2019
	(Rupees in '000)			
Trade debts	14,783,343	-	849,259	**15,632,602**
Interest accrued	84,392	28,008	-	**112,400**
Other receivables	2,346,359	240,276	239	**2,586,874**
	17,214,094	**268,284**	**849,498**	**18,331,876**

3.5.2 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 statement of profit or loss immediately.

3.5.3 Derivative financial instruments

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

3.5.4 Off-setting

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

3.5.5 Impairment of financial assets

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

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

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

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

(i) Significant increase in credit risk

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

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

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

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

(1) The financial instrument has a low risk of default,

(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower,

(b) a breach of contract, such as a default or past due event (see (ii) above),

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider,

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation, or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Measurement and recognition of ECL

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

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

3.5.6 Investments as per IAS 39 (For corresponding figures)

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 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 statement of profit or loss. Impairment losses recognised in unconsolidated statement of profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through unconsolidated statement of profit or 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 statement of profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in unconsolidated statement of profit or loss.

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 statement of profit or loss.

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.

3.6 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 these unconsolidated statement of profit or loss for the year.

3.7 Property, plant and equipment

Initial recognition

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

The cost of the property, plant and equipment includes:

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

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

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

Subsequent measurement

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

Subsequent expenditure (including normal repairs and maintenance)

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

Capital work in progress

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

Depreciation

- Compressors and transmission lines

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

- Other operating assets

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

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

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

Intangible assets

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

Definite life

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

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

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

Borrowing costs

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

Actual borrowing cost is capitalised on funds borrowed specifically for the purpose of construction of qualifying assets, less any investment income on the temporary investment of those borrowings.

The Company determines a weighted average capitalisation rate in case of general borrowings attributable to qualifying assets.

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

Gains and losses on disposal

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

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.

3.8 Net investment in finance lease

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

3.9 Stores, spares and loose tools

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

3.10. Stock-in-trade

Gas in pipelines

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

Meter manufacturing division

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

3.11 Impairment of non-financial assets

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

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

3.12 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade debts and other receivables considered irrecoverable are written off.

3.13 Trade and other payables

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

3.14 Mark-up bearing borrowings

Long term financing

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

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

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 these unconsolidated statement of profit or loss.

3.15 Provisions

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

3.16 Deferred credit

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

3.17 Taxation

Current

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

Deferred

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

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

3.18 Staff retirement benefits

The Company operates the following retirement schemes for its employees:

- Approved funded pension and gratuity schemes for all employees.

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

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

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

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

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

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

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

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

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

3.19 Compensated absences

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

3.20 Foreign currency translation

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

3.21 Segment reporting

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

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

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

Gas transmission and distribution

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

Meter manufacturing

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

3.22 Cash and cash equivalents

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

3.23 Earnings per share

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

3.24 Dividend and reserves appropriation

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

3.25 Share Capital

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

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
------- (Number of shares) -------			---------- (Rupees in '000) ---------	
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	**2,195,666**	2,195,666
661,349,755	661,349,755	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. Currently Government of Pakistan (GoP) holds 53.18% (2018: 53.18%) paid up capital of the Company.

	Note	2019	2018
		---------- (Rupees in '000) ---------	
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 unappropriated 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 PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book values resulting from the revaluation of the Company's freehold and leasehold land carried out by an independent valuer K.G. Traders (Private) Limited to determine the fair value as of June 30, 2019. The valuation was based on market research.

Market value of buildings / civil works, roads, pavements and related infrastructure, compressors, plant and machinery, construction equipment, motor vehicles and gas transmission and distribution pipelines is Rs. 177,816 million. However, no impact of revaluation has been incorporated in these unconsolidated financial statements as cost model has been adopted for aforesaid assets.

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

	2019	2018
	(Rupees in '000)	
Freehold land	**472,860**	472,860
Leasehold land	**213,540**	213,540
	686,400	686,400

6.1 Details of the Company's freehold and leasehold land and information about fair value hierarchy as at June 30, 2019 are as follows:

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Freehold land		**10,512,545**	-	**10,512,545**
Leasehold land		**11,216,886**	-	**11,216,886**

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

6.2 Forced sale values of freehold land and leasehold land is Rs. 8,936 million and Rs. 9,534 million respectively.

7. LONG TERM FINANCE

	Note	2019	2018
		(Rupees in '000)	
Secured			
Loans from banking companies	7.1	**36,161,848**	43,961,852
Unsecured			
Front end fee of foreign currency loan	7.2	**23,950**	23,950
Customer finance	7.3	**168,326**	189,600
Government of Sindh loans	7.4	**565,419**	546,373
		757,695	759,923
		36,919,543	44,721,775

7.1 Loans from banking companies

	Instalment payable	Repayment period	Mark-up rate p.a. (above 3 months and 6 months * KIBOR)	Note	2019	2018
					---------- (Rupees in '000) ----------	
Bank Alfalah Limited - Led Consortium	quarterly	2018 - 2019	0.40%	7.1.3	**1,750,000**	5,250,000
Habib Bank Limited	quarterly	2018 - 2022	0.50%	7.1.3	**2,100,000**	2,700,000
United Bank Limited - Led Consortium	semi annually	2018 - 2022	0.50% *	7.1.1 & 7.1.3	**10,500,000**	13,500,000
Habib Bank Limited - Led Consortium	semi annually	2018 - 2026	1.10% *	7.1.2	**31,700,000**	34,200,000
Unamortised transaction cost					**(263,152)**	(313,148)
					45,786,848	55,336,852
Less: Current portion shown under current liabilities				14	**(9,625,000)**	(11,375,000)
					36,161,848	43,961,852

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

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, 2019, the Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the year, repayment of Rs. 2,500 million has been made. The financial arrangements have been secured by GoP guarantee and ranking charge created by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

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

7.2 Front end fee of foreign currency loan

	Instalment payable	Repayment period	Mark-up rate per annum	Note	2019	2018
					---------- (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	2019	2018
		--------- (Rupees in '000) ---------	

7.3 Customer finance

	Note	2019	2018
Customer finance	7.3.1	**194,464**	201,624
Less: Current portion shown under current liabilities	14	**(26,138)**	(12,024)
		168,326	189,600

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 instalments through credits in the monthly gas bills of the customer.

7.4 Government of Sindh loans

	Instalment payable	Principal repayment period	Mark-up rate p.a.	Note	2019	2018
					--------- (Rupees in '000) ---------	
Government of Sindh loan - III	yearly	2012 - 2021	4%	7.4.1	**80,000**	80,000
Government of Sindh loan - IV	yearly	2014 - 2023	4%	7.4.1	**500,000**	500,000
Government of Sindh loan - V	yearly	2015 - 2024	4%	7.4.1	**360,000**	360,000
Less: Impact of discounting of Government of Sindh loans				7.4.2	**(187,914)**	(206,960)
					752,086	733,040
Less: Current portion shown under current liabilities				14	**(186,667)**	(186,667)
					565,419	546,373

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 III, IV and V, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan III, IV and V and its initial fair value. The amount of Government of Sindh loan after conversion amounts to Rs 940 million and subsequently it is measured at its initial fair value of Rs. 170 million based on net of waiver as disclosed in note 7.4.3. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in unconsolidated statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

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

8. LONG TERM DEPOSITS

	Note	2019	2018
		------------ (Rupees in '000) ------------	
Security deposits from:			
- gas customers	8.1	**17,456,143**	15,012,279
- gas contractors	8.2	**103,218**	169,054
		17,559,361	15,181,333

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. EMPLOYEE BENEFITS

	Note	2019	2018
		------------ (Rupees in '000) ------------	
Provision for post retirement medical and free gas supply facilities - executives	43.2	**5,018,914**	4,967,770
Provision for compensated absences - executives	9.1	**828,345**	967,630
		5,847,259	5,935,400

9.1 Provision for compensated absences - executives

	2019	2018
Balance as at July 01	**967,630**	771,157
(Reversal) / provision during the year	**(139,285)**	196,473
Balance as at June 30	**828,345**	967,630

10. OBLIGATION AGAINST PIPELINE

	Note	2019	2018
Principal amount of obligation against pipeline	10.1	**933,345**	982,731
Less: current portion of obligation against pipeline		**(54,014)**	(49,386)
		879,331	933,345

10.1 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.

11. DEFERRED CREDIT

	Note	2019	2018
		------------ (Rupees in '000) ------------	
Government of Pakistan contributions / grants			
Balance as at July 01		**3,285,092**	3,539,596
Additions / adjustments during the year		**89,596**	24,182
Transferred to unconsolidated statement of profit or loss	11.1	**(310,660)**	(278,686)
Balance as at June 30		**3,064,028**	3,285,092
Contribution from customers			
Balance as at July 01		-	1,168,909
Transferred to unconsolidated statement of profit or loss		-	(152,010)
Balance as at June 30		**-**	1,016,899
Government of Sindh (Conversion of loan into grant)			
Balance as at July 01		**2,133,559**	-
Additions during the year		**6,367**	2,288,772
Transferred to unconsolidated statement of profit or loss		**(114,715)**	(155,213)
Balance as at June 30		**2,025,211**	2,133,559
Government of Sindh grants			
Balance as at July 01		**173,218**	1,034,396
Transferred to unconsolidated statement of profit or loss	7.4.2	**(23,251)**	(54,938)
Adjustment	7.4.3	**-**	(806,240)
Balance as at June 30		**149,967**	173,218
		5,239,206	6,608,768
Less: Current portion of deferred credit		**(394,735)**	(570,973)
		4,844,471	6,037,795

11.1 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.

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

12. CONTRACT LIABILITIES

	Note	2019	2018
		------------ (Rupees in '000) ------------	
Contribution from customers	12.1 & 12.2	**1,406,461**	-
Advance received from customers for laying of mains	12.2	**2,995,930**	-
		4,402,391	-

12.1 Contribution from customers

	2019	2018
Balance as at July 01	**-**	-
Reclassified from deferred credit to contract liabilities	**1,016,899**	
Additions during the year	**721,747**	-
Transferred to unconsolidated statement of profit or loss	**(165,252)**	-
	1,573,394	**-**
Less: Current portion of contributions from customers	**(166,933)**	**-**
Balance as at June 30	**1,406,461**	-

12.2 As explained in note 3.3 to these unconsolidated financial statements, the Company has applied the provisions of IFRS 15 “Revenue from Contract with Customers” for the first time in these unconsolidated financial statements and accordingly, has recognised the contract liabilities in respect of the amount received from the customers as contribution towards the cost of supplying and laying transmission, service and main lines. These contributions were being treated as deferred credit previously under IFRIC 18 from the year ended June 30, 2010 to June 30, 2018 and the revenue was being recognised when the lines were laid and commissioned based on the management’s judgment under IFRIC 18.

The Company has not adjusted the amounts reported in prior years as the Company that contracts for which the revenue has already been recognised under IFRIC 18 are considered complete under the transitional provisions of IFRS 15 read with IFRIC 18.

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 3.16 to these unconsolidated financial statements, such deferred credit is amortised over the estimated useful lives of related assets.

14. CURRENT PORTION OF LONG TERM FINANCE

	Note	2019	2018
		(Rupees in '000)	
Loans from banking companies	7.1	**9,625,000**	11,375,000
Customer finance	7.3	**26,138**	12,024
Government of Sindh loans	7.4	**186,667**	186,667
		9,837,805	11,573,691

15. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 25,000 million (2018: Rs. 23,000 million) and subject to mark-up of 0.20% (2018: 0.10%) above 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. 8,706 million. (2018: Rs. 13,240 million).

16. TRADE AND OTHER PAYABLES

	Note	2019	2018
		(Rupees in '000)	
Creditors for:			
- Indigenous gas	16.1	**332,632,340**	226,212,893
- RLNG allocated	16.2	**44,018,023**	7,264,401
		376,650,363	233,477,294
RLNG differential margin payable to SNGPL		**1,681,019**	1,487,714
RLNG differential margin payable to GoP	3.3.3	**9,305,131**	2,516,367
Advance received from customers for laying of mains, etc.		**-**	2,677,773
Engro Elengy Terminal Limited		**1,984,729**	1,764,281
Accrued liabilities		**4,240,256**	5,169,889
Advance from LPG customers		**-**	51,617
Provision for compensated absences - non executives	16.3	**303,441**	309,391
Payable to staff gratuity fund	43.1	**5,091,663**	4,549,836
Deposits / retention money		**668,656**	678,233
Advance for sharing right of way	16.4	**18,088**	18,088
Withholding tax		**186,402**	102,946
Sales tax and Federal Excise Duty		**311,293**	280,403
Sindh sales tax		**131,616**	111,761
Processing charges payable to JJVL		**8,528,447**	8,528,447
Gas infrastructure development cess payable	16.5	**7,338,595**	7,425,827
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Workers' Profit Participation Fund	16.6	**174,515**	12,860
Others	16.7	**992,576**	604,977
		417,608,590	269,769,504

16.1 Creditors for gas supplies includes Rs. 241,478 million (2018: Rs. 167,492 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 (2018: Rs. 15,832 million) on their balances which have been presented in note 17.1 of these unconsolidated financial statements.

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

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

During the year, out of 71 BCF allocated volume, the Company has recorded a purchase 29.7 BCF (2018: 6.2 BCF) allocated volume from SNGPL amounting Rs. 35,025 million (2018: Rs 4,276 million) based OGRA decision dated November 20, 2018.

16.3 Provision for compensated absences - non-executives

	2019	2018
	------------ (Rupees in '000)	------------
Balance as at July 01	**309,391**	266,887
Provision during the year	**(5,950)**	42,504
Balance as at June 30	**303,441**	309,391

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

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

On June 13, 2013, the Peshawar High Court declared the levy, imposition and recovery of the Cess unconstitutional with the direction to refund the “Cess” so far collected. The Supreme Court of Pakistan examined the case and vide its findings dated August 22, 2014, concluded that GID Cess is a fee and not a tax and on either count 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 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 customers. Following the imposition of the said Act, many customers filed a petition in Sindh High Court and obtained stay order against Act passed by the Parliament. The Company has obtained a legal opinion, which states that management has to comply with the stay order of High Court of Sindh.

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

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

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

However, as a concession, the same is to be recovered in twenty four equal monthly instalments starting from 01 August 2020 without the component of late payment surcharge.

The Company has initiated the billing of GIDC from 01 August, 2020, the same is recovered from customers and submitted to MP & NR.

Supreme Court of Pakistan (SCP) in its judgment dated November 03, 2020 dismissed all review petitions filed against its earlier judgment dated August 13, 2020, stating that the companies claiming any relief under GIDC Act 2015 may approach the right forum. Subsequent to Supreme Court Judgment dated 13-08-2020, more than 1700 customers has filed fresh cases before Sindh High Court, wherein, customers stated that they are not liable to pay GIDC as the same has not been collected by them, SHC restrained the Company from collection of GIDC installments and the matter is pending adjudication before SHC.

16.6 Workers' Profit Participation Fund

	2019	2018
	(Rupees in '000)	
Balance as at July 01	**12,860**	12,860
Amount received by the Company	**161,655**	-
Charge during the year	**-**	-
Balance as at June 30	**174,515**	12,860

16.7 This includes Rs. 230 million (2018: Rs. 229 million) on account of amount payable to disconnected customers for gas supply deposits.

17. INTEREST ACCRUED

	Note	2019	2018
		(Rupees in '000)	
Long term finance - loans from banking companies		**760,139**	522,464
Long term deposits from customers		**440,115**	370,987
Short term borrowings		**405,542**	159,280
Late payment surcharge on processing charges		**438,392**	339,061
Late payment surcharge on gas development surcharge		**4,826**	4,828
Late payment surcharge on gas supplies	17.1	**15,832,411**	15,832,411
		17,881,425	17,229,031

17.1 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 International Financial Reporting Standards – 15 “Revenue from Contracts with Customers”. However, the Company continued recognition of the LPS expenses payable on outstanding payables of the Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of 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 unconsolidated statement of financial position only when the same are received.

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

Had the management not reversed the LPS expense payable from July 1, 2012 to June 30, 2016 of Rs. 26,222 million and recorded LPS expense for the year ended June 30, 2017, June 30, 2018 and June 30, 2019 amounting to Rs.7,569 million, Rs. 7,477 million and Rs. 10,525 million respectively on outstanding payables to Government Controlled E&P Companies, the effect on these unconsolidated financial statement would be as follows:

	(Rupees in million)
- Increase in loss before tax	**10,525**
- Increase in loss after tax / accumulated loss	**7,473**
- Increase in loss per share - Rupees	**8.48**
- increase in accumulated losses	**51,793**
- Increase trade payables	**51,793**
- Increase deferred tax liability	**16,033**

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1	Guarantees issued on behalf of the Company	**5,377,792**	4,323,217

18.1.2 Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged claims against the Company amounting to Rs. 144,120 million (June 30, 2018: Rs. Rs. 144,120 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Company and JPCL. JPCL has raised another claim of Rs. 5.793 million (June 30, 2018: 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.

In respect of JPCL major claim i.e. on account of short supply of gas following clause of the agreement is important which does not support JPCL claim.

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

It is evident from foregoing clause of the agreement, that JPCL has raised a claim not supported by the agreement and that the supply of gas to the customer was subject to the availability and it is / was not any firm commitment on the part of the Company.

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

18.1.3 As disclosed in note 17.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018 and June 30, 2019 amounting to Rs. 7,569 million, Rs. 7,477 million and Rs. 10,525 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 As disclosed in note 31.6, 31.7, 40.2 and 40.5 for other matters arbitration proceedings between JJVL and the Company has been initiated under the Pakistan Arbitration Act 1940 to settle the outstanding disputes between the parties. Accordingly, both the parties have appointed their respective arbitrators and filed their respective claims.

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

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

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

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

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

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

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

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

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

18.1.6 The Additional Collector (Adjudication) Sales Tax and Federal Excise passed an order against the 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 Appellate Tribunal Inland Revenue had 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.

18.1.7 Income tax authorities have issued notices under section 122 / 177 of the Income Tax Ordinance, 2001 for the tax years 2007 to 2015 intending to disallow accrued interest expense 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 and depreciation on fixed assets held under musharka arrangement.

On issue of Interest expense, Tax Authorities have positively closed the proceedings for Tax Years 2009, 2012, 2013 & 2014 while similar Orders are expected for other years.

On issue of depreciation, Tax Authorities passed adverse Orders for Tax Years 2007, 2008, 2009, 2013, 2014, 2015 & 2017 however Commissioner (Appeals) decided the case in Company's favour for Tax Years 2009, 2013, 2014 & 2015 while similar Orders are expected for other years.

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.

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

All the Orders were contested before Commissioner (Appeals) who decided the cases in Company's favor (except for 2016-17 & 2017-18 wherein orders of Commissioner (Appeals) are pending which are expected to be decided in Company's favor). However, the said Orders have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue.

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

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

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

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

Tax authorities have also issued a notice for FY 2017-18 confronting the same issue of disallowance of input tax claimed on excess UFG on which the company has filed detailed reply but no order has yet been passed.

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

18.1.10 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).

The management is of the view that said remand back proceedings are barred by time as a result of time limitation provided in the Income Tax Ordinance, 2001.

18.1.11 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 Honorable High Court of Sindh has also stayed the recovery of the additional tax and penalties.

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

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

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 issues decided in 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.

18.1.13 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 Honorable High Court of Sindh, 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.

18.1.14 As disclosed in Note 27 to these unconsolidated financial statements – Trade Debts, Interest Income from K-Electric (KE) and Pakistan Steel (PSML) is not being recognized in the Financial Statements, in accordance with requirements of International Accounting Standards as well as Legal and Accounting Opinions obtained by the Company. However, Tax Authorities have passed Orders for FY 2014-15 to 2017-18 on said unrecognized Interest Income from K-Electric (KE) and Pakistan Steel (PSML). Appeal against the said Orders have been filed before Commissioner (Appeals), which are pending.

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

Appeal against the said Order has been filed before Commissioner (Appeals), which is pending adjudication.

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

18.1.16 The Company is subject to various other claims totaling Rs. 2,492 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

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

		2019	2018
		(Rupees in '000)	
18.1.18	Claims against the 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	5,279,534	4,563,809

	Note	2019	2018
		------------ (Rupees in '000) ------------	

19. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
Operating assets	19.1	**118,193,544**	109,452,905
Capital work in progress	19.7	**11,526,948**	11,070,769
		129,720,492	120,523,674

19.1 Operating assets

2019

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

	2018							
	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
	As at July 1, 2017	Additions / (deletions) / transfers * Revaluation ** Impairment ***	As at June 30, 2018	As at July 1, 2017	Depreciation / (deletions) / transfers *	As at June 30, 2018	As at June 30, 2018	
	---------- (Rupees In '000) ----------							
Freehold land	5,476,034	- - - * - **	5,476,034	-	- - - * - **	-	5,476,034	-
Leasehold land	6,938,631	- - - * 1,945,150 **	8,883,781	-	- - - * - **	-	8,883,781	-
Buildings on freehold land	324,492	- - - *	324,492	273,074	15,660 - - *	288,734	35,758	20
Buildings on leasehold land	2,496,833	92,695 - (2,349) *	2,587,179	1,512,324	103,737 - (39,084) *	1,576,977	1,010,202	20
Roads, pavements and related infrastructures	797,026	- - - *	797,026	258,861	39,933 - 38,207 *	337,001	460,025	20
Gas transmission pipelines	52,596,366	2,750,753 - (33) *	55,347,086	15,190,482	1,081,845 - (1,361) *	16,270,966	39,076,120	40
Gas distribution system	76,930,440	4,829,927 (368,934) 1 *	81,391,434	34,587,253	4,671,820 (292,020) (684) *	38,966,369	42,425,065	10-20
Compressors	9,410,524	408,229 - - *	9,818,753	2,613,368	535,308 - - *	3,148,676	6,670,077	17
Telecommunication	1,142,957	34,539 (1,565) (1) *	1,175,930	746,934	93,083 (1,565) 186 *	838,638	337,292	2 & 6.67
Plant and machinery	3,366,491	341,900 (74,927) 1,035 *	3,634,499	1,963,304	242,787 (74,475) 1,081 *	2,132,697	1,501,802	10
Tools and equipment	482,943	13,041 (4,756) (169) *	491,059	405,716	39,573 (4,756) (165) *	440,368	50,691	3
Motor vehicles	3,098,718	190,196 (120,558) 7,388 *	3,175,744	1,676,085	275,992 (96,195) 2,655 *	1,858,537	1,317,207	5
Furniture and fixture	582,599	900 (6,224) (17,040) *	560,235	520,296	25,999 (6,224) (6,644) *	533,427	26,808	5
Office equipment	545,683	78,951 (12,172) 11,167 *	623,629	390,003	65,531 (12,172) 6,935 *	450,297	173,332	5
Computer and ancillary equipments	1,073,044	204,877 (38,996) 1 *	1,238,926	927,129	115,005 (38,996) (17) *	1,003,121	235,805	3
Supervisory control and data acquisition system	1,142,477	7,393 - - *	1,149,870	732,160	66,031 - - *	798,191	351,679	6.67
Construction equipment	3,094,843	139,569 (44,032) - *	3,190,380	1,435,858	378,375 (43,971) (1,109) *	1,769,153	1,421,227	5
	169,500,101	9,092,970 (672,164) - * 1,945,150 **	179,866,057	63,232,847	7,750,679 (570,374) - * - **	70,413,152	109,452,905	

19.2 Details of depreciation for the year are as follows:

	2019	2018
	------------ (Rupees in '000) ------------	
Transmission and distribution costs	**7,127,853**	6,875,008
Administrative expenses	**315,170**	291,921
Selling expenses	**21,026**	20,508
	7,464,049	7,187,437
Meter manufacturing division	**24,381**	24,261
LPG air mix	**67,768**	67,624
Capitalised on projects	**476,176**	471,360
	8,032,374	7,750,682

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 sale	Mode of disposal	Particulars of buyers
	----------	----------	(Rupees in '000)	----------	----------		
Compressors	387,176	47,448	339,728	-	(339,728)	Replacement	Not applicable
Motor Vehicle							
Jeep Parado	3,668	2,934	734	3,205	2,471	Open auction	Hasan Shoaib Warsi
Toyota Pick Up	2,870	2,296	574	2,200	1,626	Open auction	Abdul Karim
Honda Civic	2,758	546	2,212	1,760	(452)	Service rules	Dr. Ejaz Ahmed
Toyota Corolla	1,850	1,101	749	139	(610)	Service rules	Mrs.Shaista S.Sajid
Cultus	1,545	217	1,328	1,137	(191)	Service rules	Khalid Saleem Ansari
Cultus	1,076	565	511	81	(430)	Service rules	Syed Mehmood Jilani

19.4 Particular of Land and Building

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

19.5 Borrowing costs capitalised during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 326 million (2018: Rs. 304 million). Borrowing costs related to general borrowings were capitalised at the rate of 9.73% (2018: 7%).

19.6 OGRA in its decision on FRR 2018-2019 dated May 25,2021 disallowed capitalization of meters amounting to Rs. 1,537 million on grounds that the Company has capitalized more meters as allowed in the DERR against which Motion for review (MFR) has already been filed and Company is confident of favorable outcome. However, no impairment has been recorded on meters against this disallowance because the meters installed / replaced are operational in nature and providing economic benefits to the company in terms that actual billing based on meter readings is being done and corresponding sales revenues are recorded in the Financial Statements.

19.7 Capital work in progress

	Note	2019	2018
		(Rupees in '000)	
Projects:			
- Gas distribution system		**3,713,508**	3,144,655
- Gas transmission system		**841,719**	1,967,502
- Cost of buildings under construction and others		**23,393**	189,725
		4,578,620	5,301,882
Stores and spares held for capital projects	19.7.1	**6,817,512**	5,546,949
LPG air mix plants		**583,368**	603,994
		7,400,880	6,150,943
Impairment of capital work in progress		**(452,552)**	(382,056)
		11,526,948	11,070,769

19.7.1 Stores and spares held for capital projects

	2019	2018
Gas distribution and transmission	**7,083,316**	5,729,159
Provision for impaired stores and spares	**(265,804)**	(182,210)
	6,817,512	5,546,949

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	**2019**	**599,046**	**2,007**	**601,053**	**550,193**	**29,447**	**579,640**	**21,413**	**3**
	2018	590,345	8,701	599,046	516,197	33,996	550,193	48,853	3

	Note	Percentage of holding (if over 10%)	2019	2018
			---------- (Rupees in '000)	----------

21. LONG TERM INVESTMENTS

	Note	Percentage of holding (if over 10%)	2019	2018
Investment - at cost	21.1		**1,000,001**	1,000,001
Investment - at fair value through other comprehensive income	21.2 & 21.3		**236,148**	376,432
			1,236,149	1,376,433

21.1 Investment - at cost

Subsidiary - related parties

	Note	Percentage of holding (if over 10%)	2019	2018
- SSGC LPG (Private) Limited 100,000,000 (2018: 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 (2018: 100) ordinary shares of Rs. 10 each		100%	**1**	1
			1,000,001	1,000,001
			1,000,001	1,000,001

21.2 Investment - at fair value through other comprehensive income

Associates - related parties

	Note	Percentage of holding (if over 10%)	2019	2018
Inter State Gas System (Private) Limited (ISGSL) - unquoted Nil (2018: 510,000) ordinary shares of Rs. 10 each	21.4		**-**	5,100
Sui Northern Gas Pipelines Limited (SNGPL) - quoted 2,414,174 (2018: 2,414,174) ordinary shares of Rs. 10 each	21.4 & 21.5	0.38%	**167,761**	241,949
Other investments				
Pakistan Refinery Limited-quoted 3,150,000 (2018: 3,150,000) ordinary shares of Rs. 10 each			**50,904**	109,337
United Bank Limited-quoted 118,628 (2018: 118,628) ordinary shares of Rs. 10 each			**17,483**	20,046
- Pakistan Tourism Development Corporation-unquoted 5,000 (2018: 5,000) ordinary shares of Rs. 10 each	21.6		**-**	50
Provision against impairment in value of investments at cost			**-**	(50)
			236,148	376,432

21.3 These investments were previously classified as available for sale in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'. These are reclassified to fair value through other comprehensive income in accordance with IFRS 9 'Financial Instruments' in current year.

21.4 Investments in SNGPL and ISGSL represent investment in 'associated companies' in terms of provisions of Companies Act 2017. 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. The Company has 22% share capital of Interstate Gas Systems (Private) Limited. This investment was classified as available for sale and have been transferred to investment measured at fair value through other comprehensive income under IFRS 9. During the year, the investment was disposed at par value / cost to Government Holding (Private) Limited in accordance with the resolution of the Board of Directors.

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

21.6 Company holds 5000 shares of Pakistan Tourism Development Corporation. Fair value of these shares as at reporting date is Nil. These were carred at cost exception in prior year.

22. NET INVESTMENT IN FINANCE LEASE

	June 30, 2019		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
	----------------- (Rupees in '000)	-----------------	
Not later than one year	**97,161**	**39,347**	**57,814**
Later than one year and not later than five years	**229,348**	**40,399**	**188,949**
Later than five years	**-**	**-**	**-**
	229,348	**40,399**	**188,949**
	326,509	**79,746**	**246,763**

	June 30, 2018		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
	----------------- (Rupees in '000)	-----------------	
Not later than one year	107,516	49,701	57,815
Later than one year and not later than five years	326,509	79,745	246,764
Later than five years	-	-	-
	326,509	79,745	246,764
	434,025	129,446	304,579

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.

23. LONG TERM LOANS AND ADVANCES - secured, considered good

	Note	2019	2018
		-------- (Rupees in '000)	--------
Due from executives	23.1& 23.2	**560**	815
Less: receivable within one year	28	**(263)**	(302)
		297	513
Due from other employees	23.1 & 23.2	**217,023**	212,846
Less: receivable within one year	28	**(33,281)**	(33,242)
		183,742	179,604
		184,039	180,117

23.1 Reconciliation of the carrying amount of loans and advances.

	2019		2018	
	Executives	**Other employees**	Executives	Other employees
	----------------------------	(Rupees in '000)		----------------------------
Balance at the beginning of the year	**815**	**212,846**	1,048	203,903
Disbursements	**-**	**47,961**	-	55,328
Repayments	**(255)**	**(43,784)**	(233)	(46,385)
	560	**217,023**	815	212,846

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

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. 0.815 million (2018: Rs. 1.048 million).

	Note	2019	2018
		(Rupees in '000)	
24. STORES, SPARES AND LOOSE TOOLS			
Stores		**387,165**	395,664
Spares		**1,463,913**	1,721,395
Stores and spares in transit		**835,026**	199,317
Loose tools		**820**	806
		2,686,924	2,317,182
Provision against impaired inventory			
Balance as at July 01		**(301,987)**	(270,660)
Provision made during the year		**(21,257)**	(31,327)
Balance as at June 30		**(323,244)**	(301,987)
	24.1	**2,363,680**	2,015,195

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

	2019	2018
Transmission	**2,108,789**	1,720,861
Distribution	**254,891**	294,334
	2,363,680	2,015,195

	2019	2018
25. STOCK-IN-TRADE		
Gas		
Gas in pipelines	**1,214,410**	689,805
Stock of Synthetic Natural Gas	**18,067**	16,967
	1,232,477	706,772
Gas meters		
Components	**451,234**	347,158
Work-in-process	**12,203**	31,922
Finished meters	**139,338**	39,816
	602,775	418,896
Stock of Liquefied Petroleum Gas	**-**	26,689
Provision against impaired inventory		
Balance as at July 01	**(26,916)**	(23,430)
(Provision) / reversal made during the year	**(9,044)**	(3,486)
Balance as at June 30	**(35,960)**	(26,916)
	1,799,292	1,125,441

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 37.2 to these unconsolidated financial statements.

27. TRADE DEBTS

	Note	2019	2018
		(Rupees in '000)	
Secured		**26,903,030**	24,166,537
Unsecured		**72,886,457**	67,378,158
	27.1 & 27.2	**99,789,487**	91,544,695
Provision against financial assets	27.3	**(15,632,602)**	(14,783,343)
		84,156,885	76,761,352

27.1 As K-Electric Limited (KE) was defaulting and not making payment of Late Payment Surcharge (LPS) and the Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, the Company effective from July 01, 2012 decided to account for LPS from KE on receipt basis as per International Financial Reporting Standards – 15 “Revenue from Contracts with Customers” based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 32,888 million (2018: Rs. 31,948 million) as at June 30, 2019 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,652 million (2018: Rs. 29,652 million) as at June 30, 2019 are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 100,319 million (2018: Rs. 85,763 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

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

- As per the above agreement and as per the audited financial statements of KE as at June 30, 2010, KE, itself, acknowledged and recognized LPS till June 30, 2010, in its books of 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 also viewed that the Company has a good claim over LPS on outstanding balance, but considering that the matter is in dispute, as discussed above, the Company has decided to recognize LPS from KE when either such claimed amounts are recovered or when these are decreed and their recovery is assured.

In March, 2014, management signed a payment plan with KE in order to streamline the payment modalities in relation to current monthly bills and old outstanding principal amount, in which the issue of LPS was not addressed. The plan expired on March 31, 2015, and first addendum was included to the original payment plan effective from April 1, 2015 till March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 1, 2016 till March 31, 2017.Currently, management is in 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. Term of reference has been signed and shared with KE however no response received from KE.

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 23,661 million (2018: Rs. 22,924 million) including overdue balance of Rs. 23,598 million (2018: Rs. 22,874 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 61,217 million (2018: Rs. 55,001 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

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

	Note	2019	2018
		(Rupees in '000)	
27.3 Movement of provision against financial assets			
Balance as at July 01		**14,783,343**	13,765,847
Effect of adoption of IFRS 9		**-**	-
Impairment loss against financial assets		**849,259**	1,017,496
Balance as at June 30		**15,632,602**	14,783,343

28. LOANS AND ADVANCES - CONSIDERED GOOD

	Note	2019	2018
Loan to a related party	28.1	**1,535,103**	1,710,103
Advances to:			
- executives	28.2	**98,546**	89,760
- other employees	28.2	**516,924**	658,654
		615,470	748,414
Current portion of long term loans:			
- executives	23	**263**	302
- other employees	23	**33,281**	33,242
		33,544	33,544
		2,184,117	2,492,061

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 instalments and are secured against the retirement benefit balances of the related employees.

	Note	2019	2018
		(Rupees in '000)	

29. ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2019	2018
Advances for goods and services - unsecured, considered good		**84,965**	48,438
Trade deposits - unsecured, considered good		**4,382**	4,132
Prepayments		**113,094**	119,159
		202,441	171,729

30. INTEREST ACCRUED

	Note	2019	2018
Interest accrued on late payment of bills / invoices from:			
- WAPDA		**3,741,367**	3,421,488
- SNGPL		**7,546,501**	6,416,359
- JJVL		**578,798**	745,157
		11,866,666	10,583,004
Interest accrued on bank deposits		**-**	2,370
Interest accrued on sales tax refund	5.6	**487,739**	487,739
Interest accrued on loan to related party	30.1	**868,410**	701,841
		13,222,815	11,774,954
Impairment loss against financial assets	30.2	**(112,400)**	(84,392)
		13,110,415	11,690,562

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. 832 million (2018: Rs. 666 million) and interest accrued on late payment of bills against sale of LPG amounting to Rs. 36 million (2018: Rs. 36 million).

30.2 Movement of provision against financial assets

	Note	2019	2018
		(Rupees in '000)	
Balance as at July 01		**84,392**	84,392
Effect of adoption of IFRS 9		**28,008**	-
Impairment loss against financial assets		**-**	-
Balance as at June 30		**112,400**	84,392

31. OTHER RECEIVABLES

	Note	2019	2018
Gas development surcharge receivable from GoP	31.1	**140,160,555**	53,499,313
Receivable from HCPCL	31.2	**4,157,839**	3,787,690
Expenses deferred by OGRA	31.3	**-**	4,167,196
Staff pension fund	43.1	**7,133**	319,596
Receivable for sale of gas condensate		**42,107**	42,949
Sui Northern Gas Pipelines Limited	31.4	**71,884,848**	49,025,870
Jamshoro Joint Venture Limited	31.6, 31.7 & 40.2	**11,530,044**	12,033,292
SSGC LPG (Private) Limited		**30,129**	22,988
Sales tax receivable	31.5	**46,812,396**	30,593,988
Sindh sales tax		**112,976**	112,976
Receivable against asset contribution	31.8	**451,011**	382,469
Miscellaneous receivables		**90,946**	114,342
		275,279,984	154,102,669
Impairment loss against financial assets	31.9	**(2,586,874)**	(2,346,359)
		272,693,110	151,756,310

	Note	2019	2018
		------------ (Rupees in '000) ------------	

31.1 Gas Development Surcharge (GDS) receivable from GoP

	Note	2019	2018
Balance as at July 01		**53,499,313**	21,264,629
Recognized in statement of profit or loss	36	**84,884,740**	22,645,175
Recognized in OCI claim under IAS 19	31.1.2	**1,311,533**	1,368,151
Payment made during the year		**-**	7,708,862
Subsidy for LPG air mix operations	36	**464,969**	512,496
Balance as at June 30	31.1.1	**140,160,555**	53,499,313

31.1.1 This includes Rs. 390 million (2018: Rs. 390 million) recoverable from the Government of Pakistan (GoP) on account of remission of gas receivables from people of Ziarat under instructions from GoP. Although, management is confident that this amount is fully recoverable, being prudent full provision has made in these unconsolidated financial statements.

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, 2019 having total impact of Rs. 1,312 million (2018: Rs.1,368 million).

The Company has recognised such Gas Development Surcharge in these unconsolidated statement of comprehensive income instead of unconsolidated statement of profit or loss on the premise that actuarial gains have also been recognised in unconsolidated statement of other comprehensive income.

31.2 Receivable from HCPCL

	2019	2018
	------------ (Rupees in '000) ------------	
Amount of LD Charges as per Arbitration Award	**3,938,382**	3,626,382
Subsequent LDs raised by HCPCL on Award Principle	**219,457**	161,308
Total Receivable	**4,157,839**	3,787,690

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

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

Earlier in January 2018, the Company approached Ministry of Energy (Petroleum Division) regarding waiver of LDs claimed by WAPDA / CCPA-G from HCPCL against non-supply of Electricity to WAPDA which was being passed to the Company by HCPCL. The matter was submitted to Economic Coordination Committee of the Cabinet (ECC) for consideration and ECC in its meeting held on February 07, 2018 approved in principle, the proposal regarding waiver of LDs with the direction to Petroleum Division to work out modalities in consultation with stakeholders.

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

31.3 Expenses Deferred by OGRA

	2019	2018
	------------ (Rupees in '000) ------------	
LPS (up to FY 2016-17)	**312,000**	3,243,503
Total interest on LD charges	**-**	352,768
Total legal charges	**-**	570,925
Receivables from HCPCL	**(312,000)**	-
	-	4,167,196

OGRA dated January 21, 2021 in its Motion for review (MFR) against determination of FRR of the Company for the financial year 2017-18, has allowed Rs 3,855 million on account of LPS upto FY 2016-17, legal charges and interest on LD charges.

OGRA has allowed Rs. 2,931 million against LPS (up to FY 2016-17) from the claimed amount Rs. 3,243 million, the remaining amount Rs. 312 million has been transferred to receivable from HCPCL.

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

	Note	2019	2018
		------------ (Rupees in '000) ------------	
Uniform cost of gas		**15,818,845**	16,011,846
Lease rentals		**224,440**	64,864
Contingent rent		**3,535**	3,535
Capacity and utilisation charges of RLNG	31.4.1	**33,298,113**	19,835,414
LSA margins of RLNG		**1,897,684**	1,083,299
RLNG transportation income		**20,642,231**	12,026,912
		71,884,848	49,025,870

31.4.1 The Company has invoiced an amount of Rs. 70,085 million, including Sindh Sales Tax of Rs. 8,206 million, till June 30, 2019 to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

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

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

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

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

31.5 Sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Sales Tax refunds are processed through FBR’s Sales Tax Automated Refund Repository (STARR) system. Due to several snags in the functioning of STARR, valid input sales tax claims of the Company are deferred. Realising the problems of STARR, in August 2010, dispensation from processing of sales tax refunds through the STARR system was allowed by FBR through a letter and substantial refunds were released after issuance of this letter under corporate guarantee (subject to post refund audit). However, 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 realisation of these refunds. Subsequent to the year end, the Company has made extensive efforts and accordingly refunds of around Rs. 11,900 million were released during July 2019 to March 2021.

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

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

31.7 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, Federal Excise Duty, Sindh Sales Tax on Franchise Services, fuel charges and receivable from JJVL @57% value of LPG / NGL extraction as per new agreement signed between the Company and JJVL pursuant to SCP order dated December 04, 2018 amounting to Rs. 214 million (2018: Rs. 214 million), Rs. 6,831 million (2018: Rs. 7,625 million), Rs. 2,067 million (2018: Rs. 2,415 million), Rs. 1,070 million (2018: Rs. 1,070 million), Rs. 646 million (2018: Rs. 646 million), Rs. 32 million (2018: 63 million) Rs. 670 million (2018: Nil) respectively.

As at year end, amount payable to JJVL is Rs. 8,528 million (2018: Rs.8,528 million) as disclosed in note 16 to these unconsolidated financial statements.

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

	Note	2019	2018
		(Rupees in '000)	
31.9 Movement of provision against financial assets			
Balance as at July 01		**2,346,359**	2,346,359
Effect of adoption of IFRS 9		**240,276**	-
Impairment loss against financial assets		**239**	-
Balance as at June 30		**2,586,874**	2,346,359
32. TAXATION - NET			
Advance tax		**30,840,655**	29,279,171
Provision for tax		**(11,304,648)**	(9,730,107)
		19,536,007	19,549,064
33. CASH AND BANK BALANCES			
Cash at banks			
- deposit accounts		**39,596**	109,926
- current accounts		**293,938**	295,003
		333,534	404,929
Cash in hand	33.1	**4,760**	5,470
		338,294	410,399

33.1 This includes foreign currency cash in hand amounting to Rs. 3.3 million (2018: Rs. 1.821 million).

33.2 Rate of return on bank deposits ranges from 4.5% to 10.5% (2018: 3.75% to 6.40%) per annum.

	2019	2018
	(Rupees in '000)	
34. SALES		
Sale of Indigenous gas	**203,861,134**	172,850,578
Sale of RLNG	**47,784,098**	11,164,035
	251,645,232	184,014,613
Less: Sales tax		
Indigenous gas	**25,990,221**	23,629,328
RLNG	**6,390,978**	1,621,956
	32,381,199	25,251,284
	219,264,033	158,763,329

	Note	2019	2018
		------------ (Rupees in '000) ------------	

35. GAS DEVELOPMENT SURCHARGE (GDS)

	Note	2019	2018
GDS recovered during the year		5,664,483	(7,180,936)
Price increase adjustment for the year		83,357,011	34,010,392
Impact of staggering	2.1.1	(3,671,785)	(3,671,785)
Subsidy for LPG air mix operations	40.4	(464,969)	(512,496)
		84,884,740	22,645,175

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

OGRA vide its decision dated June 21, 2018 on the Estimated Revenue Requirement ('ERR') of the Company for the financial year 2018-19 and in its letter dated June 01, 2018 "Tariff Regime for Regulated Natural Gas Sector" decided in consultation with the Federal Government and other licensees in the natural gas sector to revise the tariff regime including the rate of return which is to be based on Weighted Average Cost of Capital ('WACC') from the financial year 2018-19 in place of the existing rate of return of 17% of the average operating assets. Weighted Average Cost of Capital ('WACC') was computed at 17.43% for financial year 2018-19 and onwards, however, the same will automatically reset if the WACC changes by ±2% from the reference figure i.e. 17.43%. As per the revised tariff regime, the Company will earn an annual return calculated based on the Weighted Average Cost of Capital ('WACC') on the value of its average fixed assets in operation (net of deferred credit), before corporate income taxes and subject to efficiency benchmarks prescribed by the OGRA. All prudently incurred expenses in the operation of the licensed regulated activities excluding financial charges on loans & debt servicing charges, taxes and dividend shall be treated as operating expenses.

36. RLNG DIFFERENTIAL MARGINS

	Note	2019	2018
		------------ (Rupees in '000) ------------	
RLNG differential margins - OGRA	3.3.3	(6,788,764)	(2,516,367)
RLNG differential margins - SNGPL	36.1	(193,305)	(1,487,714)
		(6,982,069)	(4,004,081)

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

37. COST OF SALES

	Note	2019	2018
		------------ (Rupees in '000) ------------	
Cost of gas	37.1	274,794,155	168,464,272
Transmission and distribution costs	37.2	20,326,321	18,717,062
		295,120,476	187,181,334

37.1 Cost of gas

	Note	2019	2018
Gas in pipelines as at July 01		689,805	463,978
RLNG allocated	37.1.1	35,025,067	6,208,890
Gas purchases		243,160,738	177,140,760
		278,875,610	183,813,628
Gas consumed internally		(2,867,045)	(2,953,025)
Inward price adjustment	37.1.2	-	(11,706,526)
Gas in pipelines as at June 30		(1,214,410)	(689,805)
		(4,081,455)	(15,349,356)
		274,794,155	168,464,272

37.1.1 In FY 2015, the Company started swapping of natural gas in lieu of RLNG, which it received from Engro Elengy Terminal Limited and Pakistan Gasport Consortium Limited (PGPCL) transferred to SNGPL. However the gas transferred to SNGPL in lieu of RLNG was not in accordance with the gas received from EETL due to the difference of Gas Calorific Value (GCV) in the gas volume received and transmitted to SNGPL. From March 2015 till June 30, 2019, the Company received 968,268,114 Million Metric British Thermal Units (MMBTUs) from EETL and supplied 910,945,654 MMBTUs to SNGPL with a short supply of 57,322,460 MMBTU.

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

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

During the year, out of 71 BCF allocated volume, the Company has recorded a purchase 29.7 BCF (2018: 6.2 BCF) allocated volume from SNGPL amounting Rs. 35,025 million (2018: Rs 4,276 million) based OGRA decision dated November 20, 2018.

37.1.2 Under Section 21 of the Oil and Gas Regulatory Authority Ordinance, 2002, the Government of Pakistan 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 worked out by both the companies on an overall average basis in such a manner that input of gas for both companies becomes 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 same.

ECC in its decision dated May 17, 2018 suspended the current treatment of weighted average cost of gas (WACOG) for the period of 3 months i.e. till August 2018. Based on the decision, the Company did not raise bills for the financial year ended June 30, 2019 to SNGPL. Further ECC may consider the revision of WACOG based on the recommendations made by the committee for the purpose.

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

37.1.3 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 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, which are elaborated below:

- Vigilance for identification of theft cases, illegal networks and necessary remedial measures thereafter,

- Measurement errors identification and rectification, and

- Above ground and underground leakage identification and rectification.

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

OGRA has determined UFG at 18.23% without considering RLNG volume handled. Although, the Company had claimed UFG at 9.39% based on the RLNG volume handled and transmitted RLNG to SNGPL. The matter of RLNG volume handling benefit to the Company is under review at ECC level.

As per the UFG study report finalized by a firm of Chartered Accountant, revised UFG allowance formula is gas volume available for sale X [5% + (2.6% X percentage of achievement of KMI's)]. OGRA has determined Benchmark with KMI achievement at 6.99% [5% + (1.99% based on KMI achievement)] as against the claim of the Company at 7.48% [5% + (2.48% based on KMI achievement)].

37.2 Transmission and distribution costs

	Note	2019	2018
		------------ (Rupees in '000) ------------	
Salaries, wages and benefits		**8,734,744**	7,872,004
Contribution / accrual in respect of staff retirement benefit schemes	37.2.1	**1,529,667**	1,571,625
Depreciation on operating assets	19.2	**7,127,853**	6,875,008
Repairs and maintenance		**1,601,414**	1,425,028
Stores, spares and supplies consumed		**571,576**	525,863
Gas consumed internally		**858,047**	401,546
Legal and professional		**16,145**	149,881
Software maintenance		**36,375**	19,330
Electricity		**110,395**	97,210
Security expenses		**607,150**	598,274
Insurance and royalty		**103,156**	110,310
Travelling		**63,417**	46,494
Material and labor used on customers' installation		**17,509**	29,519
Impairment of capital work in progress		**70,494**	126,931
Postage and revenue stamps		**120,600**	2,984
Rent, rates and taxes		**181,383**	106,174
Others		**948,131**	912,987
		22,698,056	20,871,168
Recoveries / allocations to:			
Gas distribution system capital expenditure		**(1,983,991)**	(1,761,201)
Installation costs recovered from customers	26	**(41,710)**	(60,199)
		(2,025,701)	(1,821,400)
Recoveries of service cost from:			
- Sui Northern Gas Pipelines Limited - a related party	37.2.2	**(316,449)**	(296,693)
Allocation to sale of gas condensate		**(22,754)**	(21,467)
Reimbursement of management fee from SLL		**(6,831)**	(14,546)
		20,326,321	18,717,062

37.2.1 Contribution / accrual in respect of staff retirement benefit schemes

	2019	2018
Contribution to the provident fund	**300,963**	232,353
Charge in respect of pension funds:		
- executives	**285,710**	183,915
- non-executives	**132,617**	134,024
Charge in respect of gratuity funds:		
- executives	**(291,344)**	174,594
- non-executives	**569,383**	93,940
Accrual in respect of unfunded post retirement medical facility	**630,947**	513,822
Accrual in respect of compensated absences		
- executives	**(139,285)**	196,473
- non-executives	**40,676**	42,504
	1,529,667	1,571,625

37.2.2 This includes recovery in respect of obligation against pipeline transferred to the Company from Engro Elengy Terminal Limited amounting to Rs.135.7 million.

	Note	2019	2018
		------------ (Rupees in '000) ------------	

38. ADMINISTRATIVE AND SELLING EXPENSES

	Note	2019	2018
Administrative expenses	38.1	3,032,703	2,831,861
Selling expenses	38.2	1,787,689	1,643,378
		4,820,392	4,475,239

38.1 Administrative expenses

	Note	2019	2018
Salaries, wages and benefits		1,855,234	1,735,568
Contribution / accrual in respect of staff retirement benefit schemes	38.1.1	186,077	165,310
Depreciation on operating assets	19.2	315,170	291,921
Amortisation of intangible assets	20	29,447	33,996
Repairs and maintenance		121,536	131,757
Stores, spares and supplies consumed		45,347	40,864
Legal and professional		112,343	122,170
Software maintenance		77,389	92,751
Electricity		5,421	5,815
Security expenses		12,617	11,520
Insurance and royalty		12,502	14,893
Travelling		64,161	51,921
Postage and revenue stamps		7,444	9,254
Rent, rates and taxes		20,655	16,660
Others		199,363	160,265
		3,064,706	2,884,665
Allocation to meter manufacturing division	40.3	(32,003)	(52,804)
		3,032,703	2,831,861

38.1.1 Contribution / accrual in respect of staff retirement benefit schemes

	2019	2018
Contribution to the provident fund	51,962	47,976
Charge in respect of pension funds:		
- executives	56,695	47,954
- non-executives	6,331	6,553
Charge in respect of gratuity funds:		
- executives	37,617	33,513
- non-executives	4,412	4,588
Accrual in respect of unfunded post retirement:		
- gas facility	26,289	3,317
- medical facility	2,771	21,409
	186,077	165,310

38.2 Selling expenses

	Note	2019	2018
		------------ (Rupees in '000) ------------	
Salaries, wages and benefits		**982,413**	934,963
Contribution / accrual in respect of staff retirement benefit schemes	38.2.1	**120,725**	109,992
Depreciation on operating assets	19.2	**21,026**	20,508
Repairs and maintenance		**2,003**	2,689
Stores, spares and supplies consumed		**20,939**	19,605
Electricity		**115,850**	90,524
Insurance and royalty		**921**	810
Travelling		**1,548**	1,229
Billing and collection charges		**472,411**	412,387
Postage and revenue stamps		**1,050**	369
Rent, rates and taxes		**33,268**	41,044
Others		**15,535**	9,258
		1,787,689	1,643,378

38.2.1 Contribution / accrual in respect of staff retirement benefit schemes

	2019	2018
Contribution to the provident fund	**32,906**	32,270
Charge in respect of pension funds:		
- executives	**29,445**	20,020
- non-executives	**22,960**	23,286
Charge in respect of gratuity funds:		
- executives	**19,416**	18,117
- non-executives	**15,998**	16,299
	120,725	109,992

39. OTHER OPERATING EXPENSES

	2019	2018
Auditors' remuneration		
- Statutory audit	**4,832**	4,320
- Fee for other audit related services	**1,108**	3,265
- Fee for taxation services	**6,366**	9,186
- Out of pocket expenses	**500**	520
	12,806	17,291
HCPCL arbitration award	**3,855,196**	-
Sports expenses	**76,300**	65,851
Corporate social responsibility	**32,460**	39,446
Provision against impaired debts and other receivables	**-**	1,017,496
Provision against impaired stores and spares	**104,851**	68,271
Loss on disposal of property, plant and equipment	**263,400**	-
Exchange loss	**16,340,901**	4,303,754
	20,685,914	5,512,109

40. OTHER INCOME

	Note	2019	2018
		(Rupees in '000)	
Income from financial assets			
Income for receivable against asset contribution		**41,784**	37,054
Interest income on loan to related party		**166,569**	122,785
Income from net investment in finance lease from SNGPL		**46,608**	56,966
Return on term deposits and profit and loss bank accounts		**30,831**	17,900
		285,792	234,705
Interest income on late payment of gas bills from			
- Jamshoro Joint Venture Limited (JJVL)	40.5	**164,818**	223,065
- Water & Power Development Authority (WAPDA)		**319,879**	189,541
		484,697	412,606
Dividend income		**17,020**	18,818
		787,509	666,129
Income from other than financial assets			
Late payment surcharge		**1,044,431**	1,096,277
Interest income on late payment of gas bills from SNGPL - related party		**1,130,142**	560,891
Sale of gas condensate - net		**(36,825)**	(16,615)
Income from LPG and NGL - net	40.1 & 40.2	**133,192**	965,002
Meter manufacturing division profit / (loss) - net	40.3	**9,097**	(58,473)
Meter rentals		**775,555**	756,288
RLNG transportation income		**8,748,858**	7,694,354
Recognition of income against deferred credit and contract liabilities		**523,513**	552,083
Income from new service connections and asset contribution		**-**	702,252
Income from LPG air mix distribution - net	40.4	**75,545**	131,296
Recoveries from customers		**87,891**	99,845
Gain on disposal of property, plant and equipment		**-**	22,569
Liquidated damages recovered		**52,449**	76,511
Income from sale of tender documents		**5,994**	7,505
Scrap sales		**56,329**	4,327
Rental income from SSGC LPG (Private) Limited		**770**	758
Income against LNG service agreement		**804,326**	639,527
Amortisation of government grant		**23,251**	54,938
Miscellaneous		**25,614**	46,673
		14,247,641	14,002,137

40.1 The gross income from LPG and NGL amounts to Rs. 1,530 million and total related shrinkage amounts to Rs. 1,397 and this amount includes sale of LPG to SSGC LPG (Private) Limited (wholly owned subsidiary) amounting to Nil (2018: Rs. 410 million).

40.2 The Company had 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%.

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

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

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

40.3 Meter manufacturing division profit / (loss) - net

	Note	2019	2018
		(Rupees in '000)	
Gross sales of gas meters			
- Company's consumption		**2,119,891**	1,898,496
- Outside sales		**42,000**	297,149
		2,161,891	2,195,645
Sales tax		**(351,241)**	(343,506)
Net sales		**1,810,650**	1,852,139
Cost of sales			
- Raw material consumed		**1,208,493**	1,303,186
- Stores and spares		**6,468**	6,068
- Fuel, power and electricity		**22,640**	20,178
- Salaries wages and other benefits	40.3.2	**501,844**	482,417
- Insurance		**788**	926
- Repairs and maintenance		**7,030**	7,288
- Depreciation	19.2	**24,381**	24,261
- Transportation		**3**	2,054
- Other expenses		**554**	18,226
Cost of goods sold		**1,772,201**	1,864,604
Gross profit / (loss)		**38,449**	(12,465)
Administrative expenses	38.1	**(32,003)**	(52,804)
Operating profit / (loss)		**6,446**	(65,269)
Other income		**2,651**	6,796
Net profit / (loss)		**9,097**	(58,473)

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

40.3.2

	2019	2018
Salaries, wages and other benefits	**482,405**	466,135
Provident fund contribution	**8,828**	6,281
Pension fund	**6,304**	5,688
Gratuity	**4,307**	4,313
	501,844	482,417

40.4 Income from LPG air mix distribution - net

	Note	2019	2018
Sales		**33,829**	37,823
Cross subsidy		**464,969**	512,497
Cost of sales		**(288,430)**	(314,131)
Gross profit		**210,368**	236,189
Distribution, selling and administrative expenses			
Salaries, wages and other benefits		**(56,234)**	(43,029)
Depreciation expenses	19.2	**(67,768)**	(67,624)
Other operating expenses		**(83,329)**	(28,555)
		(207,331)	(139,208)
Amortisation of deferred credit		**67,138**	30,495
Other income		**5,370**	3,820
Profit for the year		**75,545**	131,296

40.5 Interest is charged on the receivable from JJVL at the State Bank of Pakistan discount rate plus 2%. Interest is charged at 3 month KIBOR + 1% on reconciled outstanding amount as at December 31, 2014 to be repaid in 12 equal quarterly instalments.

As per new agreement any unpaid amount shall carry late payment surcharge at 2% p.a applicable on monthly KIBOR.

	Note	2019	2018
		--------- (Rupees in '000) ---------	
41. FINANCE COST			
Mark-up on:			
- loans from banking companies		**5,156,227**	4,028,709
- short term borrowings		**1,250,030**	772,347
- customers' deposits		**442,372**	348,211
- customer finance		**943**	600
- Government of Sindh loans		**35,004**	37,153
- obligation against pipeline		**86,345**	90,576
- others		**113,194**	162,408
		7,084,115	5,440,004
Less: Finance cost capitalised during the year		**(325,823)**	(376,266)
		6,758,292	5,063,738
42. TAXATION			
Current year			
Current tax		**(1,574,541)**	(1,135,550)
Deferred tax	42.3	**-**	(2,886,798)
		(1,574,541)	(4,022,348)

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

	2019	2018
Accounting loss for the year	**(16,820,227)**	(10,825,860)
Tax rate	**29%**	30%
Tax charge @ 29% (2018: 30%)	**(4,877,866)**	(3,247,758)
Effect of change in rate	**-**	79,882
Effect of lower tax rate on dividend income	**2,383**	4,705
Effect of deferred tax not recognised / reversal	**6,068,026**	7,678,876
Minimum income tax u/s 153 (1) (b)	**5,243**	1,133,198
Others	**376,755**	(1,626,555)
	1,574,541	4,022,348

42.2 Management assessment on sufficiency of provision for income taxes

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

Tax Year	Current Tax provision as per Accounts	Tax assessment
2018	1,135,550	970,049
2017	1,503,430	904,032
2016	656,908	76,355

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

	Note	2019	2018
		Closing Liability / (Asset)	
		--------- (Rupees in '000) ---------	
42.3 Deferred Tax			
Taxable temporary differences			
Accelerated tax depreciation		**15,113,498**	14,999,930
Net investment in finance lease		**71,562**	91,374
Deductible temporary differences			
Provision against employee benefits		**(1,695,705)**	(1,780,620)
Provision against impaired debts and other receivables and receivable from staff pension fund		**(5,281,579)**	(5,043,032)
Provision against impaired store and spares		**(104,169)**	(98,671)
Liability not paid within three years		**(14,666,858)**	(12,350,130)
Carry forward of tax losses		**(4,717,818)**	(1,646,275)
Minimum income tax		**(2,813,466)**	(1,836,993)
Others		**(32,711)**	(14,459)
Sub total		**(14,127,246)**	(7,678,876)
Deferred tax asset not recognised	42.3.1	**14,127,246**	7,678,876
Total		**-**	-

42.3.1 As at June 30, 2019, the Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs.29,312 million (2018: Rs. 22,728 million) out of which deferred tax asset amounting to Rs. 15,185 million has been recognised and remaining balance of Rs 14,127 million is unrecognised. As at year end, the Company's minimum tax credit amounted to Rs. 2,813 million (2018: Rs. 1,837 million) having expiry period ranging between 2022 and 2024.

43. STAFF RETIREMENT BENEFITS

43.1 Funded post retirement pension and gratuity schemes

As mentioned in note 3.17 to these unconsolidated financial statements, the Company operates approved funded pension and gratuity schemes for all employees. Contributions are made to these schemes based on actuarial valuation. Latest actuarial valuations were carried out as at June 30, 2019 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:

	2019			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	---------------------------- (Rupees in '000) ----------------------------			
(Asset) / liability in unconsolidated statement of financial position				
Fair value of plan assets	**(1,110,520)**	**(3,718,709)**	**(199,381)**	**(3,219,240)**
Present value of defined benefit obligation	**1,283,366**	**6,596,505**	**19,402**	**5,433,108**
	172,846	**2,877,796**	**(179,979)**	**2,213,868**
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2018	**1,119,613**	**6,027,693**	**22,700**	**4,285,293**
Current service cost	**40,701**	**324,777**	**-**	**196,302**
Interest cost	**101,956**	**534,490**	**1,912**	**377,661**
Remeasurement	**121,323**	**159,174**	**(2,502)**	**931,792**
Benefits paid	**(100,227)**	**(449,629)**	**(2,708)**	**(357,940)**
Obligation as at June 30, 2019	**1,283,366**	**6,596,505**	**19,402**	**5,433,108**

	Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
	2019			
	---- (Rupees in '000) ----			
Movement in fair value of plan assets				
Fair value as at July 01, 2018	1,201,027	2,739,909	260,882	3,023,241
Expected return on plan assets	108,974	251,069	22,444	268,866
Remeasurement	(131,388)	(169,315)	(58,839)	(233,363)
Benefits paid	(100,227)	(449,629)	(2,708)	(357,940)
Contribution to the fund	385,142	993,667	167,054	328,984
Amount transferred (out) / in	(353,008)	353,008	(189,452)	189,452
Fair value as at June 30, 2019	1,110,520	3,718,709	199,381	3,219,240
Movement in (asset) / liability in unconsolidated statement of financial position				
(Asset) / liability as at July 01, 2018	(81,414)	3,287,784	(238,182)	1,262,052
Expense recognised for the year	386,691	255,190	168,920	115,645
Remeasurement	252,711	328,489	56,337	1,165,155
Contribution to the fund	(385,142)	(993,667)	(167,054)	(328,984)
(Asset) / liability in unconsolidated statement of financial position	172,846	2,877,796	(179,979)	2,213,868

Expense recognised in the unconsolidated statement of profit or loss

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

	Executives Pension	Executives Gratuity	Non-Executives Pension	Non-Executives Gratuity
	2019			
	---- (Rupees in '000) ----			
Current service cost	40,701	324,777	-	196,302
Interest cost	101,956	534,490	1,912	377,661
Interest income on plan assets	(108,974)	(251,069)	(22,444)	(268,866)
Amount transferred out / (in)	353,008	(353,008)	189,452	(189,452)
	386,691	255,190	168,920	115,645
Total remeasurements recognised in unconsolidated statement of comprehensive income				
Remeasurement in obligation arising on				
- financial assumptions	(4,157)	(205,635)	(349)	(54,533)
- demographic assumptions	-	-	-	-
- experience adjustments	(117,166)	46,461	2,851	(877,259)
	(121,323)	(159,174)	2,502	(931,792)
Remeasurement on plan assets arising on				
Return on plan assets excluding interest income	(20,352)	124,766	(36,561)	36,683
Interest income	(108,974)	(251,069)	(22,444)	(268,866)
Net return on plan assets over interest income	(129,326)	(126,303)	(59,005)	(232,183)
Difference in opening fair value of assets after audit	(2,062)	(43,012)	166	(1,180)
	(131,388)	(169,315)	(58,839)	(233,363)
	(252,711)	(328,489)	(56,337)	(1,165,155)

	2019			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Composition / fair value of plan assets used by the fund				
Quoted shares	**10.70%**	**3.21%**	**35.36%**	**5.27%**
Debt instruments	**79.33%**	**83.54%**	**56.61%**	**88.98%**
Mutual funds	**5.74%**	**2.68%**	**0.00%**	**4.78%**
Others including cash and cash equivalents	**4.23%**	**10.57%**	**8.03%**	**0.97%**
Total	**100%**	**100%**	**100%**	**100%**
Quoted shares	**118,839**	**119,209**	**70,506**	**169,727**
Debt instruments	**880,929**	**3,106,707**	**112,877**	**2,864,588**
Mutual funds	**63,762**	**99,815**	**-**	**153,958**
Others including cash and cash equivalents	**46,990**	**392,978**	**15,998**	**30,967**
Total	**1,110,520**	**3,718,709**	**199,381**	**3,219,240**

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2019

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

	2018			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
(Asset) / liability in unconsolidated statement of financial position				
Fair value of plan assets	(1,201,027)	(2,739,909)	(260,882)	(3,023,241)
Present value of defined benefit obligation	1,119,613	6,027,693	22,700	4,285,293
	(81,414)	3,287,784	(238,182)	1,262,052
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2017	957,501	4,969,429	23,208	4,271,048
Current service cost	36,480	295,356	-	201,292
Interest cost	75,106	382,499	1,685	327,106
Remeasurement	97,311	760,717	540	(260,487)
Benefits paid	(46,785)	(380,308)	(2,733)	(253,666)
Obligation as at June 30, 2018	1,119,613	6,027,693	22,700	4,285,293
Movement in fair value of plan assets				
Fair value as at July 01, 2017	1,179,749	2,557,549	184,687	2,904,594
Expected return on plan assets	91,700	202,426	13,742	225,085
Remeasurement	(87,533)	241,080	15,079	(157,931)
Benefits paid	(46,785)	(380,308)	(2,733)	(253,666)
Contribution to the fund	279,976	234,568	233,410	156,856
Amount transferred (out) / in	(216,080)	(115,406)	(183,303)	148,303
Fair value as at June 30, 2018	1,201,027	2,739,909	260,882	3,023,241

	2018			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Movement in (asset) / liability in unconsolidated statement of financial position				
(Asset) / liability as at July 01, 2017	(222,248)	2,411,880	(161,479)	1,366,454
Expense recognised for the year	260,966	234,349	171,246	120,010
Remeasurement	159,844	876,123	(14,539)	(67,556)
Contribution to the fund	(279,976)	(234,568)	(233,410)	(156,856)
(Asset) / liability in unconsolidated statement of financial position	(81,414)	3,287,784	(238,182)	1,262,052

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

	2018			
	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)
Amount transferred out / (in)	241,080	(241,080)	183,303	(183,303)
	260,966	234,349	171,246	120,010
Total remeasurements recognised in unconsolidated statement of comprehensive income				
Remeasurement on obligation arising on				
- financial assumptions	(879)	(55,579)	(106)	18,154
- demographic assumptions	-	-	-	-
- experience adjustments	(96,432)	(705,138)	(434)	242,333
	(97,311)	(760,717)	(540)	260,487
Remeasurement on plan assets arising on				
Return on plan assets excluding interest income	30,457	118,561	(6,116)	119,623
Interest income	(91,700)	(202,426)	(13,742)	(225,085)
Net return on plan assets over interest income	(61,243)	(83,865)	(19,858)	(105,462)
Difference in opening fair value of assets after audit	(26,290)	(31,541)	34,937	(52,469)
	(87,533)	(115,406)	15,079	(157,931)
	(184,844)	(876,123)	14,539	102,556
Composition / fair value of plan assets used by the				
Quoted Shares	15.70%	6.82%	42.89%	8.83%
Debt instruments	72.00%	84.58%	34.78%	81.77%
Mutual funds	6.03%	6.43%	0.00%	7.13%
Others including cash and cash equivalents	6.27%	2.17%	22.33%	2.27%
Total	100%	100%	100%	100%

	2018			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Quoted Shares	188,602	186,850	111,896	267,032
Debt instruments	864,755	2,317,561	90,721	2,472,058
Mutual funds	72,380	176,128	-	215,419
Others including cash and cash equivalents	75,290	59,370	58,265	68,732
Total	1,201,027	2,739,909	260,882	3,023,241

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2018

Total number of employees	2,387	2,387	-	4,422
Total monthly salaries	236,963	236,963	-	107,977
Total number of pensioner	119	-	29	-
Total monthly pension	2,032	-	214	-

Significant actuarial assumptions

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

	Executives and Non- executives	
	2019	2018
	(%)	(%)
Discount rate	**14.25**	9.00
Salary increase rate in the first year	**12.50**	10.50
Expected rate of increase in salary level	**12.25**	7.00
Increase in pension	**8.25**	3.00
Mortality rates	**SLIC (2001-05)-1**	SLIC (2001-05)-1
Rates of employee turnover	**Light**	Light

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

			Impact of change in assumptions in present value of defined benefit obligation			
			Executives		**Non-Executives**	
			Pension	**Gratuity**	**Pension**	**Gratuity**
			(Rupees in '000)			
Discount rate	1%	**Increase in assumption**	**1,165,743**	**6,242,861**	**18,306**	**5,095,898**
Salary increase rate	1%		**1,337,243**	**6,957,035**	**-**	**5,783,503**
Pension increase rate	1%		**1,365,754**	**-**	**20,696**	**-**
Discount rate	1%	**Decrease in assumption**	**1,422,859**	**6,984,365**	**20,635**	**5,805,745**
Salary growth rate	1%		**1,233,425**	**6,261,714**	**-**	**5,110,068**
Pension increase rate	1%		**1,211,901**	**-**	**18,239**	**-**

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

	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees'000)			
Maturity profile of the defined benefit obligation				
Weighted average duration of the PBO	9.17	5.36	5.65	6.21
Distribution of timing of benefit payments (time in years)				
1	16,237	488,067	2,777	451,995
2	36,962	773,467	3,006	476,254
3	44,818	1,021,108	3,254	525,563
4	53,942	1,022,257	3,523	625,625
5	64,247	1,197,473	3,813	747,514
6-10	556,425	9,930,627	24,337	7,353,755

The expected pension and gratuity expense for the next one year from July 01, 2019 is as follows:

Current service cost	45,216	358,747	-	256,055
Interest cost	184,876	931,095	2,574	760,722
Interest income on plan assets	(161,832)	(547,435)	(26,568)	(465,575)
Interest cost	23,044	383,660	(23,994)	295,147
Expected return on plan assets				
Amount transferred out / (in)	464,611	(464,611)	402,155	(402,155)
	532,871	277,796	378,161	149,047

43.2 Unfunded post retirement medical benefit and gas supply facilities

As mentioned in note 3.18 to these unconsolidated 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, 2019 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 2,367 (2018: 2,387) and 153 (2018: 156) for medical and gas facility respectively.

	2019		
	Post retirement medical facility	Post retirement gas facility	Total
	(Rupees in '000)		
Liability in unconsolidated statement of financial position			
Present value of defined benefit obligation	4,965,955	52,959	5,018,914
Movement in present value of defined benefit obligation			
Liability as at July 01, 2018	4,935,796	31,974	4,967,770
Expense recognised for the year	648,709	2,771	651,480
Payments during the year	(105,000)	(4,177)	(109,177)
Remeasurement	(513,550)	22,391	(491,159)
Liability as at June 30, 2019	4,965,955	52,959	5,018,914

	2019		
	Post retirement medical facility	Post retirement gas facility	Total
	-------------------- (Rupees in '000) --------------------		
Expense recognised in the unconsolidated statement of profit or loss			
Current service cost	196,014	-	196,014
Interest cost	452,695	2,771	455,466
	648,709	2,771	651,480
Total remeasurements recognised in unconsolidated statement of comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	(61,220)	-	(61,220)
- demographic assumptions	-	-	-
- experience adjustments	(452,330)	22,391	(429,939)
	(513,550)	22,391	(491,159)

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2019.

Total number of actives	2,367	-
Total number of beneficiaries	2,249	153

	2018		
	Post retirement medical facility	Post retirement gas facility	Total
	-------------------- (Rupees in '000) --------------------		
Liability in unconsolidated statement of financial position			
Present value of defined benefit obligation	4,935,796	31,974	4,967,770
Movement in present value of defined benefit obligation			
Liability as at July 01, 2017	4,070,936	44,368	4,115,304
Expense recognised for the year	535,231	3,317	538,548
Payments during the year	(98,000)	(2,361)	(100,361)
Remeasurement	427,629	(13,350)	414,279
Liability as at June 30, 2018	4,935,796	31,974	4,967,770
Expense recognised in the unconsolidated statement of profit or loss			
Current service cost	211,787	-	211,787
Interest cost	323,444	3,317	326,761
	535,231	3,317	538,548
Total remeasurements recognised in unconsolidated statement of comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	202,496	-	202,496
- demographic assumptions	-	-	-
- experience adjustments	225,133	(13,350)	211,783
	427,629	(13,350)	414,279

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2018

Total number of actives	2,387	-
Total number of beneficiaries	2,123	153

Significant actuarial assumptions

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

	Executives	
	2019 (%)	2018 (%)
Discount rate	**14.25%**	9.00%
Medical increase rate - (Pre-Retirement)	**12.25%**	7.00%
Medical increase rate - (Post-Retirement)	**14.25%**	9.00%
Gas inflation rate	**14.25%**	9.00%
Benefit limit - Gas	**27,500**	15,500
Expected medical expense for adult - retires and deceased staff	**51,000**	50,000
Expected medical expense for adult - active (family of two)	**102,000**	100,000
Expected medical expense for children	**10,000**	10,000
Mortality rates (for death in service & post retirement mortality)	**SLIC (2001-05)**	SLIC (2001-05)
Rates of employees turnover	**Light**	Light

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

	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**	**4,254,799**	**49,517**
Medical inflation rate	1%		**5,625,959**	**-**
Gas inflation rate	1%		**-**	**56,784**
Discount rate	1%	**Decrease in assumption**	**5,864,039**	**56,820**
Medical inflation rate	1%		**4,412,225**	**-**
Gas inflation rate	1%		**-**	**49,489**

Maturity profile of the defined benefit obligation

Weighted average duration of the PBO	**6.50**	**7.07**

Distribution of timing of benefit payments (time in years)

1	**4,460**	**2,445**
2	**4,356**	**2,278**
3	**3,889**	**1,941**
4	**3,148**	**1,499**
5	**2,290**	**1,040**
6-10	**2,993**	**1,249**
11-15	**26**	**9**

	2019	2018
	--------- (Rupees in '000) --------	
The expected medical and gas expense for the next one year from July 01, 2019 is as follows:		
Current service cost	198,734	-
Net interest cost	713,026	7,257
	911,760	7,257

43.3 Defined contribution plan - recognized provident fund

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

	Executives		Non-Executives	
	2019 (Audited)	2018 (Audited)	2019 (Audited)	2018 (Audited)
	---------------------------------- (Rupees in '000)			----------------------------------
Size of provident fund	4,184,961	3,966,327	3,810,725	3,690,120
Cost of investments made	3,651,386	3,518,461	3,268,452	3,290,016
Percentage of investments made	87.3%	88.7%	85.8%	89.2%
Fair value of investment	3,900,830	3,682,564	3,661,452	3,512,185
Break-up of investments:				
- Balance in savings accounts				
Amount of investment	144,898	85,722	64,649	68,100
Percentage of investment as size of the fund	3.4%	2.1%	1.7%	1.8%
- Term deposit receipts				
Amount of investment	673,058	692,802	929,295	423,398
Percentage of investment as size of the fund	16.1%	17.4%	24.4%	11.5%
- Units of mutual fund				
Amount of investment	331,382	637,954	219,713	292,189
Percentage of investment as size of the fund	8.7%	16.7%	5.8%	7.7%
- Special savings certificate				
Amount of investment	1,489,261	1,161,020	1,159,743	1,381,025
Percentage of investment as size of the fund	35.6%	29.3%	30.4%	37.4%
- Treasury bills				
Amount of investment	-	391,161	-	547,199
Percentage of investment as size of the fund	0.0%	9.9%	0.0%	14.8%
- Pakistan Investment Bonds (PIBs)				
Amount of investment	1,151,929	549,810	1,188,101	651,560
Percentage of investment as size of the fund	27.5%	13.9%	31.2%	17.7%

	Executives 2019 (Audited)	Executives 2018 (Audited)	Non-Executives 2019 (Audited)	Non-Executives 2018 (Audited)
	---------- (Rupees in '000) ----------			
- Term Finance Certificates (TFCs)				
Amount of investment	**4,953**	**8,035**	**4,158**	**4,587**
Percentage of investment as size of the fund	**0.1%**	**0.2%**	**0.1%**	**0.1%**
- Quoted shares				
Amount of investment	**105,349**	**156,060**	**95,793**	**144,127**
Percentage of investment as size of the fund	**2.5%**	**3.9%**	**2.5%**	**3.9%**

43.3.1 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.

44. LOSS PER SHARE - BASIC AND DILUTED

		2019	2018
Loss for the year	*Rupees in '000*	**(18,394,768)**	(14,848,208)
Average number of ordinary shares	*Number of shares*	**880,916,309**	880,916,309
Loss per share - basic and diluted	*Rupees*	**(20.88)**	(16.86)

45. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

	Note	2019	2018
		---------(Rupees in '000)--------	
Provisions	45.1	**2,466,577**	2,780,280
Depreciation		**7,556,198**	7,279,322
Amortisation of intangibles		**29,447**	33,996
Finance cost		**6,621,951**	4,920,958
Amortisation of transaction cost		**49,996**	52,204
Recognition of income against deferred credit and contract liabilities		**(590,627)**	(582,578)
Dividend income		**(17,020)**	(18,818)
Interest income		**(1,812,239)**	(1,114,182)
Income from net investment in finance lease		**(46,608)**	(56,966)
(Gain) / loss on disposal of property, plant and equipment		**261,775**	(24,042)
Increase in long term advances		**(78,815)**	941,493
Decrease / increase in deferred credit and contract liabilities		**3,790,389**	2,309,623
Decrease in obligation under finance lease		**86,345**	90,574
Amortisation of Government grant		**(23,251)**	(861,179)
		18,294,118	15,750,685

45.1 Provisions

	2019	2018
Provision against slow moving / obsolete stores	**113,895**	71,757
Provision against impaired debts and other receivables	**-**	1,017,496
Impairment loss against financial assets	**849,498**	-
Provision for compensated absences	**(145,236)**	238,977
Provision for post retirement medical and free gas supply facilities	**651,480**	538,548
Provision for retirement benefits	**926,446**	786,571
Impairment of capital work in progress	**70,494**	126,931
	2,466,577	2,780,280

	2019	2018
	--------- (Rupees in '000) --------	

46. WORKING CAPITAL CHANGES

(Increase) / decrease in current assets

	2019	2018
Stores and spares & loose tools	**(369,742)**	425,668
Stock-in-trade	**(682,895)**	10,342
Customers' installation work in progress	**(31,658)**	(14,289)
Trade debts	**(8,244,792)**	4,358,747
Advances, deposits and short term prepayments	**(30,712)**	(24,978)
Other receivables	**(120,178,245)**	(70,609,053)
	(129,538,044)	(65,853,563)
Increase in current liabilities		
Trade and other payables	**147,303,209**	70,488,737
	17,765,165	4,635,174

47. REMUNERATION OF MANAGING DIRECTOR AND EXECUTIVES

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

	2019		2018	
	Managing Director	Executives	Managing Director	Executives
	----------------------------------- (Rupees in 000)		-------------------------------	
Managerial remuneration	**18,405**	**2,160,877**	15,230	1,764,947
Housing	**7,295**	**858,003**	4,720	700,491
Utilities	**1,621**	**190,667**	1,049	155,664
Retirement benefits	**1,578**	**469,606**	-	262,918
	28,899	**3,679,153**	20,999	2,884,020
Number	**1**	**936**	1	747

47.1 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. 1.39 million (2018: Rs.0.8 million). Executives are also provided medical facilities in accordance with their entitlement.

47.2 Aggregate amount charged in these unconsolidated financial statements in respect of fee paid to 22 directors was Rs. 38.2 million (2018: Rs. 37.3 million for 14 directors).

47.3 Total number of employees and average number of employees as at year end are 6,943 and 7,016 respectively (2018: 7,103 and 7,160).

48. CAPACITY AND ACTUAL PERFORMANCE

48.1 Natural gas transmission

	2019		2018	
	MMCF	HM3	MMCF	HM3
Transmission operation				
Capacity - annual rated capacity at 100% load factor with compression	**990,610**	**279,092,975**	990,610	279,092,975
Utilisation - volume of gas transmitted	**774,988**	**218,343,957**	721,277	203,211,467
Capacity utilisation factor (%)	**78.2**	**78.2**	72.8	72.8

48.2 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 consumers.

48.3 Meter manufacturing division

During the year meter manufacturing division produced and assembled 583,590 meters (2018: 503,840 meters) against an annual capacity of 356,000 meters on a single shift basis

49. TRANSACTIONS WITH RELATED PARTIES

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

	Relationship	2019	2018
		--------- (Rupees in '000)	--------
* **Astro Plastic (Private) Limited**	Associate		
- Billable charges		**-**	65,226
Attock Cement Limited	Associate		
- Billable charges		**47,042**	62,687
Government related entities - various			
- Purchase of fuel and lubricant		**53,408**	51,751
- Billable charges		**43,799,008**	39,660,053
- Mark-up on short term finance		**109,274**	15,103
- Mark-up on long term finance		**583,833**	425,245
- Income from net investment in finance lease		**46,608**	56,966
- Gas purchases		**121,021,617**	84,663,014
- Sale of gas meters and spare parts		**20,332**	285,169
- Rent of premises		**6,209**	12,680
- Insurance premium		**107,049**	126,013
- Uniform cost of gas		**-**	11,706,526
- Electricity expense		**231,666**	193,550
- Interest income		**1,450,021**	750,432
- Professional charges		**22**	289
- RLNG transportation income		**8,748,858**	7,694,354
- Income against LNG service agreement		**804,326**	639,527
Habib Bank Limited	Associate		
- Profit on investment		**315**	621
- Mark-up on short term finance		**114,910**	232,239
- Mark-up on long term finance		**176,575**	532,946
- Billable Charges		**6,743**	14,854
Key management personnel			
- Remuneration		**224,618**	233,231
Minto & Mirza	Associate		
- Professional charges		**4,500**	7,500
Petroleum Institute of Pakistan	Associate		
- Subscription / contribution		**980**	3,453
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Interest on loan		**166,569**	122,785
- LPG sales		**-**	336,865
- LPG purchases		**80,885**	-
- Rent on premises		**770**	758
- Reimbursement of management fees		**6,831**	14,546

	Relationship	2019	2018
		--------- (Rupees in '000) --------	
Staff Retirement Benefit Plans	Associate		
- Contribution to provident fund		**403,096**	326,736
- Contribution to pension fund		**555,672**	432,212
- Contribution to gratuity fund		**370,192**	354,359
Thatta Cement Company Limited	Associate		
- Billable charges		**2,481**	4,326

* 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 9, 16, 31 and 43 to these unconsolidated financial statements.

Remuneration to the executive officers of the Company (disclosed in note 47 to these unconsolidated financial statements) and loans and advances to them (disclosed in notes 23 and 28 to these unconsolidated financial statements) are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Company is received at rates prescribed by the Government of Pakistan.

49.1 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	2019	2018
		--------- (Rupees in '000) --------	
* **Attock Cement Limited**	Associate		
- Billable charges		**-**	5,280
- Gas supply deposit		**-**	(588)
Government related entities - various			
- Billable charges		**62,745,107**	62,534,758
- Mark up accrued on borrowings		**(5,158,965)**	(6,096,830)
- Net investment in finance lease		**224,440**	64,864
- Gas purchases		**247,927,553**	172,448,498
- Gas meters and spare parts		**360,181**	1,467,999
- Uniform cost of gas		**15,818,845**	16,011,845
- Cash at bank		**5,527**	3,619
- Stock loan		**4,912**	45,595
- Payable to insurance		**(475,580)**	(2,301)
- Gas supply deposit		**(43,392)**	(39,276)
- Interest expense accrued - late payment surcharge on gas bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**11,287,868**	9,837,847
- Contingent rent		**3,535**	3,535
- Capacity and utilisation charges of RLNG		**33,298,113**	19,835,414
- RLNG transportation income		**20,642,231**	12,026,912
- LSA Margins		**1,897,684**	1,083,299
- Advance for Sharing Right of Way		**(18,088)**	(18,088)
- Professional Charges		**57**	57
* **Habib Bank Limited**	Associate		
- Long term finance		**-**	(7,478,125)
- Short term finance		**-**	(5,966,125)
- Cash at bank		**-**	61,008
- Accrued mark-up		**-**	(449,258)
- Billable charges		**-**	1,530
- Gas supply deposit		**-**	363
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Long term investment		**1,000,000**	1,000,000
- Short term loan		**1,535,103**	1,710,103

	Relationship	2019	2018
		--------- (Rupees in '000) --------	
- Interest on loan		**868,410**	701,842
- LPG purchases		**-**	-
- LPG sales		**5,698**	6,795
- Rent on Premises		**649**	129
Recievable against management fees		**23,782**	16,064
* **Thatta Cement Company Limited**	Associate		
- Billable charges		**-**	310

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

50. 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

50.1 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:

	2019	2018
	--------- (Rupees in '000) --------	
Trade debts	**84,156,885**	76,761,352
Net investment in finance lease	**246,763**	304,579
Loans and advances	**2,368,156**	2,672,178
Deposits	**23,183**	21,570
Bank balances	**333,534**	404,929
Interest accrued	**12,622,676**	11,202,823
Other receivables	**85,600,050**	67,230,437
	185,351,247	158,597,868

50.1.1 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:

	2019	2018
	--------- (Rupees in '000) --------	
Cash deposits	17,456,143	15,012,279
Bank guarantee / irrevocable letter of credit	35,940,539	40,584,284

50.1.2 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 50.1.3 to these unconsolidated financial statements.

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

Bank	Rating Agency	Rating	
		Short Term	Long Term
National Bank of Pakistan	PACRA	A1+	AAA
Allied Bank Limited	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Faysal Bank Limited	JCR-VIS	A-1+	AA
MCB Bank Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AA+
Askari Bank Limited	PACRA	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA
First Women Bank Limited	PACRA	A2	A-
Summit Bank Limited	JCR-VIS	A3	BBB-
Bank Al-Habib Limited	PACRA	A1+	AA+
Bank Islami Pakistan Limited	PACRA	A1	A+
Albaraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA+
Samba Bank Limited	JCR-VIS	A-1	AA
Silk Bank Limited	JCR-VIS	A-2	A-
Soneri Bank Limited	JCR-VIS	A1+	AA-
Telenor Micro Finance Bank Limited	PACRA	A1	A+
Citi Bank N. A.	Moody's	P-1	Aa3
Deutsche Bank A.G,	Standard & Poor's	A2	BBB+
The Bank of Tokyo- Mitsubishi- UFJ, Limited	Standard & Poor's	A-1	A

50.1.3 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:

	2019		2018	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	21,991,924	-	21,037,818	-
Past due but not impaired	46,949,862	-	39,896,302	-
Past due and impaired	11,641,445	4,686,016	13,176,458	7,129,106
Disconnected customers	1,179,486	1,179,486	1,161,039	1,137,274
Total	81,762,717	5,865,502	75,271,617	8,266,380

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 57,137 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. 45,276 million (2018: Rs. 42,059 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:

	2019		2018	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	2,610,497	-	1,689,601	-
Past due but not impaired:				
Past due 1 - 3 month	1,799,800	-	1,482,596	-
Past due and impaired:				
Past due 4 - 6 months	2,115,318	2,116	1,742,506	-
Past due 7 - 9 months	837,457	177,938	639,568	-
Past due 10 - 12 months	428,589	114,406	470,636	-
Over 12 months	2,689,587	2,369,896	3,698,085	698,746
	6,070,951	2,664,356	6,550,795	698,746
Disconnected customers	7,102,744	7,102,744	6,550,086	5,818,217
Total	17,583,992	9,767,100	16,273,078	6,516,963

The Company has collateral / security against domestic customers amounting to Rs. 8,119 million (2018: Rs. 7,537 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, 2019 interest accrued net of provision was Rs.13,110 million (2018: Rs. 11,690 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. 11,287 million (2018: 9,838 million), recovery of which is subject to inter corporate circular debt of Government entities.

Other receivables

As at June 30, 2019, other receivable financial assets amounted to Rs. 84,495 million (2018: Rs. 63,635 million). Past due other receivables amounting to Rs. 57,756 million (2018: Rs. 50,183 million) include over due balances of SNGPL amounting to Rs. 46,121 million (2018: Rs. 33,537 million), JJVL amounting to Rs. 11,562 million (2018: Rs. 11,961 million) and of SSGC LPG amounting to Rs. 30.1 million (2018: Rs. 22.9 million).

50.1.4 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. Concentration of credit risk is determined with references to the individual customers / counter parties, type as well as geographical distribution of customers / counterparties. Concentration of credit risk in financial assets of the Company is as follows:

Trade debts

Customer category wise concentration of credit risk in respect of trade debts at year end is as follows:

	2019	2018
	--------- (Rupees in '000) --------	
Power generation companies	**39,918,329**	37,430,037
Cement industries	**20,339**	30,119
Fertilizer and steel industries	**24,034,596**	23,190,143
Other industries	**11,180,411**	5,171,869
Total industrial customers	**75,153,675**	65,822,168
Commercial customers	**1,446,575**	1,035,510
Domestic customers	**7,556,635**	9,903,674
	84,156,885	76,761,352

At year end the Company's most significant receivable balances were K-Electric, PSML, and WAPDA which amounted to Rs. 33,771 million (2018: Rs. 32,801 million), Rs. 23,661 million (2018: Rs.22,923 million), and Rs. 5,196 million (2018: Rs. 4,038 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:

	2019	2018
	--------- (Rupees in '000) --------	
Karachi	**69,021,495**	65,741,536
Sindh (excluding Karachi)	**11,432,610**	10,619,986
Balochistan	**3,702,780**	399,830
	84,156,885	76,761,352

Net investment in finance lease

The Company's most significant investment in finance lease amounted to Rs. 246 million (2018: Rs. 304 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 31.4 to these unconsolidated financial statements. These balances are subject to inter circular corporate debt.

50.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
As at June 30, 2019	---- (Rupees in '000) ----					
Long term finance	**46,757,348**	**(52,722,971)**	**(7,668,805)**	**(5,645,098)**	**(10,586,997)**	**(28,822,071)**
Obligation against pipeline	**933,345**	**(1,459,118)**	**(67,866)**	**(67,866)**	**(135,732)**	**(1,187,654)**
Short term borrowings	**16,294,237**	**(16,294,237)**	**(16,294,237)**	**-**	**-**	**-**
Trade and other payables	**393,066,827**	**(393,352,261)**	**(393,352,261)**	**-**	**-**	**-**
Interest accrued	**17,881,425**	**(17,881,425)**	**(17,881,425)**	**-**	**-**	**-**
Deposits	**17,559,361**	**(36,231,877)**	**(233,406)**	**(233,406)**	**(466,813)**	**(35,298,252)**
	492,492,543	**(517,941,889)**	**(435,498,000)**	**(5,946,370)**	**(11,189,542)**	**(65,307,977)**
As at June 30, 2018						
Long term finance	56,295,466	(60,371,241)	(6,947,463)	(6,812,617)	(11,364,684)	(35,246,477)
Obligation against pipeline	982,731	(1,594,850)	(67,866)	(67,866)	(135,732)	(1,323,386)
Short term borrowings	9,759,947	(9,759,947)	(9,759,947)	-	-	-
Trade and other payables	250,509,165	(250,509,165)	(250,509,165)	-	-	-
Interest accrued	17,229,031	(17,229,031)	(17,229,031)	-	-	-
Deposits	15,181,333	(30,131,047)	(186,871)	(186,871)	(373,743)	(29,383,561)
	349,957,673	(369,595,281)	(284,700,343)	(7,067,354)	(11,874,159)	(65,953,424)

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 reporting date.

50.3 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).

50.3.1 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:

	2019		2018	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Creditors for gas	84,653,566	514,611	46,312,599	380,860
Estimated forecast gas purchases	11,500,169	75,759	91,122,625	823,745
Net exposure	96,153,735	590,370	137,435,224	1,204,605

Above net exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtain forward cover against the gross exposure as exchange loss / gain on purchases of gas and supplies is recovered from / paid to Government of Pakistan as part of guaranteed return.

The following significant exchange rates applied during the year:

	Average rates		Reporting date rate	
	2019	2018	2019	2018
	-------------- (Rupees) --------------		-------------- (Rupees) --------------	
US Dollars	151.80	110.62	164.50	121.60

Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2019 would have (decreased) / increased trade creditors by Rs. 8,465 million (2018: Rs. 4,631 million). There is no effect of strengthening / (weakening) of US dollar on unconsolidated equity and unconsolidated statment of profit or loss of the Company as exchange loss / gain on purchases of gas and store and supplies is recovered from / paid to Government of Pakistan as part of 17.43% guaranteed return. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2018.

50.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the reporting date the interest rate profile of the Company’s interest-bearing financial instruments were as follows:

	2019	2018
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Net investment in finance lease	**246,763**	304,579
Loan and advances	**560**	815
Trade debts	**26,903,030**	20,777,210
Cash and bank balances	**39,596**	109,926
Recievable against asset contribution	**451,011**	382,469
	27,640,960	21,574,999
Financial liabilities		
Long term deposits	**(9,336,259)**	(7,474,857)
Government of Sindh loan	**752,086**	(546,373)
Front end fee of foreign currency loan	**(23,950)**	(23,950)
Obligation against pipeline	**(933,345)**	(982,731)
Trade and other payables	**(51,479,333)**	(58,638,824)
	(61,020,801)	(67,666,735)
	(33,379,841)	(46,091,736)
Variable rate instruments		
Financial assets		
Trade debts	**27,094,357**	33,829,806
Other receivables	**57,691,362**	45,631,917
Loan to related party	**1,535,103**	1,710,103
	86,320,822	81,171,826
Financial liabilities		
Long term loan except Government of Sindh loan	**(36,354,124)**	(44,175,402)
Short term borrowings	**(16,294,237)**	(9,759,946)
Trade and other payables	**(241,478,043)**	(167,574,068)
	(294,126,404)	(221,509,416)
	(207,805,582)	(140,337,590)

Fixed rate instruments bear fixed interest rate while all other borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs. The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through unconsolidated statement of profit or loss. Therefore, a change in interest rates at the reporting date would not affect the unconsolidated statement of profit or loss and the equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased or (net decreased) the unconsolidated statement of profit or loss of the Company as at June 30, 2019 by Rs. 2,078 million (2018: Rs. 1,403 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 2018.

50.3.3 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, 2019 is Rs. 236 million (2018: Rs. 371 million).

A ten percent increase / decrease in the prices of listed equity securities of the Company at the reporting date would have increased / (decreased) long term investment and unconsolidated equity by Rs. 23.6 million (2018: Rs. 37.1 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

50.4 Fair value of financial assets and liabilities

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

The carrying values of all financial instruments reflected in these unconsolidated financial statements approximate their fair values except for investment in unquoted companies which are reflected at cost less impairment losses.

50.4.1 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).

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)			
Fair Value through OCI financials assets				
Quoted equity securities	**236,148**	**-**	**-**	**236,148**
	236,148	**-**	**-**	**236,148**

	2018			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available-for-sale financials assets				
Quoted equity securities	371,331	-	-	371,331
	371,331	-	-	371,331

There have been no transfers during the year (2018: no transfers in either direction).

50.5 Financial instruments by categories

	Financial assets		
	Amortized cost	FVTOCI	Total
	(Rupees in '000)		
As at June 30, 2019			
Trade debts	**84,156,885**	**-**	**84,156,885**
Net investment in finance lease	**246,763**	**-**	**246,763**
Loans and advances	**2,368,156**	**-**	**2,368,156**
Deposits	**23,183**	**-**	**23,183**
Cash and bank balances	**338,294**	**-**	**338,294**
Interest accrued	**12,622,676**	**-**	**12,622,676**
Other receivables	**85,600,050**	**-**	**85,600,050**
Long term investments	**-**	**236,148**	**236,148**
	185,356,007	**236,148**	**185,592,155**

As at June 30, 2018

	Financial assets		
	Loans and recievables	Available for sale	Total
	(Rupees in '000)		
Trade debts	76,761,352	-	76,761,352
Net investment in finance lease	304,578	-	304,578
Loans and advances	2,672,178	-	2,672,178
Deposits	20,931	-	20,931
Cash and bank balances	410,399	-	410,399
Interest accrued	11,202,823	-	11,202,823
Other receivables	62,635,092	-	62,635,092
Long term investments	-	371,331	371,331
	154,007,353	371,331	154,378,684

	Financial liabilities at amortised cost	
	2019	2018
	(Rupees in '000)	
Long term finance	**46,757,348**	56,295,467
Obligation against pipeline	**933,345**	982,731
Short term borrowings	**16,294,237**	9,759,947
Trade and other payables	**393,066,827**	250,509,165
Interest accrued	**17,881,425**	17,229,031
Long term deposits	**17,559,361**	15,181,333
	492,492,543	349,957,673

50.6 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:

	2019	2018
	(Rupees in '000)	
Total borrowings		
Long term finance	36,919,543	44,721,775
Short term borrowings	16,294,237	9,759,947
Current portion of long term finance	9,837,805	11,573,691
	63,051,585	66,055,413
Less: Cash and bank balances	(338,294)	(410,399)
Net debts	62,713,291	65,645,014
Capital employed	55,029,270	69,461,718
Gearing ratio	114%	95%

51. 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)

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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 PROFIT / (LOSS)	
	2019	2018	2019	2018
	(Rupees in '000)		(Rupees in '000)	
Gas transmission, distribution and marketing	219,264,033	158,763,329	3,419,682	(7,221,520)
Meter Manufacturing	1,810,650	1,852,139	9,099	(58,473)
Total segment results	221,074,683	160,615,468	3,428,781	(7,279,993)
Unallocated - other expenses				
- Other operating expenses			(20,684,914)	(4,494,613)
Unallocated - other income				
- Non-operating income			1,131,159	948,746
Loss before tax			(16,124,974)	(10,825,860)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 2,120 million (2018: Rs. 1,898 million).

The accounting policies of the reportable segments are same as disclosed in note 3.21 to these unconsolidated financial statements

SEGMENT ASSETS AND LIABILITIES

	2019	2018
Segment assets	--------- (Rupees in '000)	----------
Gas transmission, distribution and marketing	**512,556,127**	364,379,456
Meter Manufacturing	**762,427**	1,101,692
Total Segment Assets	**513,318,554**	365,481,148
Unallocated		
- Loans and advances	**2,368,156**	2,672,178
- Taxation - net	**19,532,819**	19,549,064
- Interest accrued	**487,739**	490,109
- Cash and bank balances	**338,294**	410,399
	22,727,008	23,121,750
Total Assets as per unconsolidated statement of financial position	**536,045,562**	388,602,898
Segment Liabilities		
Gas transmission, distribution and marketing	**521,890,269**	378,935,180
Meter Manufacturing	**285,719**	326,013
Total Segment Liabilities	**522,175,988**	379,261,193
Unallocated		
- Employee benefits	**5,847,259**	5,935,400
Total Liabilities as per unconsolidated statement of financial position	**528,023,247**	385,196,593

52. DETAILS OF INVESTMENTS BY EMPLOYEES RETIREMENT BENEFIT FUNDS

Details of the value of investments by the Provident, Gratuity and Pension funds based on respective audited financial statements at June 30, 2019 and 2018 are as follows:

	2019	2018
	--------- (Rupees in '000)	----------
Pension fund - executives	**1,102,679**	1,184,607
Gratuity fund - executives	**3,743,474**	2,754,249
Provident fund - executives	**3,900,834**	3,682,566
Benevolent fund - executives	**198,264**	187,280
Pension fund - non executives	**196,352**	255,810
Gratuity fund - non executives	**3,266,675**	3,032,482
Provident fund - non executives	**3,661,455**	3,512,184

53. ACCOUNTING ESTIMATES AND JUDGMENTS

53.1 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.

53.2 Staff retirement and other service benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 43 to the unconsolidated 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.

53.3 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.

53.4 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.

53.5 Fair value of investments

Management has determined fair value of certain investments by using quotations from active market of the financial instruments.

53.6 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.

53.7 Recognition of gas development surcharge

Management has recognised income from gas development surcharge according to Final Revenue Requirement (FRR) issued by OGRA based on stay orders as mentioned in note 1.4 to these unconsolidated financial statements. Further, gas development surcharge does not include the impact of stay orders since no revised FRR has been issued by OGRA in this regard.

53.8 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.

54. 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.

55 EVENTS AFTER THE REPORTING DATE

On March 11, 2020, the World Health Organization made an assessment that the outbreak of a corona virus (COVID-19) can be characterized as a pandemic. In addition, oil prices significantly dropped during January to March 2020 due to the effect of COVID-19 and a number of other political and economic factors. These factors have negatively affected the economies and the businesses of the country where the Company operates. To alleviate the negative impact of the COVID-19 pandemic, the various governments including the Government of Pakistan, other independent jurisdictions and regulators have taken measures and issued directives to support businesses at large, including extensions of deadlines, allowing easy installments to customers, facilitating continued business through social-distancing and easing pressure on credit and liquidity. Due to Covid-19, receivables increased because of easy installements provided by Government of Pakistan and similarly there was an increase shown in theft and PUG because of disclosure of disconnection activities in the areas where billing recovery is significantly low.

These conditions are non-adjusting events and impacted the economic and risk environment in which the Company operates.

56. RECLASSIFICATION

Corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparison, which are as follow:

Description	(Rupees in '000)	Reclassified	
		From	To
Payable to SNGPL against purchases of RLNG	7,264,401	Creditors for: Indigenous gas - Trade and other payables	Creditors for: RLNG - Trade and other payables
RLNG differential margin payable to GoP	2,516,367	Gas development surcharge receivable from GoP - Other receivables	RLNG differential margin payable to GoP - Trade and other payables

57. GENERAL

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

58. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue in Board of Directors meeting held on July 10, 2021.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the annexed consolidated financial statements of **Sui Southern Gas Company limited** (the Holding Company) and its subsidiary companies i.e. Sui Southern Gas Provident Fund Trust Company (Private) Limited and SSGC LPG (Private) Limited [hereinafter referred to as "the Group"] , which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that, except for the matters described in the Basis for Qualified Opinion section of our report, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Group's affairs as at June 30, 2019 and of the loss, the total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

a) As disclosed in notes 28.1 and 28.2 to the consolidated financial statements, trade debts include receivables of Rs. 32,888 million (2018: Rs. 31,948 million) and Rs. 23,661 million (2018: Rs. 22,924 million) from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML) respectively. Significant portion of such receivables include overdue amounts, which have been considered good by management and classified as current assets in the consolidated financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances due to which management has decided to recognise LPS on a receipt basis from the aforesaid entities effective from July 01, 2012.

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

b) As disclosed in note 31 to the consolidated financial statements, interest accrued includes interest receivable of Rs. 7,547 million and Rs. 3,741 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA) respectively. These have been accounted for in line with Holding Company's practice of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to dispute with WAPDA, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered and the timeframe over which such recovery will be made;

c) On April 30, 2018, The International Court of Arbitration decided against the Holding Company in the case with Habibullah Coastal Private Company Limited (HCPCL) and imposed liquidated damages amounting to Rs. 4,158 million. Prior to the decision, the Economic Coordination Committee (ECC) through its meeting held on February 07, 2018 had proposed waiver of liquidated damages and directed Ministry of Energy – Petroleum Division to work out modalities in consultation with all stakeholders. Based on that decision, management has recognised a receivable of Rs. 4,158 million (2018: Rs. 3,788 million) from HCPCL as disclosed in note 32 to the consolidated financial statements. However, to date, no agreement has been finalized between the relevant stakeholders. In the absence of the agreement, there is no contractual right to receive cash or financial asset from HCPCL and the requirements of IFRS 9 'Financial Instruments' are not met. Had management not recognised this receivable, the loss before tax would have increased by Rs. 4,158 million (2018: Rs. 3,788 million) and net assets would have reduced by Rs. 2,952 million (2018: Rs. 2,652 million).

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

Emphasis of Matter

We draw attention to:

(i) 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);

(ii) note 19 to the consolidated financial statements that describes that the Holding Company has reversed the late payment surcharge (LPS) expense of Rs. 26,222 million on delayed payables pertaining to gas supplied by Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) with effect from July 01, 2012 to June 30, 2016 and not recorded LPS expense for the year ended June 30, 2017, June 30, 2018 and June 30, 2019 amounting to Rs. 7,569 million, Rs. 7,477 million and Rs. 10,525 million respectively for reasons described in the said note.

Our opinion is not qualified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and Emphasis of Matter Paragraphs, we have determined the matters described below to be the key audit matters to be communicated in our report.

S. No	Key Audit Matter	How matter was addressed in our audit
1	**Financial Performance** As disclosed in note 1.4 the consolidated financial statements that describes the reasons why Holding Company has incurred losses, performance has been declined over the years and the steps / plans of the management/ Board which will result in improvement in the Holding Company's profitability and its financial position in the next few years. Due to significance of the matter we consider this to be a Key audit matter.	Our audit procedures include the following: • reviewed the financial projections of the Holding Company for next five years and evaluated the reasonableness and appropriateness of the assumptions used in preparation of the projections; • reviewed managements unaccounted for gas (UFG) reduction plan and evaluated the reasonableness and appropriateness of the assumptions used in UFG reduction plan; • inspected Government of Pakistan (Finance Division)

S. No	Key Audit Matter	How matter was addressed in our audit
		support letter in which Government extends its support to maintain the Holding Company's status of going concern; • compared subsequent financial information against projections to evaluate whether assumptions used in the projections appear to be appropriate; • inspected minutes of the meeting of Those Charged with Governance to review progress against the approved plans for financial management and UFG reduction; • inspected covenant relaxation letter to the Holding Company from financial institutions; and • reviewed and assessed the adequacy of the disclosures with the requirements of applicable financial reporting framework.
2	**Revaluation of leasehold land and freehold land:** As disclosed in note 3.7 and 6 to the accompanying consolidated financial statements, freehold land and leasehold land are carried at revaluation model. The revaluation exercise performed during the year by an external valuer (the expert) engaged by management has resulted in an increase of Rs. 8,277 million in the value of property. We have considered the above matter as a key audit matter due to valuation of lease hold and freehold land involves significant judgement and estimates.	Our audit procedures include the following: • assessed the competence, capability and independence of management expert; • evaluated the methodology used by the management expert; • checked the completeness and accuracy of source data sent to management expert; • engaged an auditor's expert to assess whether the assumptions used in valuation of leasehold land and freehold land is reasonable; and • reviewed and assessed the adequacy of the disclosures with the requirements of applicable financial reporting framework.
3	**First time adoption of IFRS 9 'Financial Instruments'** As disclosed in note 3.5 to the consolidated financial statements, IFRS 9 "Financial Instruments" became applicable for the first time on the Group's annual financial statements, with effect from July 01, 2018 this standard supersedes the requirements of IAS 39 "Financial Instruments – Recognition and Measurement". Management has determined that the most significant impact of the new standard on the	Our audit procedures include following: • obtained an understanding of management process to record impairment and ensure that it is consistent with the requirement of applicable financial reporting framework. Evaluated the design and implementation of management's key internal controls relating to credit control, debt collection and making impairment loss allowances for doubtful debts. • reviewed and assessed the appropriateness of changes to the Group's accounting policies due to adoption of the IFRS 9;

S. No	Key Audit Matter	How matter was addressed in our audit
	Group's financial statements relates to the application of the Expected Credit Loss (ECL) model for impairment of financial assets excluding those related to the entities owned or controlled by the Government of Pakistan which are specifically exempt as per Circular No. 985 (I)/2019 dated September 02, 2019 and further clarification vide its letter no. EMD/IACC/4/2009.145 dated September 8, 2020 of SECP. The Group assesses at each reporting date whether the financial assets carried at amortized cost are credit impaired. The Group's management has applied a simplified ECL model to determine the allowance for impairment of trade debts. The ECL model involves the use of various assumptions, macro-economic factors and study of historical trends relating to Group's history of collection of such trade debts. We considered the above as key audit matter due to first time application of IFRS 9 on the consolidated financial statements, which included use of significant judgements and estimates by the management.	• checked the accuracy and completeness of underlying data used in the model and the arithmetical accuracy of the computation of ECL; • assessed the reasonableness of key assumptions and judgments used to calculate impairment; • inspected correspondence between the Group and customers and where relevant with the ECC and Ministry of Petroleum and Natural resources; • inspected correspondence letter from Security Exchange Commission of Pakistan (SECP) regarding exclusion of balance due from Government of Pakistan as a consequence of circular debt till June 30, 2021; and • reviewed and assessed the adequacy of the disclosures with the requirements of applicable financial reporting framework.
4	**Contingent Liabilities:** As disclosed note 19 to the consolidated financial statements that describe that the Group is subject to various material litigations and claims involving different courts. The outcome of these cases is uncertain and beyond management's control. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to the significance of the amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant	Our audit procedures, amongst others, included the following: • obtained an understanding of the Group's process and controls over litigations through meetings with management and review of minutes of the meetings of Board of Directors including its sub committees; • analyzed significant changes from prior periods and obtained a detailed understanding of these items and assumptions applied; • obtained confirmations from the Group's external legal and tax counsels for their views on legal position of the Group in relation to these pending matters; • involved internal tax professionals to assess appropriateness of management's conclusion on matters disclosed as tax contingencies; • checked correspondence of the Group with the relevant

S. No	Key Audit Matter	How matter was addressed in our audit
	management judgments and estimates to assess the same including related financial impacts, we have considered contingent liabilities as a key audit matter.	authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; and • assessed the adequacy of the related disclosures made in the consolidated financial statements in this respect with regard to the applicable accounting and reporting standards.
5	**Revenue Recognition** (Refer to note 36 and 37 to the consolidated financial statement) The Holding Company is engaged in the business of transmission and distribution of natural gas in Sindh and Balochistan. The revenue is recognized on the basis of gas supplied to customer, at rates announced by OGRA, at the time when the gas has been delivered to the respective customer's gas meter. For the year ended June 30, 2019, Group's revenue related to distribution of gas and Gas Development Surcharge amounts to Rs. 219,264 million and Rs. 84,885 million respectively. We consider this as a key audit matter due to significance of the amount involved and the fact that this amount is included in FRR to OGRA as operating income and OGRA relies on results of our audit procedures and consequently considerable time and resources are required.	Our audit procedures include the following: • obtained detailed understanding of the management process for recognition of revenue and to assess whether it is consistent with requirements of applicable accounting standard; • evaluated the design and operating effectiveness of control (including mitigating controls) over revenue recognition: • performed substantive procedures including test of details on a sample of transactions by inspecting meter reading documents, sales agreement, gas bills and rates from OGRA notification and substantive analytical procedures by developing an overall expectation of revenue based on relevant and reliable data and comparing with actual results; • inspected the Final Revenue Requirement issued by the OGRA; • ensured that Gas Development Surcharge recorded is as per the regulatory requirement; and • reviewed and assessed the adequacy of the disclosures with the requirements of applicable financial reporting framework.
6	**Employee Benefits** (Refer note 10 and 45 of the consolidated financial statement). The Group operates multiple retirement benefit schemes for different cadres of employees. The total net present value of the such obligations is Rs. 11,270 million at June 30, 2019. We have considered this matter as a key audit	Our audit procedures include the following: • evaluated the design and implementation of controls in respect of post-retirement benefit obligations; • assessed the competence, capability and independence of management expert; • evaluated the underlying data sent to management expert; and

S. No	Key Audit Matter	How matter was addressed in our audit
	matter as the valuation of pension and gratuity plan liabilities requires judgement in determining appropriate assumptions such as salary increase, mortality rates, discount rates and inflation level.	• engaged an auditor's expert to assess whether the assumptions used in calculating the liabilities were reasonable who performed the following procedures: - assessed whether salary increases and mortality rate assumptions were consistent with the relevant national and industry benchmarks; - assessed that the discount and inflation rates used were consistent with auditor expert's expertise and knowledge and in line with other companies' recent external reporting; and - reviewed the calculation prepared by management's expert to assess the consistency of the assumptions used.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance / conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. For matters described in Basis for Qualified Opinion section above, we were unable to conclude whether other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We have concluded that other information is materially misstated for the same reason as described in the Basis for Qualified Opinion section above.

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

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

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

Board of Directors are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that:

a) In our opinion, except for the matters discussed in our 'Basis for Qualified Opinion' paragraph:

   I. proper books of account have been kept by the Group as required by the Companies Act, 2017 (XIX of 2017);

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

III. investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Group's business; and

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

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

Yousuf Adil

Chartered Accountants

Place: Karachi
Date: July 14, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

	Note	2019	2018
		-------------- (Rupees in '000)	--------------
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000**	10,000,000
Issued, subscribed and paid-up capital	4	**8,809,163**	8,809,163
Reserves	5	**4,907,401**	4,907,401
Surplus on re-measurement of available for sale securities		**-**	334,805
Surplus on re-measurement of FVTOCI securities		**199,621**	-
Surplus on revaluation of property, plant and equipment	6	**21,950,532**	13,673,415
Accumulated losses		**(43,450,758)**	(24,820,442)
Total Equity		**(7,584,041)**	2,904,342
LIABILITIES			
Non-current liabilities			
Long term finance	7	**36,919,543**	44,721,775
Long term deposits	8	**17,873,911**	15,446,335
Employee benefits	10	**5,875,230**	5,956,657
Obligation against pipeline	11	**879,331**	933,345
Deferred credit	12	**4,844,471**	6,037,795
Contract liabilities	13	**4,402,391**	-
Long term advances	14	**3,070,033**	3,148,848
Total non-current liabilities		**73,864,910**	76,244,755
Current liabilities			
Current portion of long term finance	15	**9,837,805**	11,573,691
Short term borrowings	16	**16,294,237**	9,759,947
Trade and other payables	17	**417,723,048**	269,871,841
Short term deposits		**18,407**	22,604
Current portion of obligation against pipeline	11	**54,014**	49,386
Current portion of deferred credit	12	**394,735**	570,973
Current portion of contract liabilities	13	**166,933**	-
Unclaimed Dividend		**285,434**	285,565
Interest accrued	18	**17,881,425**	17,229,031
Total current liabilities		**462,656,038**	309,363,038
Total liabilities		**536,520,948**	385,607,793
Contingencies and commitments	19		
Total equity and liabilities		**528,936,907**	388,512,135

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

	Note	2019	2018
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	20	**132,803,572**	122,690,750
Intangible assets	21	**29,475**	56,597
Deferred tax	9	**193,319**	179,595
Long term investments	22	**236,148**	376,432
Net investment in finance lease	23	**188,949**	246,764
Long term loans and advances	24	**184,039**	180,117
Long term deposits		**42,596**	61,105
Total non-current assets		**133,678,098**	123,791,360
Current assets			
Stores, spares and loose tools	25	**2,365,773**	2,015,992
Stock-in-trade	26	**1,889,640**	1,198,474
Current maturity of net investment in finance lease	23	**57,814**	57,815
Customers' installation work in progress	27	**211,349**	179,691
Trade debts	28	**84,191,799**	76,782,729
Loans and advances	29	**651,391**	782,814
Advances, deposits and short term prepayments	30	**255,651**	295,456
Interest accrued	31	**12,242,005**	10,988,723
Other receivables	32	**272,723,898**	151,811,933
Taxation - net	33	**19,717,006**	19,699,217
Other financial assets	34	**116,000**	116,000
Cash and bank balances	35	**836,483**	791,931
Total current assets		**395,258,809**	264,720,775
Total assets		**528,936,907**	388,512,135

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2019

	Note	2019	2018
		----------- (Rupees in '000) -----------	
Sales	36	**251,645,232**	184,014,613
Sales tax	36	**(32,381,199)**	(25,251,284)
		219,264,033	158,763,329
Gas development surcharge	37	**84,884,740**	22,645,175
RLNG differential margin	38	**(6,982,069)**	(4,004,081)
Net sales		**297,166,704**	177,404,423
Cost of sales	39	**(295,127,307)**	(187,195,880)
Gross profit/(loss)		**2,039,397**	(9,791,457)
Administrative and selling expenses	40	**(4,941,889)**	(4,577,285)
Other operating expenses	41	**(20,686,660)**	(5,513,074)
Impairment loss against financial assets		**(849,498)**	-
		(26,478,047)	(10,090,359)
		(24,438,650)	(19,881,816)
Other income	42	**14,409,908**	14,190,110
Operating loss		**(10,028,742)**	(5,691,706)
Finance cost	43	**(6,759,183)**	(5,065,105)
Loss before taxation		**(16,787,925)**	(10,756,811)
Taxation	44	**(1,574,884)**	(4,047,715)
Loss for the year		**(18,362,809)**	(14,804,526)
		(Rupees)	
Basic and diluted loss per share	46	**(20.85)**	**(16.81)**

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

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2019

	Note	2019	2018
		----------- (Rupees in '000) -----------	
Loss for the year		**(18,362,809)**	(14,804,526)
Other comprehensive income			
Item that may be reclassified subsequently to consolidated statement of profit or loss:			
- Unrealised (loss) / gain on re-measurement of available for sale securities		**-**	(183,894)
- Unrealised loss on re-measurement of of FVTOCI securities		**(135,184)**	-
Items that will not be reclassified subsequently to consolidated statement of profit or loss:			
- Remeasurement of post retirement benefits obligation		**(1,310,756)**	(1,367,427)
- Impact of deferred tax / current tax		**-**	410,445
- Gas development surcharge	32.1.2	**1,311,533**	1,368,151
		777	411,169
Revaluation surplus on land arising during the year		**8,277,117**	1,945,150
Total consolidated comprehensive loss		**(10,220,099)**	(12,632,101)

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2019

	Issued, subscribed and paid-up (note 4)	Capital reserves (Note 5)	Revenue reserves (Note 5)	Surplus on re-measurement of available for sale securities	Surplus on re-measurement of FVTOCI securities	Surplus on revaluation of property, plant and equipment	Accumulated losses	Total
	---------- (Rupees in '000) ----------							
Balance as at July 01, 2017	8,809,163	234,868	4,672,533	518,699	-	11,728,265	(10,427,085)	15,536,443
Total comprehensive loss for the year ended June 30, 2018								
Loss for the year	-	-	-	-	-	-	(14,804,526)	(14,804,526)
Other consolidated comprehensive income / (loss) for the year	-	-	-	(183,894)	-	1,945,150	411,169	2,172,425
Total consolidated comprehensive loss for the year	-	-	-	(183,894)	-	1,945,150	(14,393,357)	(12,632,101)
Balance as at June 30, 2018	**8,809,163**	**234,868**	**4,672,533**	**334,805**	**-**	**13,673,415**	**(24,820,442)**	**2,904,342**
Effect of adoption of IFRS 9 - Note 3.5	-	-	-	(334,805)	334,805	-	(268,284)	(268,284)
Balance as at July 01, 2018 (Restated)	8,809,163	234,868	4,672,533	-	334,805	13,673,415	(25,088,726)	2,636,058
Total comprehensive income for the year ended June 30, 2019								
Loss for the year	-	-	-	-	-	-	(18,362,809)	(18,362,809)
Other comprehensive (loss) / income for the year	-	-	-	-	(135,184)	8,277,117	777	8,142,710
Total comprehensive (loss) / income for the year	-	-	-	-	(135,184)	8,277,117	(18,362,032)	(10,220,099)
Balance as at June 30, 2019	**8,809,163**	**234,868**	**4,672,533**	**-**	**199,621**	**21,950,532**	**(43,450,758)**	**(7,584,041)**

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

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended June 30, 2019

	Note	2019	2018
		----------- (Rupees in '000) -----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(16,787,925)**	(10,756,811)
Adjustments for non-cash and other items	47	**18,588,547**	16,057,200
Working capital changes	48	**17,869,283**	4,573,350
Financial charges paid		**(7,191,474)**	(5,677,180)
Employee benefits paid		**(110,690)**	(100,539)
Payment for retirement benefits		**(1,875,658)**	(905,039)
Long term deposits received - net		**2,427,576**	971,133
Deposits paid - net		**(5,560)**	(3,073)
Loans and advances to employees - net		**301,450**	141,462
Interest income received		**1,232,788**	719,828
Income taxes paid		**(1,606,397)**	(1,864,409)
Net cash generated from operating activities		**12,841,940**	3,155,922
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(9,733,238)**	(10,945,482)
Payments for intangible assets		**(2,325)**	(9,020)
Other financial assets		**5,100**	-
Proceeds from sale of property, plant and equipment		**126,319**	126,563
Lease rental from net investment in finance lease		**104,425**	114,780
Payment for obligation against pipeline		**(135,732)**	(135,732)
Dividend received		**17,020**	18,818
Net cash used in investing activities		**(9,618,431)**	(10,830,073)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		**69,044**	10,072,635
Repayments of local currency loans		**(9,775,000)**	(9,611,491)
Customer finance received		**6,400**	12,962
Repayment of customer finance		**(13,560)**	(14,350)
Dividend paid		**(131)**	(156)
Net cash (used in)/generated from financing activities		**(9,713,247)**	459,600
Net decrease in cash and cash equivalents		**(6,489,738)**	(7,214,551)
Cash and cash equivalents at beginning of the year		**(8,968,016)**	(1,753,465)
Cash and cash equivalents at end of the year		**(15,457,754)**	(8,968,016)
Cash and cash equivalent comprises:			
Cash and bank balances		**836,483**	791,931
Short term borrowings		**(16,294,237)**	(9,759,947)
		(15,457,754)	(8,968,016)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended June 30, 2019

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- Sui Southern Gas Company Limited

Subsidiary Companies	Percentage of holding 2019	Percentage of holding 2018
- 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 the Karachi, Lahore and Islamabad Stock Exchanges (now Pakistan Stock Exchange). The main activity of the Holding Company is transmission and distribution of natural gas in Sindh and Balochistan. The Holding Company is also engaged in certain activities related to the gas business including the manufacturing and sale of gas meters and construction contracts for laying of pipelines.

The registered office of the Holding Company is situated at SSGC House, Sir Shah Suleman Road, Block 14, Gulshan e Iqbal, Karachi. The Holding Company's pipe coating plant is situated at Plot No. F-76 SITE Avenue Karachi (Here 3/4", 1" & 2" pipe is coated for Distribution South Karachi and Khadeji P&C Base Camp M-9 Motorway Karachi.
The addresses of other regional offices of the Holding Company are as follows:

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

Sui Southern Gas Provident Fund Trust Company (Private) Limited

Sui Southern Gas Provident Fund Trust Company (Private) Limited is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office is situated at ST-4/B, Block-14, Sir Shah Muhammad Suleman Road, Gulshan-e-Iqbal, Karachi and was formed to facilitate administration of employees retirement funds of the Holding Company.

SSGC LPG (Private) Limited

SSGC LPG (Private) Limited is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office of the Subsidiary Company is situated at LDC building Karachi Terminal Main University Road, Karachi and its main activity is supply of liquefied petroleum gas and provision of terminal and storage services.

The Subsidiary Company acquired the assets including:

- LPG Import Terminal, Bulk Storage at North West Industrial Zone, Port Qasim, Karachi and

- Bottling plants at Sara-e-Gadai Stop, Kot Najeebullah Road, Industrial Estate Hattar-22610 Haripur, KPK and Sheikhhupura Bedad Road, Muridke Panjab through the High Court of Sindh auction during October 2011.

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

1.2 Basis of consolidation

- The consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Companies, together "the Group".

- The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company for the purpose of consolidation, using consistent accounting policies.

- The assets, liabilities, income and expenses of subsidiaries have been consolidated on a line by line basis.

- Minority interest represents the portion of the net results of operations and of net assets of subsidiaries attributable to interests which are not owned by the Holding Company.

- Material intra-group balances and transactions have been eliminated.

1.3 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA), the Holding Company is provided a minimum annual return before taxation of 17.43% per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial and other non-operating expenses and non-operating income. The determination of annual required return is reviewed by OGRA under the terms of the license for transmission, distribution and sale of natural gas, targets and parameters set by OGRA. Income earned in excess / 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 Holding Company has suffered loss after tax of Rs. 18,395 million resulting in an increase in its accumulated losses to Rs. 42,982 million and weakening of its equity by Rs. 11,429 million after including the impact of staggering as discussed in note 2.1.1 to these consolidated financial statements.

The Holding Company's financial performance for the year has been deteriorated mainly because of higher UFG, and its disallowance by OGRA and continued non-implementation of ECC Policy Guidelines allowing the impact of UFG due to RLNG Volume Handling and staggering of losses due to dismissal of Company's petitions by Sindh High Court (refer note 1.5).

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

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Holding Company was allowed UFG based on RLNG handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. However, in its determination on Final Revenue requirement for FY 2017-18 OGRA did not consider implementing the aforementioned decision and advised to take up the matter with SNGPL in consultation with Ministry of Energy (Petroleum Division). The Holding Company has reiterated its earlier position of higher UFG due to RLNG and as a result OGRA has initiated a process of hiring of services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of Indigenous gas as well as imported RLNG , ECC also constituted a Committee comprising Sectraries, Petroleum & Finance to sort out the issue between Holding Company and Sui Northern Gas Pipelines Limited (SNGPL).

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

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

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

- Banks have also waived the debt to equity covenant for financial years 2018-19 and 2019-20. However, the Holding Company has never defaulted in payment of any installment of principal and interest thereon and some of the loans have been totally paid off to date.

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

1.5 Determination of revenue 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, the Sindh High Court dismissed the Holding Company's petitions through its judgement. Consequently, OGRA in its decision dated December 22, 2016 and October 26, 2017 for determination of FRR for FY 2016 and 2017 respectively allowed UFG at 4.5% and treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge, and Sale of Gas Condensate as operating income. The Holding Company has filed civil petition for leave to appeal in the Supreme Court of Pakistan on January 25, 2017, against the abovementioned Sindh High Court judgement. But the management has considered OGRA's decision in preparation of financial statements for the year ended June 30, 2019.

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 and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

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

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

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

2.1.1 Staggering of Losses arising due to Sindh High Court decision

As disclosed in note 1.5, OGRA 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 and compliance with the disclosure requirements of IFRSs for departing with IFRSs are met.

Based on above 50% impact (Rs. 18,359 million) of the decision of Sindh High Court for FY 2011 to 2015 was accounted for in FY 2015-16. The remaining Rs. 18,359 million was required to be accounted for in FY 2016-17. However, considering financial position of the Holding Company and the fact that the loss of Rs. 36,718 million pertains to 5 financial years, a summary was moved by Ministry of Energy (Petroleum Division) to Economic Coordination Committee (ECC) to allowing staggering of Rs. 18,359 million in 5 years. The ECC approved the summary through letter dated May 31, 2018 advising SECP to allow staggering of remaining Rs. 18,359 million in five years. The Holding Company approached SECP after considering ECC decision, who through its letter dated June 27, 2018 advised the board to make the necessary decision to present a true and fair view of the Holding Company's financial position and performance. Based on the letter received from SECP, OGRA, in its decision dated December 24, 2018, endorsed the staggering of remaining Rs. 18,359 million over a period of five years (FY 2016-17 to FY 2020-21) and continued the practice of FY 2017-18. This staggering has also been accounted for in these consolidated financial statements.

Further, the OGRA, in its decision dated December 24, 2018 also directed the Holding Company to review its dividend pay-out policy for future years till such time the above adjustment impact is dispelled (i.e. FY 2020-21).

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain investments stated in note 22 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 Group that may have a significant risk of material adjustments to these consolidated financial statements in the subsequent year are discussed in note 55.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Group for the year ended June 30, 2018, except for the application of IFRS 15 'Revenue from Contracts with Customers' as disclosed in note 3.3 and IFRS - 9 'Financial Instruments' as disclosed in note 3.5

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

Except for the application of IFRS 15 'Revenue from Contracts with Customers' in note 3.3 and IFRS - 9 'Financial Instruments' disclosed in note 3.5, the following standards, amendments and interpretations are effective for the year ended June 30, 2019. 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 consolidated financial statements other than certain additional disclosures.

Standards / Amendments / Interpretations	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
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 15 'Revenue from Contracts with Customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
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

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 Group's financial statements other than certain additional disclosures except for the application of IFRS 16 'Leases' and IFRS 14 'Regulatory Deferral Accounts' of which the management is in the process of assessing the impacts on the consolidated financial statements for the year ended June 30, 2020.

	Effective from accounting period beginning on or after:
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
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 References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019

	Effective from accounting period beginning on or after:
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
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 17 – Insurance Contracts

3.3 IFRS 15 - Revenue from Contracts with Customers

The Group has adopted IFRS 15 with effect from July 01, 2018. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 18 Transfer of Assets from Customers and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Group has elected to apply the standard on a modified retrospective basis as permitted by IFRS 15 whereby the cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

As a result of adopting IFRS 15 on modified retrospective basis, the following adjustments were made to the amounts recognised in the statement of financial position:

Description	Carrying amount as previously reported June 30, 2018	Reclassification due to adoption of IFRS 15 July 1, 2018	IFRS 15 carrying amount July 1, 2018
	------------------------ (Rupees in 000)	------------------------	
Deferred credit	6,037,795	(876,342)	5,161,453
Current portion of deferred credit	570,973	(140,557)	430,416
Trade and other payables	269,871,841	(2,677,773)	267,194,068
Contract liabilities	-	3,554,115	3,554,115
Current portion of contract liabilities	-	140,557	140,557

The core business of the Holding Company is transmission and distribution of gas and is the only performance obligation towards its customers based on the contracts with customers.

The Holding Company has recognised contract liabilities due to adoption of IFRS 15 on July 01, 2018, which represents contribution received from the customers towards the cost of supplying and laying transmission, service and main lines. Prior to year ended June 30, 2010, these contributions were treated as Deferred Credit and were being amortised as income over the useful lives of the related assets. From the year ended June 30, 2010, these contributions were recognised in the income on immediate basis (upon completion and commissioning of the project) based upon the management's interpretation of International Financial Reporting Interpretation Committee (IFRIC) – 18 "Transfers of assets from customers" which was effective from the same year. However, the similar contributions from customers in respect of the additional pipelines laid and commissioned prior to the year ended June 30, 2010 are being amortised over the useful lives of the assets.

From July 01, 2018, as per the requirements of the IFRS 15, these contributions are being amortised over the useful lives of the related assets as laying of the pipelines is not a distinct performance obligation, instead is considered a part of the Holding Company's only performance obligation to deliver gas to the customers. For balances prior to application date in accordance with the opinion of the Accounting Standard Board (ASB) of ICAP dated July 08, 2020 that a retrospective adjustment to the opening statement of financial position is not required with respect to the deferment of the previously recognized revenues against the contributions received towards the cost of supplying and laying transmission, service and main lines on contract as these do not have a continuing performance obligations under IFRIC 18.

3.3.1 Revenue recognition

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

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

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

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

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

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

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

- Revenue from gas sales is recognised on the basis of gas supplied to customers at rates periodically announced by the OGRA.
- Meter rental income is recognised 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 is amortised and related income is recognised in the consolidated statement of profit or loss over the useful lives on commissioning of the related assets.
- For comparative balances deferred credit from customers after July 01, 2009 for laying of distribution lines is recognised in the consolidated statement of profit or 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 amortised in consolidated statement of profit or loss over the useful lives of related assets.

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

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

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

3.3.2 Gas development surcharge

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

3.3.3 RLNG differential margin

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

3.4 Contract liabilities

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

3.5 IFRS 9 'Financial Instruments

On application of IFRS - 9 'Financial Instruments', there is no material change in the Group’s financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Group for the year ended June 30, 2018.

3.5.1 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Group has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the year ended June 30, 2019.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities;
2) Impairment of financial assets; and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Group financial statements are described below except the General Hedge Accounting which the Company does not apply.

(a) Classification and measurement of financial assets

The Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

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

Specifically:

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

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

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

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

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

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

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Group's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- the Group's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been reclassified as at FVTOCI. The change in fair value on these equity instruments will be recorded in the other comprehensive income;

- there is no change in the measurement of the Group's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL;

Para (c) below tabulates the change in classification of the Group's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the consolidated statement financial position, consolidated statement of profit or loss and consolidated statement of other comprehensive income or total comprehensive income for the year.

(b) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in consolidated statement of profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities because the Group does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

(c) Disclosures in relation to the initial application of IFRS 9

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

Impact of change in accounting policies due to adoption of IFRS 9

Financial assets and financial liabilities	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
			------------------------- (Rupees in '000)	-------------------------	
Financial assets					
Long term investments	AFS	FVTOCI	376,432	376,432	-
Net investment in finance lease	LR	AC	304,579	304,579	-
Loans and advances	LR	AC	782,814	782,814	-
Trade deposits	LR	AC	66,675	66,675	-
Trade debts	LR	AC	76,782,729	76,782,729	-
Interest accrued	LR	AC	10,988,723	10,960,715	(28,008)
Other receivables	LR	AC	67,532,766	67,292,490	(240,276)
Cash and bank balances	LR	AC	791,931	791,931	-
Financial liabilities					
Long term financing	OFL	AC	56,295,466	56,295,466	-
Long term deposits	OFL	AC	15,446,335	15,446,335	-
Short term borrowings	OFL	AC	9,759,947	9,759,947	-
Unclaimed dividend	OFL	AC	285,565	285,565	-
Trade and other payables	OFL	AC	269,757,919	269,757,919	-
Interest accrued	OFL	AC	17,229,031	17,229,031	-

- "LR" is loans and receivables
- "AC" is amortised cost
- "HFT" is held for trading
- "AFS" is available for sale
- "FVTOCI" is fair value through other comprehensive income
- "FVTPL" is fair value through profit or loss
- "OFL" is other financial liabilities

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39 incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9, the Holding Company recognised additional impairment on the Group's trade debts amounting to Rs 268.284 million which resulted in a decrease in accumulated losses as at July 01, 2018.

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

The Group has applied IFRS 9 using modified retrospective approach and has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 on impairment have been recognized directly in opening balance of retained earning as follows:

Financial assets	Provisions as at June 30, 2018	Impact on retained earnings	Charge for the year	Provisions as at June 30, 2019
	(Rupees in '000)			
Trade debts	14,825,521	-	843,680	**15,669,201**
Interest accrued	84,392	28,008	-	**112,400**
Other receivables	2,346,359	240,276	239	**2,586,874**
	17,256,272	**268,284**	**843,919**	**18,368,475**

3.5.2 Financial instruments

Financial assets and financial liabilities are recognised when the Group 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 Group 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 statement of profit or loss immediately.

3.5.3 Derivative financial instruments

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

3.5.4 Off-setting

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

3.5.5 Impairment of financial assets

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

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

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

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

(i) Significant increase in credit risk

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

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

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

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

(1) The financial instrument has a low risk of default,

(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation, or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Measurement and recognition of ECL

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

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

3.6 Investments as per IAS 39 (For corresponding figures)

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 or loss account. Impairment losses recognised in consolidated statement of profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through consolidated statement of profit or 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 is recognised in consolidated statement of profit or loss, the impairment loss will be reversed, with the amount of the reversal recognised in consolidated statement of profit or loss.

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 statement of profit or loss.

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 Group 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 Group has transferred substantially all risk and rewards of ownership.

3.7 Property, plant and equipment

Initial recognition

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

The cost of the property, plant and equipment includes:

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

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

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

Subsequent measurement

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

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus to retained earnings.

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 these consolidated statement of profit or loss as an expense when it is incurred.

Capital work in progress

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

Depreciation

- **Compressors and transmission lines**

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

- **Other operating assets**

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

Useful lives of the assets are mentioned in the note 20 to these consolidated financial statements.

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

Gains and losses on disposal

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

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 these consolidated statement of profit or loss.

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

Borrowing costs

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

Actual borrowing cost is capitalised on funds borrowed specifically for the purpose of construction of qualifying assets, less any investment income on the temporary investment of those borrowings.

The Group determines a weighted average capitalisation rate in case of general borrowings attributable to qualifying assets.

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

Leased assets

Leased assets in which the Group 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.

3.8 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 Group's net investment in finance lease.

3.9 Stores, spares and loose tools

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

3.10 Stock-in-trade

Gas in pipelines

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

Liquefied petroleum gas

Stocks of liquified 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 reporting date less impairment losses, if any.

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

3.11 Impairment of non-financial assets

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

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

3.12 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowance, if any. The Group always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade debts and other receivables considered irrecoverable are written off.

3.13 Trade and other payables

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

3.14 Mark-up bearing borrowings

Long term financing

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

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

Leases

The Group 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 statement of profit or loss.

3.15 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.

3.16 Deferred credit

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

3.17 Taxation

Current

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

Deferred

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

The 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.

3.18 Staff retirement benefits

The Holding Company operates the following retirement schemes for its employees:

- Approved funded pension and gratuity schemes for all employees.

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

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

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

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

  Liability under these schemes is recognised in the period in which the benefit is earned based on the actuarial valuations that is carried out annually under the projected unit credit method. The 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 the consolidated statement of comprehensive income. Gas development surcharge with respect to actuarial gains / losses are recognized in other comprehensive income, instead of consolidated statement of profit or loss.

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

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

- 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 statement of profit or loss.

3.19 Compensated absences

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

3.20 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 reporting date. Exchange gains and losses are taken to the consolidated statement of profit or loss.

3.21 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.

3.22 Cash and cash equivalents

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

3.23 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.

3.24 Dividend and reserves appropriation

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

3.25 Share Capital

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

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
----------- (Numbers) -----------			-------- (Rupees in '000) --------	
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	**2,195,666**	2,195,666
661,349,755	661,349,755	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.

5. RESERVES

	Note	2019	2018
		-------- (Rupees in '000) --------	
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 PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book values resulting from the revaluation of the Holding Company and Subsidiary's freehold and leasehold land carried out by an independent valuer K.G. Traders (Private) Limited and firm of Chartered Accountants respectively to determine the fair value as of June 30, 2019. The valuation was based on market research.

Market value of buildings / civil works, roads, pavements and related infrastructure, compressors, plant and machinery, construction equipment, motor vehicles and gas transmission and distribution pipelines is Rs. 177,816 million of the Holding Company. However, no impact of revaluation has been incorporated in these consolidated statement of financial position as cost model has been adopted for aforesaid assets.

In respect of Subsidiary market value of property, plant & equipment at PQA, Haripur and Muridke other than freehold and leasehold land is Rs. 2,893 million. However, no impact of revaluation has been incorporated in these consolidated financial statements as cost model has been adopted for aforesaid assets.

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

	2019	2018
	(Rupees in '000)	
Freehold land	**517,627**	472,860
Leasehold land	**320,610**	213,540
	838,237	686,400

6.1. Details of the Group's freehold and leasehold land and information about fair value hierarchy, explained in note 52.4.1, as at June 30, 2019 are as follows.

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Freehold land	-	10,862,545	-	10,862,545
Leasehold land	-	11,763,436	-	11,763,436

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

6.2 Forced sale values of freehold land and leasehold land is Rs. 9,216 million and Rs. 9,971 million respectively.

	Note	2019	2018
		(Rupees in '000)	
7. LONG TERM FINANCE			
Secured			
Loans from banking companies	7.1	**36,161,848**	43,961,852
Unsecured			
Front end fee of foreign currency loan	7.2	**23,950**	23,950
Customer finance	7.3	**168,326**	189,600
Government of Sindh loans	7.4	**565,419**	546,373
		757,695	**759,923**
		36,919,543	**44,721,775**

	Note	2019	2018
		---------- (Rupees in '000) ----------	

7.1 Loans from banking companies

	Installment payable	Repayment period	Mark-up rate p.a. (above 3 months and 6 months * KIBOR)	Note	2019	2018
Bank Alfalah Limited - Led Consortium	quarterly	2018 - 2019	0.40%	7.1.3	**1,750,000**	5,250,000
Habib Bank Limited	quarterly	2018 - 2022	0.50%	7.1.3	**2,100,000**	2,700,000
United Bank Limited - Led Consortium	semi annually	2018 - 2022	0.50% *	7.1.1 & 7.1.3	**10,500,000**	13,500,000
Habib Bank Limited - Led Consortium	semi annually	2018 - 2026	1.10% *	7.1.2	**31,700,000**	34,200,000
Unamortised transaction cost					**(263,152)**	(313,148)
					45,786,848	55,336,852
Less: Current portion shown under current liabilities				15	**(9,625,000)**	(11,375,000)
					36,161,848	43,961,852

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

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, 2019, the Holding Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the year, repayment of Rs. 2,500 million has been made. The financial arrangements have been secured by GoP guarantee and ranking charge created by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Holding Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

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

7.2 Front end fee of foreign currency loan

	Installment payable	Repayment period	Mark-up rate per annum	Note	2019	2018
					---------- (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	2019	2018
		---------- (Rupees in '000) ----------	
7.3 Customer finance			
Customer finance	7.3.1	**194,464**	201,624
Less: Current portion shown under current liabilities	15	**(26,138)**	(12,024)
		168,326	189,600

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	2019	2018
					---------- (Rupees in '000) ----------	
Government of Sindh loan - III	yearly	2012 - 2021	4%	7.4.1	**80,000**	80,000
Government of Sindh loan - IV	yearly	2013 - 2022	4%	7.4.1	**500,000**	500,000
Government of Sindh loan - V	yearly	2015 - 2024	4%	7.4.1	**360,000**	360,000
Less: Impact of discounting of Government of Sindh loans				7.4.2	**(187,914)**	(206,960)
					752,086	733,040
Less: Current portion shown under current liabilities				15	**(186,667)**	(186,667)
					565,419	546,373

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 III, IV and V, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan III, IV and V and its initial fair value. The amount of Government of Sindh loan after conversion amounts to Rs 940 million and subsequently it is measured at its initial fair value of 170 million based on net of waiver as discussed in note 7.4.3. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in consolidated statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

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

8. LONG TERM DEPOSITS

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Security deposits from:			
- gas customers	8.1	**17,770,693**	15,277,281
- gas contractors	8.2	**103,218**	169,054
		17,873,911	15,446,335

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

	2019			
	Opening	Charge / (reversal) to profit or loss	Charge / (reversal) to OCI	Closing
	(Rupees in '000)			
Taxable temporary differences				
Accelerated tax depreciation	**15,297,108**	**126,692**	**-**	**15,423,800**
Net investment in finance lease	**91,374**	**(19,812)**	**-**	**71,562**
Deductible temporary differences				
Provision against employee benefits	**(1,786,784)**	**463,312**	**(380,345)**	**(1,703,817)**
Provision against impaired debts and other receivables and receivable from staff pension fund	**(5,055,264)**	**(236,929)**	**-**	**(5,292,193)**
Provision against impaired store and spares	**(98,671)**	**(5,498)**	**-**	**(104,169)**
Liability not paid within three years	**(12,350,130)**	**(2,316,728)**	**-**	**(14,666,858)**
Carry forward of tax losses	**(2,047,482)**	**(3,084,702)**	**-**	**(5,132,183)**
Minimum income tax	**(1,836,993)**	**(976,473)**	**-**	**(2,813,466)**
Others	**(71,630)**	**(31,611)**	**-**	**(103,241)**
Sub total	**(7,858,471)**	**(6,081,749)**	**(380,345)**	**(14,320,565)**
Deferred tax asset not recognised	**7,678,876**	**6,068,025**	**380,345**	**14,127,246**
Total	**(179,595)**	**(13,724)**	**(0)**	**(193,319)**

	2018			
	Opening	Charge / (reversal) to profit or loss	Charge / (reversal) to OCI	Closing
	(Rupees in '000)			
Taxable temporary differences				
Accelerated tax depreciation	14,555,219	741,889	-	15,297,108
Net investment in finance lease	108,718	(17,344)	-	91,374
Deductible temporary differences				
Provision against employee benefits	(1,470,717)	137,970	(454,037)	(1,786,784)
Provision against impaired debts and other receivables and receivable from staff pension fund	(4,731,197)	(367,659)	43,592	(5,055,264)
Provision against impaired store and spares	(88,227)	(10,444)	-	(98,671)
Liability not paid within three years	(9,301,358)	(3,048,772)	-	(12,350,130)
Carry forward of tax losses	(835,495)	(1,211,986)	-	(2,047,481)
Minimum income tax	(834,020)	(1,002,973)	-	(1,836,993)
Obligation under finance lease	-	-	-	-
Others	(83,948)	12,319	-	(71,629)
Sub total	(2,681,025)	(4,767,000)	(410,445)	(7,858,470)
Deferred tax asset not recognised	-	7,678,876	-	7,678,876
Total	(2,681,025)	2,911,876	(410,445)	(179,594)

9.1 As at June 30,2019, the Holding Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs.29,312 million (2018: Rs. 22,728 million) out of which deferred tax asset amounting to Rs. 15,185 million has been recognised and remaining balance of Rs 7,679 million is unrecognised. As at year end, the Holding Company's minimum tax credit amounted to Rs.2,813 million (2018: Rs. 1,837 million) having expiry period ranging between 2022 and 2024.

9.2 Furthermore, deferred tax asset recognised in these financial statements relates to the Subsidiary, the management of Subsidiary Company are confident that Company would have sufficient taxable profit in future, moreover both companies are not taxable as a Group.

		Note	2019	2018
			---------- (Rupees in '000) ----------	
10.	**EMPLOYEE BENEFITS - unfunded**			
	Provision for post retirement medical and free gas supply facilities - executives	45.2	**5,018,914**	4,967,770
	Provision for compensated absences - executives	10.1	**828,345**	967,630
	Provision for gratuity	10.2 & 45.4	**27,971**	21,257
			5,875,230	5,956,657
10.1	**Provision for compensated absences - executives**			
	Balance as at July 01		**967,630**	771,157
	Provision during the year		**(139,285)**	196,473
	Balance as at June 30		**828,345**	967,630
10.2	**Provision for gratuity**			
	Balance as at July 01		**21,257**	15,929
	Provision during the year		**6,714**	5,328
	Balance as at June 30		**27,971**	21,257
11.	**OBLIGATION AGAINST PIPELINE**			
	Principal amount of obligation against pipeline	11.1	**933,345**	982,731
	Less: current portion of obligation against pipeline		**(54,014)**	(49,386)
			879,331	**933,345**

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	2019	2018
			---------- (Rupees in '000) ----------	
12.	**DEFERRED CREDIT**			
	Government of Pakistan contributions / grants			
	Balance as at July 01		**3,285,092**	3,539,596
	Additions / adjustments during the year		**89,596**	24,182
	Transferred to consolidated statement of profit or loss	12.1	**(310,660)**	(278,686)
	Balance as at June 30		**3,064,028**	3,285,092
	Contribution from customers			
	Balance as at July 01		**-**	1,168,909
	Transferred to consolidated statement of profit or loss		**-**	(152,010)
	Balance as at June 30		**-**	1,016,899
	Government of Sindh (Conversation of loan into grant)			
	Balance as at July 01		**2,133,559**	-
	Additions during the year		**6,367**	2,288,772
	Transferred to consolidated statement of profit or loss		**(114,715)**	(155,213)
	Balance as at June 30		**2,025,211**	2,133,559
	Government of Sindh grants			
	Balance as at July 01		**173,218**	1,034,396
	Transferred to consolidated statement of profit or loss	7.4.2	**(23,251)**	(54,938)
	Adjustment	7.4.3	**-**	(806,240)
	Balance as at June 30		**149,967**	173,218
			5,239,206	6,608,768
	Less: Current portion of deferred credit		**(394,735)**	(570,973)
			4,844,471	6,037,795

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

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

13 CONTRACT LIABILITIES

	2019	2018
	---------- (Rupees in '000) ----------	
Contribution from customers	1,406,461	-
Advance received from customers for laying of mains, etc.	2,995,930	-
	4,402,391	-

13.1 Contribution from customers

	2019	2018
Balance as at July 01	-	
Reclassified from deferred credit to contract liabilties	1,016,899	
Additions during the year	721,747	
Transferred to consolidated statement of profit or loss	(165,252)	-
	1,573,394	-
Less: Current portion of contributions from customers	(166,933)	
Balance as at June 30	1,406,461	-

13.2 As explained in note 3.3 to these consolidated financial statements, the Holding Company has applied the provisions of IFRS 15 “Revenue from Contract with Customers” for the first time in these consolidated financial statements and accordingly, has recognised the contract liabilities in respect of the amount received from the customers as contribution towards the cost of supplying and laying transmission, service and main lines. These contributions were being treated as deferred credit previously under IFRIC 18 from the year ended June 30, 2010 to June 30, 2018 and the revenue was being recognised when the lines were laid and commissioned based on the management’s judgment under IFRIC 18.

The Holding Company has not adjusted the amounts reported in prior years as the Holding Company that contracts for which the revenue has already been recognised under IFRIC 18 are considered complete under the transitional provisions of IFRS 15 read with IFRIC 18.

14. 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 3.16 to these consolidated financial statements, such deferred credit is amortised over the estimated useful lives of related assets.

15. CURRENT PORTION OF LONG TERM FINANCE

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Loans from banking companies	7.1	9,625,000	11,375,000
Customer finance	7.3	26,138	12,024
Government of Sindh loans	7.4	186,667	186,667
		9,837,805	11,573,691

16. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 25,000 million (2018: Rs. 23,000 million) and subject to mark-up of 0.20% (June 30, 2018: 0.10%) above 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. 8,706 million. (2018: Rs. 13,240 million).

17. TRADE AND OTHER PAYABLES

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Creditors for:			
- gas supplies	17.1	**376,650,363**	233,477,294
- supplies		**257,257**	1,157,886
		376,907,620	234,635,180
Payable to SNGPL for differential tariff		**1,681,019**	1,487,714
RLNG differential margin payable to GoP		**9,305,131**	2,516,367
Engro Elengy Terminal Limited		**1,984,729**	1,764,281
Advance received from customers for laying of mains, etc.		**-**	2,677,773
Accrued liabilities		**3,615,801**	3,902,232
Advance from LPG customers		**-**	51,617
Provision for compensated absences - non executives	17.3	**303,441**	309,391
Payable to staff gratuity fund	45.1	**5,091,663**	4,549,836
Deposits / retention money		**668,656**	678,233
Bills payable		**394,223**	129,430
Advance for sharing right of way	17.4	**18,088**	18,088
Withholding tax		**189,193**	103,275
Sales tax and Federal excise duty		**311,293**	280,403
Sindh sales tax		**132,163**	113,922
Processing charges payable to JJVL		**8,528,447**	8,528,447
Gas infrastructure development cess payable	17.5	**7,338,595**	7,425,827
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Advances from customers and distributors		**38,091**	35,978
Transport and advertisement services		**14,772**	13,795
Inter State Gas System (Private) Limited (ISGSL)		**-**	-
Workers' Profit Participation Fund	17.6	**174,515**	12,860
Provision		**8,051**	15,918
Others	17.7	**1,015,757**	619,474
		417,723,048	269,871,841

17.1 Creditors for gas supplies includes Rs. 241,478 million (2018: Rs. 167,492 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 (2018: Rs. 15,832 million) on their balances which have been presented in note 18.1 of these consolidated statement of financial position.

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

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

During the year, out of 71 BCF allocated volume, the Holding Company has recorded a purchase 29.7 BCF (2018: 6.2 BCF) allocated volume from SNGPL amounting Rs. 35,025 million (2018: 4,276 million) based OGRA decision dated November 20, 2018.

17.3 Provision for compensated absences - non-executives

	2019	2018
	---------- (Rupees in '000) ----------	
Balance as at July 01	**309,391**	266,887
Provision during the year	**(5,950)**	42,504
Balance as at June 30	**303,441**	309,391

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

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

On June 13, 2013, the Peshawar High Court declared the levy, imposition and recovery of the Cess unconstitutional with the direction to refund the “Cess” so far collected. The Supreme Court of Pakistan examined the case and vide its findings dated August 22, 2014, concluded that GID Cess is a fee and not a tax and on either count 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 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 customers. Following the imposition of the said Act, many customers filed a petition in Sindh High Court and obtained stay order against Act passed by the Parliament. The Holding Company has obtained a legal opinion, which states that management has to comply with the stay order of High Court of Sindh.

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

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

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

However, as a concession, the same is to be recovered in twenty four equal monthly instalments starting from 01 August 2020 without the component of late payment surcharge.

The Holding Company has initiated the billing of GIDC from 01 August, 2020, the same is being recovered from customers and submitted to MP & NR.

Supreme Court of Pakistan (SCP) in its judgment dated November 03, 2020 dismissed all review petitions filed against its earlier judgment dated August 13, 2020, stating that the companies claiming any relief under GIDC Act 2015 may approach the right forum. Subsequent to Supreme Court Judgment dated 13-08-2020, more than 1700 customers has filed fresh cases before Sindh High Court, wherein, customers stated that they are not liable to pay GIDC as the same has not been collected by them, SHC restrained the Holding Company from collection of GIDC installments and the matter is pending adjudication before SHC.

17.6 Workers' Profit Participation Fund

	2019	2018
	---------- (Rupees in '000) ----------	
Balance as at July 01	**12,860**	12,860
Amount refunded to the Holding Company	**161,655**	-
Charge during the year	-	-
Balance as at June 30	**174,515**	**12,860**

17.7 This includes Rs. 230 million (2018: Rs. 228.8 million) on account of amount payable to disconnected customers for gas supply deposits.

18. INTEREST ACCRUED

	Note	2019	2018
		(Rupees in '000)	
Long term finance - loans from banking companies		**760,139**	522,464
Long term deposits from customers		**440,115**	370,987
Short term borrowings		**405,542**	159,280
Late payment surcharge on processing charges		**438,392**	339,061
Late payment surcharge on gas development surcharge		**4,826**	4,828
Late payment surcharge on gas supplies	18.1	**15,832,411**	15,832,411
		17,881,425	17,229,031

18.1 As disclosed in note 28.1 and 28.2, effective from July 1, 2012, the Holding Company has been accounting for LPS from KE and PSML on receipt basis as per International Financial Reporting Standards – 15 "Revenue from Contracts with Customers". However, the Holding Company continued recognition of the LPS expenses payable on outstanding payables of the Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of approved accounting standards as applicable in Pakistan, as such standards do not allow the Holding Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Holding Company has never paid such LPS to Government Controlled E&P Companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt. Management's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their statement of financial position only when the same are received.

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

Had the management not reversed the LPS expense payable from July 1, 2012 to June 30, 2016 of Rs. 26,222 million and recorded LPS expense for the year ended June 30, 2017, June 30, 2018 and June 30, 2019 amounting to Rs.7,569 million, Rs. 7,477 million and Rs. 10,525 million respectively on outstanding payables to Government Controlled E&P Companies, the effect in these consolidated statement of financial position would be as follows:

	(Rupees in million)
- Increase in loss before tax	**10,525**
- Increase in loss after tax / accumulated loss	**7,473**
- Increase in loss per share - Rupees	**8.48**
- increase in accumulated losses	**51,793**
- Increase trade payables	**51,793**
- Increase deferred tax liability if recognized	**16,033**

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

	2019	2018
	(Rupees in '000)	
19.1.1 Guarantees issued on behalf of the Group	**5,482,762**	4,428,187

In respect of Holding Company:

19.1.2 Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged claims against the Holding Company amounting to Rs. 144,120 million (June 30, 2018: Rs. Rs. 144,120 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Holding Company and JPCL. JPCL has raised another claim of Rs. 5.793 million (June 30, 2018: 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.

In respect of JPCL major claim i.e. on account of short supply of gas following clause of the agreement is important which does not support JPCL claim:

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

It is evident from foregoing clause of the agreement, that JPCL has raised a claim not supported by the agreement and that the supply of gas to the customer was subject to the availability and it is / was not any firm commitment on the part of the Holding Company.

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

19.1.3 As disclosed in note 18.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018 and June 30, 2019 amounting to Rs. 7,569 million, Rs. 7,477 million and Rs. 10,525 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.

19.1.4 As disclosed in note 32.6, 32.7, 42.2 and 42.5 for other matters arbitration proceedings between JJVL and the Holding Company has been initiated under the Pakistan Arbitration Act 1940 to settle the outstanding disputes between the parties. Accordingly, both the parties have appointed their respective arbitrators and filed their respective claims.

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

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

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

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

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

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

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

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

Accordingly, no provision regarding the said claim has been made in these 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.

19.1.6 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 Appellate Tribunal Inland Revenue had 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.

19.1.7 Income tax authorities have issued notices under section 122 / 177 of the Income Tax Ordinance, 2001 for the tax years 2007 to 2015 intending to disallow accrued interest expense 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 and depreciation on fixed assets held under musharka arrangement.

On issue of depreciation, Tax Authorities passed adverse Orders for Tax Years 2009, 2013 & 2014 however Commissioner (Appeals) decided the case in Holding Company's favor for said Tax Years.

On issue of depreciation, Tax Authorities passed adverse Orders for Tax Years 2007, 2008, 2009, 2013, 2014, 2015 & 2017 however Commissioner (Appeals) decided the case in Holding Company's favor for Tax Years 2009, 2013, 2014 & 2015 while similar Orders are expected for other years.

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

All the Orders were contested before Commissioner (Appeals) who decided the cases in Holding Company's favor (except for 2016-17 & 2017-18 wherein orders of Commissioner (Appeals) are pending which are expected to be decided in Holding Company's favor). However, the said Orders have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue.

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

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

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

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

Tax authorities have also issued a notice for FY 2017-18 confronting the same issue of disallowance of input tax claimed on excess UFG on which the Holding Company has filed detailed reply but no order has yet been passed.

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

19.1.10 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).

The management is of the view that said remand back proceedings are barred by time as a result of time limitation provided in the Income Tax Ordinance, 2001

19.1.11 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 Company has filed a reference with FBR for waiver of default surcharge and penalty, which is pending. The Honorable High Court of Sindh has also stayed the recovery of the additional tax and penalties.

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

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

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 issued 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 Comapny 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.

19.1.13 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 Honorable High Court of Sindh, 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.

19.1.14 As disclosed in Note 28 – Trade Debts, Interest Income from K-Electric (KE) and Pakistan Steel (PSML) is not being recognized in these Consolidated Financial Statements, in accordance with requirements of International Accounting Standards as well as Legal and Accounting Opinions obtained by the Holding Company. However, Tax Authorities have passed Orders for FY 2014-15 to 2017-18 on said unrecognized Interest Income from K-Electric (KE) and Pakistan Steel (PSML). Appeal against the said Orders have been filed before Commissioner (Appeals), which are pending adjudication.

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

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

Appeal against the said Order has been filed before Commissioner (Appeals), which is pending adjudication.

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

19.1.16 The Holding Company is subject to various other claims totaling Rs. 2,492 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

19.1.17 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:

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

ACIR passed appeal effect order u/s 124 dated June 20, 2015 to give appeal effect as per CIR (Appeals) order and reduced the amount to Rs. 36,9 million. The Company has also filed an appeal before the CIR (Appeals) against the said order. Further, the Company has paid advance income tax pertaining to tax year 2013 to tax year 2019 amounting to Rs. 277.6 million under various sections which remains unadjusted due to such litigation. However the potential liability of Rs. 400.84 million which the Company needs to pay if the result of the case is against the Company.

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

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

19.1.19 During FY 2015, the Company received notice from ACIR against short payment of sales tax for the tax year 2013 and 2014 and created a demand of Rs. 2.6 million. The Company has filed an appeal before Commissioner Appeals which is pending for hearing.

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

19.1.20 During the FY 2017 the Company received notices from Sindh Revenue Board (SRB) for alleged short payment of Sindh Sales Tax amounting Rs. 4.6 million for the tax years 2013-2014 and 2014-2015, to which reply has been filed before Assistant Commissioner SRB, not admitting the liability. Proceedings against these two periods are pending with SRB as per notice.

19.1.21 The ACIR passed order dated July 11, 2014 and created demand of Rs. 5.9 million pertaining to the tax year 2013 and 2014. The Company has filed an appeal before the Commissioner Appeals. During the process of appeal, the tax department issued a recovery notice and recovered entire demand amount from the Company's bank account.

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

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

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

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

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

		Note	2019	2018
			---------- (Rupees in '000) ----------	
19.1.24	Contracts for capital and other expenditure		**56,081**	132,938
	- Opex		**5,005**	2,568
	- Capex		**51,076**	130,370
	Other contingencies:			
19.1.25	Claims against the Holding Company not acknowledge as debt		**77,477**	77,477
	The management is confident that ultimately these claims would not be payable.			
19.2	**Commitments**			
	Commitments for capital and other expenditure		**5,279,534**	4,563,809

20. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Operating assets	20.1	**121,230,695**	111,557,090
Capital work in progress	20.8	**11,572,877**	11,133,660
		132,803,572	**122,690,750**

20.1 Operating assets

	2019							
	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
	As at July 1, 2018	Additions / (deletions) / transfers * Revaluation **	As at June 30, 2019	As at July 1, 2018	Depreciation / (deletions) / transfers *	As at June 30, 2019	As at June 30, 2019	Years
	---------- (Rupees In '000) ----------							
Freehold land	5,520,800	- - - * 5,386,511 **	10,907,311	-	- - - * - **	-	10,907,311	-
Leasehold land	8,958,351	- - - * 2,404,655 **	11,363,006	-	- - - * - **	-	11,363,006	-
Leasehold land Terminal QP-5	32,500	485,951 **	518,451	9,538	1,413 - **	10,951	507,500	23
Civil structure on leasehold land - Trestle and Jetty	1,148,844	6,429	1,155,273	333,478	49,972	383,450	771,823	23
Buildings on freehold land	324,492	- - - *	324,492	288,734	14,903 - - *	303,637	20,855	20
Buildings on leasehold land	2,626,417	55,347 - (3,892) *	2,677,872	1,587,525	107,724 - (34) *	1,695,215	982,657	20
Roads, pavements and related infrastructures	797,820	- - - *	797,820	337,268	39,972 - - *	377,240	420,580	20
Gas transmission pipelines	55,347,088	2,476,748 - (1,669) *	57,822,167	16,274,477	1,132,776 - 46,640 *	17,453,893	40,368,274	40
Gas distribution system	81,481,215	6,031,426 (75,011) 2 *	87,437,632	39,034,835	4,837,136 (75,011) (1,266) *	43,795,695	43,641,937	10-20
Compressors	9,818,753	705,235 (387,176) 42,045 *	10,178,857	3,148,675	611,243 (47,448) - *	3,712,470	6,466,387	17
Telecommunication	1,176,408	10,698 (167) 168 *	1,187,107	838,757	99,162 (148) 144 *	937,915	249,192	2 &6.67
Plant and machinery	5,023,756	173,034 (12,433) 43,304 *	5,227,661	2,533,327	279,921 (12,157) 427 *	2,801,518	2,426,143	10
Tools and equipment	528,238	17,707 (4,386) (4,127) *	537,432	457,088	40,693 (4,232) (4,134) *	489,415	48,017	3
Bowsers	110,021	38,402	148,423	35,975	6,396	42,371	106,052	10
Motor vehicles	3,204,400	268,529 (201,454) (1,478) *	3,269,997	1,876,792	276,797 (160,374) 1,539 *	1,994,754	1,275,243	5
Furniture and fixture	563,473	13,672 (3,060) (21,028) *	553,057	536,281	16,343 (3,060) (21,032) *	528,532	24,525	5
Office equipment	629,923	27,340 (6,438) (58,452) *	592,373	453,668	50,560 (6,428) (25,280) *	472,520	119,853	5
Computer and ancillary equipments	1,247,193	15,241 (26,972) (65) *	1,235,397	1,009,091	125,162 (26,972) (1,601) *	1,105,680	129,717	3
Supervisory control and data acquisition system	1,149,870	78,266 - - *	1,228,136	798,191	81,477 - (1) *	879,667	348,469	6.67
Construction equipment	3,190,380	23,858 (609) 5,192 *	3,218,821	1,769,153	392,526 (609) 4,598 *	2,165,668	1,053,153	5
	182,879,942	9,941,932 (717,706) - * 8,277,117 **	200,381,285	71,322,853	8,164,176 (336,439) - * - **	79,150,590	121,230,695	

	2018								
	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
	As at July 1, 2017	Additions / (deletions) / transfers * Revaluation **	As at June 30, 2018	As at July 1, 2017	Depreciation / (deletions) / transfers *	As at June 30, 2018	As at June 30, 2018	Years
	---------- (Rupees In '000) ----------							
Freehold land	5,520,800	- - - * - **	5,520,800	-	- - - * - **	-	5,520,800	-
Leasehold land	7,013,201	- - - * 1,945,150 **	8,958,351	-	- - - * - **	-	8,958,351	-
Leasehold land Terminal QP-5	32,500	- - - *	32,500	8,125	1,413 - - *	9,538	22,962	23
Civil structure on leasehold land - Trestle and Jetty	1,148,487	357	1,148,844	283,537	49,941	333,478	815,366	23
Buildings on freehold land	324,492	- - - *	324,492	273,074	15,660 - - *	288,734	35,758	20
Buildings on leasehold land	2,536,072	92,694 - (2,349) *	2,626,417	1,520,910	105,699 - (39,084) *	1,587,525	1,038,892	20
Roads, pavements and related infrastructures	797,820	- - - *	797,820	259,088	39,973 - 38,207 *	337,268	460,552	20
Gas transmission pipelines	52,596,368	2,750,753 - (33) *	55,347,088	15,193,992	1,081,846 - (1,361) *	16,274,477	39,072,611	40
Gas distribution system	77,020,221	4,829,927 (368,934) 1 *	81,481,215	34,655,718	4,671,821 (292,020) (684) *	39,034,835	42,446,380	10-20
Compressors	9,410,524	408,229 - - *	9,818,753	2,613,368	535,307 - - *	3,148,675	6,670,078	17
Telecommunication	1,143,435	34,539 (1,565) (1) *	1,176,408	747,008	93,128 (1,565) 186 *	838,757	337,651	2 & 6.67
Plant and machinery	4,655,344	442,884 (75,507) 1,035 *	5,023,756	2,274,484	332,289 (74,526) 1,081 *	2,533,327	2,490,429	10
Tools and equipment	519,514	13,649 (4,756) (169) *	528,238	418,768	43,241 (4,756) (165) *	457,088	71,150	3
Bowsers	76,688	33,333	110,021	27,945	8,030	35,975	74,046	10
Motor vehicles	3,118,777	198,793 (120,558) 7,388 *	3,204,400	1,690,692	279,640 (96,195) 2,655 *	1,876,792	1,327,608	5
Furniture and fixture	585,575	1,162 (6,224) (17,040) *	563,473	522,839	26,310 (6,224) (6,644) *	536,281	27,192	5
Office equipment	549,779	81,317 (12,340) 11,167 *	629,923	392,523	66,416 (12,206) 6,935 *	453,668	176,255	5
Computer and ancillary equipments	1,079,209	207,048 (39,065) 1 *	1,247,193	932,637	115,467 (38,996) (17) *	1,009,091	238,102	3
Supervisory control and data acquisition system	1,142,477	7,393 - - *	1,149,870	732,160	66,031 - - *	798,191	351,679	6.67
Construction equipment	3,094,843	139,569 (44,032) - *	3,190,380	1,435,858	378,375 (43,971) (1,109) *	1,769,153	1,421,227	5
	172,366,126	9,241,647 (672,981) - * 1,945,150 **	182,879,942	63,982,726	7,910,586 (570,460) - * - **	71,322,852	111,557,090	

20.2 Details of depreciation for the year are as follows:

	2019	2018
	---------- (Rupees in '000) ----------	
Transmission and distribution costs	7,127,853	6,875,008
Administrative expenses	317,622	295,815
Selling expenses	21,615	21,123
	7,467,090	7,191,946
Meter manufacturing division	24,381	24,261
LPG air mix	67,768	67,623
Capitalised on projects	476,177	471,360
Income from LPG and NGL-net	128,760	155,396
	8,164,176	7,910,586

20.3 Disposal of property, plant and equipment

Details of disposal of operating assets are as follows:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
Written down value exceeding Rs. 500,000 each							
Compressors	387,176	47,448	339,728	-	(339,728)	Replacement	Not applicable
Motor Vehicle							
Jeep Parado	3,668	2,934	734	3,205	2,471	Open auction	Hasan Shoaib Warsi
Toyota Pick Up	2,870	2,296	574	2,200	1,626	Open auction	Abdul Karim
Honda Civic	2,758	546	2,212	1,760	(452)	Service rules	Dr. Ejaz Ahmed
Toyota Corolla	1,850	1,101	749	139	(610)	Service rules	Mrs.Shaista S.Sajid
Cultus	1,545	217	1,328	1,137	(191)	Service rules	Khalid Saleem Ansari
Cultus	1,076	565	511	81	(430)	Service rules	Syed Mehmood Jilani

20.4 Particular of Land and Building

	City	Sq. Yards
LPG Air Mix Plant at Awaran	Awaran	19,360
LPG Plant at Gwadar, Allotment of Government Land in Mauza Karwat	Gwadar	19,360
LPG Plant at Gwadar.	Gwadar	19,360
Land and building	Haripur	30,250
Regional Office Hyderabad	Hyderabad	38,893
Billing Office Hyderabad	Hyderabad	1,079
Plot ensured for Community Centre for offices at Hyderabad.	Hyderabad	2,398
HQ-3 Hyderabad - Compressor Station	Hyderabad	40,667
Head Office Building	Karachi	24,200
Karachi Terminal Station (K.T)	Karachi	185,131
Distribution Office Karachi West	Karachi	9,680
SITE Office Karachi	Karachi	19,360
Zonal Billing Office & CFC Nazimabad	Karachi	2,221
Medical Centre M.A Jinnah Road	Karachi	115
Khadeji Base Camp	Karachi	125,841
Land for Construction of Distribution Central Offices	Karachi	355
Land for Construction of Distribution Central Offices	Karachi	572
Site proposed for CFC and Distribution office DHA	Karachi	600
Dope Yard for Distribution East	Karachi	653
PQA Land and building	Karachi	72,600
LPG Air Mix Plant at Kot Ghulam Muhammad	Kot Ghulam Muhammad	19,360
Regional Office Larkana	Larkana	16,214
Site proposed for Distribution offices in Mastung	Mastung	1,320
Land and building	Muridke	14,520
Zonal Office	Naushero Feroz	3,572
Regional Office Nawab Shah	Nawab Shah	6,111
HQ-2 Nawab Shah - Compressor Station	Nawab Shah	46,667
LPG Air Mix Plant at Noshki	Noshki	19,360
Land proposed for SSGC building in Pishin	Pishin	2,556
Regional Office Quetta	Quetta	4,840
Stores, Dope yard for Quetta Region.	Quetta	2,420
HQ Quetta	Quetta	108,460
Land proposed for Zonal Office at Sanghar	Sanghar	4,414
Mini Stadium , CFC & Distribution Office.	Shahdadkot	32,307
Sinjhoro Office	Sinjhoro	600
LPG Air Mix Plant at Surab	Surab	19,360
Regional Office Sukkur / Pipe Yard Sukkur	Sukkur	115
HQ-1 Rohri	Rohri	43,333

20.5 Borrowing costs capitalised during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 326 million (2018: Rs. 304 million). Borrowing costs related to general borrowings were capitalised at the rate of 9.73% (2018: 7%).

20.6 In respect of SSGC LPG (Private) Limited, assessment of residual value of plant, machinery and equipment at PQA, Haripur and muridke was carried out on December 31, 2018 by an independent value named MYK Associates (Private) Limited. The assessment has been carried out using the base value as at June 30, 2018 based on market variables, political conditions and other relevant factors. The percentage of residual value determined are ranges between 5% to 50%. The management has determined the amount of residual value of Rs. 428.90 million.

Had the management not recorded the residual value of Rs. 428.90 million in these consolidated financial statements, the depreciation expense for the year will be higher by Rs. 40.5 million and profit before tax for the year will be reduced by the same amount.

20.7 OGRA in its decision on FRR 2018-2019 dated May 25,2021 disallowed capitalization of meters amounting to Rs. 1,537 million on grounds that the Holding Company has capitalized more meters as allowed in the DERR against which Motion for review (MFR) has already been filed and Holding Company is confident of favorable outcome. However, no impairment has been recorded on meters against this disallowance because the meters installed / replaced are operational in nature and providing economic benefits to the Holding Company in terms that actual billing based on meter readings is being done and corresponding sales revenues are recorded in these consolidated financial statements.

	Note	2019	2018
		---------- (Rupees in '000) ----------	
20.8 Capital work in progress			
Projects:			
- Gas distribution system		**3,713,508**	3,144,655
- Gas transmission system		**841,719**	1,968,220
- Cost of buildings under construction and others		**38,354**	204,069
		4,593,581	5,316,944
Stores and spares held for capital projects	20.8.1	**6,834,563**	5,558,292
LPG air mix plant		**583,368**	603,994
Others		**13,917**	36,486
		7,431,848	6,198,772
Impairment of capital work in progress		**(452,552)**	(382,056)
		11,572,877	**11,133,660**

	2019	2018
20.8.1 Stores and spares held for capital projects		
Gas distribution and transmission	**7,100,367**	5,740,502
Provision for impaired stores and spares	**(265,804)**	(182,210)
	6,834,563	5,558,292

21. INTANGIBLE ASSETS

	Note	2019	2018
		(Rupees in '000)	
Intangible assets		**21,413**	48,853
Advances	21.1	**8,062**	7,744
		29,475	56,597

		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	**2019**	**599,157**	**2,007**	**601,164**	**550,304**	**29,447**	**579,751**	**21,413**	**3**
	2018	590,456	8,701	599,157	516,308	33,996	550,304	48,853	3

21.1 This includes Rs. 5,962 (June 30, 2018 : 5,644) representing advance paid against implementation of enterprise resource planning software.

22. LONG TERM INVESTMENTS

	Note	Percentage of holding	2019	2018
			(Rupees in '000)	
Investment - at fair value through other comprehensive income				
Associates				
Inter State Gas System (Private) Limited (ISGSL) - unquoted Nil (2018: 510,000) ordinary shares of Rs. 10 each	22.2		**-**	5,100
Sui Northern Gas Pipelines Limited (SNGPL) - quoted 2,414,174 (2018: 2,414,174) ordinary shares of Rs. 10 each	22.2 & 22.3	0.38%	**167,761**	241,949
Other investments				
Pakistan Refinery Limited-quoted 3,150,000 (2018: 3,150,000) ordinary shares of Rs. 10 each			**50,904**	109,337
United Bank Limited- quoted 118,628 (2018: 118,628) ordinary shares of Rs. 10 each			**17,483**	20,046
Pakistan Tourism Development Corporation- unquoted 5,000 (2018: 5,000) ordinary shares of Rs. 10 each	22.4		**-**	50
			236,148	376,482
Provision against impairment in value of investments at cost			**-**	(50)
			236,148	376,432

22.1 These investments were previously classified as available for sale in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'. These are reclassified to fair value through other comprehensive income in accordance with IFRS 9 'Financial Instruments' in current year.

22.2 Investments in SNGPL and ISGSL represent investment in 'associated companies' in terms of provisions of Companies Act 2017. 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. The Holding Company has 22% share capital of Interstate Gas Systems (Private) Limited. This investment was classified as available for sale and have been transferred to investment measured at fair value through other comprehensive income under IFRS 9. During the year, the investment was disposed at par value / cost to Government Holding (Private) Limited in accordance with the resolution of the Board of Directors.

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

22.4 Holding Company holds 5000 shares of Pakistan Tourism Development Corporation. Fair value of these shares as at reporting date is Nil. These were carred at cost exception in prior year.

23. NET INVESTMENT IN FINANCE LEASE

	June 30, 2019		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
	------------- (Rupees in '000) -------------		
Not later than one year	**97,161**	**39,347**	**57,814**
Later than one year and not later than five years	**229,348**	**40,399**	**188,949**
Later than five years	**-**	**-**	**-**
	229,348	**40,399**	**188,949**
	326,509	**79,746**	**246,763**

	June 30, 2018		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
	------------- (Rupees in '000) -------------		
Not later than one year	107,516	49,701	57,814
Later than one year and not later than five years	326,509	79,745	246,764
Later than five years	-	-	-
	326,509	79,745	246,764
	434,025	129,446	304,578

23.1. 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.

24. LONG TERM LOANS AND ADVANCES - secured, considered good

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Due from executives	24.1 & 24.2	**560**	815
Less: receivable within one year	29	**(263)**	(302)
		297	513
Due from other employees	24.1 & 24.2	**217,023**	212,846
Less: receivable within one year	29	**(33,281)**	(33,242)
		183,742	179,604
		184,039	180,117

24.1 Reconciliation of the carrying amount of loans and advances:

	2019		2018	
	Executives	Other employees	Executives	Other employees
	------------ (Rupees in '000) ------------			
Balance at the beginning of the year	**815**	**212,846**	1,048	203,903
Disbursements	**-**	**47,961**	-	55,328
Repayments	**(255)**	**(43,784)**	(233)	(46,385)
	560	**217,023**	815	212,846

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

24.3 The maximum aggregate amount of long term loans due from the executives at the end of any month during the year was Rs. 0.815 million (2018: Rs. 1.048 million).

	2019	2018
	---------- (Rupees in '000) ----------	

25. STORES, SPARES AND LOOSE TOOLS

Stores	**389,258**	396,461
Spares	**1,463,913**	1,721,395
Stores and spares in transit	**835,026**	199,317
Loose tools	**820**	806
	2,689,017	2,317,979
Provision against impaired inventory		
Balance as at July 01	**(301,987)**	(270,660)
Provision made during the year	**(21,257)**	(31,327)
Balance as at June 30	**(323,244)**	(301,987)
	2,365,773	2,015,992

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

Transmission	**2,108,789**	1,720,861
Distribution	**256,984**	295,131
	2,365,773	2,015,992

26. STOCK-IN-TRADE

Gas		
Gas in pipelines	**1,214,410**	689,805
Stock of Synthetic Natural Gas	**18,067**	16,967
Stock of Liquefied Petroleum Gas	**82,189**	90,590
LPG Stock in transit	**8,159**	9,132
	1,322,825	806,494
Gas meters		
Components	**451,234**	347,158
Work-in-process	**12,203**	31,922
Finished meters	**139,338**	39,816
	602,775	418,896
Provision against impaired inventory		
Balance as at July 01	**(26,916)**	(23,430)
Provision made during the year	**(9,044)**	(3,486)
Balance as at June 30	**(35,960)**	(26,916)
	1,889,640	1,198,474

27. 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 39.2 to these consolidated financial statements.

28. TRADE DEBTS

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Secured		**26,937,870**	24,178,091
Unsecured		**72,923,130**	67,430,159
	28.1 & 28.2	**99,861,000**	91,608,250
Provision against impaired debts	28.3	**(15,669,201)**	(14,825,521)
		84,191,799	76,782,729

28.1 As K-Electric Limited (KE) was defaulting and not making payment of Late Payment Surcharge (LPS) and the Holding Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, the Holding Company effective from July 01, 2012 decided to account for LPS from KE on receipt basis as per International Financial Reporting Standards – 15 "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 32,888 million (2018: Rs. 31,948 million) as at June 30, 2019 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,652 million (2018: Rs. 29,652 million) as at June 30, 2019 are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 100,319 million (2018: Rs. 85,763 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

- As per the agreement dated June 30, 2009 which was entered between the Holding Company and KE for making outstanding payment in 18 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 has not been finalised till the filing in these consolidated financial statements but the supply of gas and payment is continuing as per old plan.

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

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 23,661 million (2018: Rs. 22,924 million) including overdue balance of Rs. 23,598 million (2018: Rs. 22,873 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 61,217 million (2018: Rs. 55,001 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

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

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

	Note	2019	2018
		---------- (Rupees in '000)	----------
28.3 Movement of provision against impaired debts			
Balance as at July 01		**14,825,521**	13,808,025
Provision for the year		**-**	1,017,496
Effect of adoption of IFRS 9		**-**	-
Impairment loss against financial assets		**849,259**	-
Reversal of provision for doubtful debts		**(5,579)**	-
Balance as at June 30		**15,669,201**	14,825,521

	Note	2019	2018
29. LOANS AND ADVANCES - considered good			
Advances to:			
- executives	29.1	**98,546**	89,760
- other employees	29.1	**519,301**	659,510
		617,847	749,270
Current portion of long term loans:			
- executives	24	**263**	302
- other employees	24	**33,281**	33,242
		33,544	33,544
		651,391	782,814

29.1 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	2019	2018
		---------- (Rupees in '000) ---------	
30. ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS			
Advances for goods and services - unsecured, considered good		**136,744**	169,602
Trade deposits - unsecured, considered good		**5,608**	5,570
Prepayments		**113,299**	120,284
		255,651	295,456
31. INTEREST ACCRUED			
Interest accrued on late payment of bills / invoices from:			
- WAPDA		**3,741,367**	3,421,488
- KE		**-**	-
- SNGPL		**7,546,501**	6,416,359
- JJVL		**578,798**	745,157
		11,866,666	10,583,004
Interest accrued on bank deposits		**-**	2,372
Interest accrued on sales tax refund	5.6	**487,739**	487,739
Provision against impaired accured income	31.1	**(112,400)**	(84,392)
		12,242,005	10,988,723
31.1 Movement of provision against financial assets			
Balance as at July 01		**84,392**	84,392
Effect of adoption of IFRS 9		**28,008**	-
Balance as at June 30		**112,400**	84,392
32. OTHER RECEIVABLES - considered good			
Gas development surcharge receivable from GoP	32.1	**140,160,555**	53,499,313
Receivable from HCPCL	32.2	**4,157,839**	3,787,690
Expenses deferred by OGRA	32.3	**-**	4,167,196
Staff pension fund	45.1	**7,133**	319,596
Receivable for sale of gas condensate		**42,107**	42,949
Sui Northern Gas Pipelines Limited	32.4	**71,884,848**	49,025,870
Jamshoro Joint Venture Limited	32.6 & 32.7	**11,530,044**	12,033,292
Sales tax receivable		**46,867,579**	30,666,878
Sindh sales tax		**112,976**	112,976
Receivable against asset contribution	32.8	**451,011**	382,469
Accrued markup		**5,660**	2,141
Miscellaneous receivables		**91,020**	117,922
		275,310,772	154,158,292
Impairment loss against financial assets	32.9	**(2,586,874)**	(2,346,359)
		272,723,898	151,811,933

	Note	2019	2018
		---------- (Rupees in '000) ----------	

32.1 Gas development surcharge receivable from GoP

	Note	2019	2018
Balance as at July 01		**53,499,313**	21,264,629
Recognized in statement of profit or loss	37	**84,884,740**	22,645,175
Recognized in OCI claim under IAS 19	32.1.2	**1,311,533**	1,368,151
Payment made during the year		**-**	7,708,862
Subsidy for LPG air mix operations	37	**464,969**	512,496
Balance as at June 30	32.1.1	**140,160,555**	53,499,313

32.1.1 This includes Rs. 390 million (2018: Rs. 390 million) recoverable from the Government of Pakistan (GoP) on account of remission of gas receivables from people of Ziarat under instructions from GoP. Although, management is confident that this amount is fully recoverable, being prudent full provision has made in these consolidated statement of financial position.

32.1.2 The Holding Company has accounted for actuarial gains and losses in determining revenue requirement of the Company for the year ended June 30, 2019 having total impact of Rs. 1,312 million (2018: Rs.1,368 million).

The Holding Company has recognised such Gas Development Surcharge in these consolidated statement of comprehensive income instead of consolidated statement of profit or loss on the premise that actuarial gains have also been recognised in consolidated statement of other comprehensive income.

32.2 Receivable from HCPCL

	2019	2018
	---------- (Rupees in '000) ----------	
Amount of LD Charges as per Arbitration Award	**3,938,382**	3,626,382
Subsequent LDs raised by HCPCL on Award Principle	**219,457**	161,308
	4,157,839	3,787,690

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

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

Earlier in January 2018, the Holding Company approached Ministry of Energy (Petroleum Division) regarding waiver of LDs claimed by WAPDA / CCPA-G from HCPCL against non-supply of Electricity to WAPDA which was being passed to the Holding Company by HCPCL. The matter was submitted to Economic Coordination Committee of the Cabinet (ECC) for consideration and ECC in its meeting held on February 07, 2018 approved in principle, the proposal regarding waiver of LDs with the direction to Petroleum Division to work out modalities in consultation with stakeholders.

LDs adjusted by HCPCL against gas bills are recoverable from HCPCL as per ECC aforementioned decision and are transferred from Trade Debts to Other Receivables amounting to Rs. 3,626 million for the Award Period and further LDs deducted by HCPCL following Award principles amounting to Rs. 162 million and Rs. 58 million up till June 30, 2018 and for the year ended June 30, 2019 respectively.

32.3 Expenses Deferred by OGRA

	2019	2018
	(Rupees in '000)	
LPS (up to FY 2016-17)	**312,503**	3,243,503
Total interest on LD Charges	**-**	352,768
Total Legal Charges	**-**	570,925
Transferred into receivables from HCPC	**(312,503)**	
	-	4,167,196

OGRA dated January 21, 2021 in its Motion for review (MFR) against determination of FRR of the Holding Company for the financial year 2017-18, has allowed Rs 3,855 million on account of LPS upto FY 2016-17, legal charges and interest on LD charges.

OGRA has allowed Rs. 2,931 million against LPS (up to FY 2016-17) from the claimed amount Rs. 3,243 million, the remaining amount Rs. 312 million has been trasfered to receivable from HCPCL.

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

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Uniform cost of gas		**15,818,845**	16,011,846
Lease rentals		**224,440**	64,864
Contingent rent		**3,535**	3,535
Capacity and utilisation charges of RLNG	32.4.1	**33,298,113**	19,835,414
LSA margins of RLNG		**1,897,684**	1,083,299
RLNG transportation income		**20,642,231**	12,026,912
		71,884,848	49,025,870

32.4.1 The Holding Company has invoiced an amount of Rs. 70,085 million, including Sindh Sales Tax of Rs. 8,206 million, till June 30, 2019 to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

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

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

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

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

32.5 Sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Sales Tax refunds are processed through FBR's Sales Tax Automated Refund Repository (STARR) system. Due to several snags in the functioning of STARR, valid input sales tax claims of the Holding Company are deferred. Realising the problems of STARR, in August 2010, dispensation from processing of sales tax refunds through the STARR system was allowed by FBR through a letter and substantial refunds were released after issuance of this letter under corporate guarantee (subject to post refund audit). However, above said dispensation was also withdrawn by FBR in May 2012. After withdrawal of said dispensation, the deferred refunds are issued to the Holding Company on the basis of manual verification of documents (third party vendor sales tax returns) by tax authorities. The management is making vigorous efforts for realisation of these refunds. Subsequent to the year end, the Holding Company has made extensive efforts and accordingly refunds of around Rs. 11,900 million were released during July 2019 to March 2021.

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

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

32.7 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, Federal Excise Duty, Sindh Sales Tax on Franchise Services, fuel charges and receivable from JJVL @57% value of LPG/NGL extraction as per new agreement signed between Holding Company and JJVL pursuant to SCP order dated December 04, 2018 amounting to Rs. 214 million (2018: Rs. 214 million), Rs. 6,863 million (2018: Rs. 7,625 million), Rs. 2,067 million (2018: Rs. 2,415 million), Rs. 1,070 million (2018: Rs. 1,070 million), Rs. 646 million (2018: Rs. 646 million), Rs. 32 million (2018: 63 million) Rs. 670 million (2018: Nil) respectively.

As at year end, amount payable to JJVL is Rs. 8,528 million (2018: Rs.8,528 million) as disclosed in note 17 to these consolidated statement of financial position.

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

	2019	2018
	---------- (Rupees in '000) ----------	
32.9 Movement of provision against financial assets		
Balance as at July 01	**2,346,359**	2,346,359
Effect of adoption of IFRS 9	**240,276**	-
Impairment loss against financial assets	**239**	-
Balance as at June 30	**2,586,874**	2,346,359

33. TAXATION - NET

	2019	2018
Advance tax	**31,118,298**	29,511,900
Provision for tax	**(11,401,292)**	(9,812,683)
	19,717,006	19,699,217

34. OTHER FINANCIAL ASSETS

	2019	2018
Term deposit	**116,000**	116,000

34.1 This includes term deposits having maturity of less than 12 months carrying interest rate 10% (June 30, 2018: 5.40%) per annum. The term deposit has been kept as a security against the guarantee issued by the Sindh Bank amounting Rs. 104,970,000.

35. CASH AND BANK BALANCES

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Cash at banks			
- term deposits	35.1	**400,000**	300,000
- deposit accounts	35.3	**124,098**	187,802
- current accounts		**307,581**	298,495
		831,679	786,297
Cash in hand	35.2	**4,804**	5,634
		836,483	791,931

35.1 This includes term deposits having maturity of less than 3 months carrying interest rate ranging 5.94% to 11.50% (2018: 5.40% to 6.00%) per annum.

35.2 This includes foreign currency cash in hand amounting to Rs. 3.3 million (2018: Rs. 1.821 million).

35.3 This includes savings accounts carrying interest rate ranging 5.99% to 11.25% (June 30, 2018: ranging from 3.65% to 4.37%) per annum.

35.4 Rate of return on bank deposits ranges from 4.5% to 10.5% (2018: 3.75% to 6.40%) per annum.

36. SALES

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Sale of Indigenous gas		**203,861,134**	172,850,578
Sale of RLNG		**47,784,098**	11,164,035.00
		251,645,232	184,014,613
Less: Sales tax			
Indigenous gas		**25,990,221**	23,629,328
RLNG		**6,390,978**	1,621,956.00
		32,381,199	25,251,284
		219,264,033	158,763,329

37. GAS DEVELOPMENT SURCHARGE (GDS)

	Note	2019	2018
GDS recovered during the year		**5,664,483**	(7,180,936)
Price increase adjustment for the year		**83,357,011**	34,010,392
Impact of staggering	2.1.1	**(3,671,785)**	(3,671,785)
Subsidy for LPG air mix operations	42.4	**(464,969)**	(512,496)
		84,884,740	22,645,175

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

OGRA vide its decision dated June 21, 2018 on the Estimated Revenue Requirement ('ERR') of the Holding Company for the financial year 2018-19 and in its letter dated June 01, 2018 "Tariff Regime for Regulated Natural Gas Sector" decided in consultation with the Federal Government and other licensees in the natural gas sector to revise the tariff regime including the rate of return which is to be based on Weighted Average Cost of Capital ('WACC') from the financial year 2018-19 in place of the existing rate of return of 17% of the average operating assets. Weighted Average Cost of Capital ('WACC') was computed at 17.43% for financial year 2018-19 and onwards, however, the same will automatically reset if the WACC changes by ±2% from the reference figure i.e. 17.43%. As per the revised tariff regime, the Holding Company will earn an annual return calculated based on the Weighted Average Cost of Capital ('WACC') on the value of its average fixed assets in operation (net of deferred credit), before corporate income taxes and subject to efficiency benchmarks prescribed by the OGRA. All prudently incurred expenses in the operation of the licensed regulated activities excluding financial charges on loans & debt servicing charges, taxes and dividend shall be treated as operating expenses.

38 RLNG DIFFERENTIAL MARGINS

	Note	2019	2018
		(Rupees in '000)	
RLNG differential margins - OGRA	3.3.3	**(6,788,764)**	(2,516,367)
RLNG differential margins - SNGPL	38.1	**(193,305)**	(1,487,714)
		(6,982,069)	(4,004,081)

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

39. COST OF SALES

	Note	2019	2018
		(Rupees in '000)	
Cost of gas	39.1	**274,794,155**	168,464,272
Transmission and distribution costs	39.2	**20,333,152**	18,731,608
		295,127,307	187,195,880

39.1 Cost of gas

	Note	2019	2018
Gas in pipelines as at July 01		**689,805**	463,978
RLNG purchase	39.1.1	**35,025,067**	6,208,890
Gas purchases		**243,160,738**	177,140,760
		278,875,610	183,813,628
Gas consumed internally		**(2,867,045)**	(2,953,025)
Inward price adjustment	39.1.2	**-**	(11,706,526)
Gas in pipelines as at June 30		**(1,214,410)**	(689,805)
		(4,081,455)	(15,349,356)
		274,794,155	168,464,272

39.1.1 In FY 2015, the Holding Company started swapping of natural gas in lieu of RLNG, which it received from Engro Elengy Terminal Limited and Pakistan Gasport Consortium Limited (PGPCL) transferred to SNGPL. However the gas transferred to SNGPL in lieu of RLNG was not in accordance with the gas received from EETL due to the difference of Gas Calorific Value (GCV) in the gas volume received and transmitted to SNGPL. From March 2015 till June 30, 2019, the Holding Company received 968,268,114 Million Metric British Thermal Units (MMBTUs) from EETL and supplied 910,945,654 MMBTUs to SNGPL with a short supply of 57,322,460 MMBTU.

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

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

During the year, out of 71 BCF allocated volume, the Holding Company has recorded a purchase 29.7 BCF (2018: 6.2 BCF) allocated volume from SNGPL amounting Rs. 35,025 million (2018: Rs 4,276 million) based OGRA decision dated November 20, 2018.

39.1.2 Under Section 21 of the Oil and Gas Regulatory Authority Ordinance, 2002, the Government of Pakistan 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 Holding Company and Sui Northern Gas Pipelines Limited effective from July 1, 2003, the cost of gas purchased is worked out by both the companies on an overall average basis in such a manner that input of gas for both companies becomes 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.

During the year ECC in its decision dated May 17, 2018 suspended the current treatment of weighted average cost of gas (WACOG) for the period of 3 months i.e. till August 2018. Based on the decision, the Holding Company did not raise bills for the financial year ended June 30, 2019 to SNGPL. Further ECC may consider the revision of WACOG based on the recommendations made by the committee for the purpose.

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

39.1.3 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, which are elaborated below:

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

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

OGRA has determined UFG at 18.23% without considering RLNG volume handled. Although, the Holding Company had claimed UFG at 9.39% based on the RLNG volume handled and transmitted to SNGPL. The matter of RLNG volume handling benefit to the Holding Company is under review at ECC level.

As per the UFG study report finalized by a firm of Chartered Accountant, revised UFG allowance formula is gas volume available for sale X [5% + (2.6% X percentage of achievement of KMI’s)]. OGRA has determined Benchmark with KMI achievement at 6.99% [5% + (1.99% based on KMI achievement)] as against the claim of the Company at 7.48% [5% + (2.48% based on KMI achievement)].

39.2 Transmission and distribution costs

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Salaries, wages and benefits		8,734,744	7,872,004
Contribution / accrual in respect of staff retirement benefit schemes	39.2.1	1,529,667	1,571,625
Depreciation on operating assets	20.2	7,127,853	6,875,008
Repairs and maintenance		1,601,414	1,425,028
Stores, spares and supplies consumed		571,576	525,863
Gas consumed internally		858,047	401,546
Legal and professional		16,145	149,881
Software maintenance		36,375	19,330
Electricity		110,395	97,210
Security expenses		607,150	598,274
Insurance and royalty		103,156	110,310
Travelling		63,417	46,494
Material and labor used on customers' installation		17,509	29,519
Impairment of capital work in progress		70,494	126,931
Postage and revenue stamps		120,600	2,984
Rent, rates and taxes		181,383	106,174
Others		948,131	912,987
		22,698,056	20,871,168
Recoveries / allocations to:			
Gas distribution system capital expenditure		(1,983,991)	(1,761,201)
Installation costs recovered from customers		(41,710)	(60,199)
		(2,025,701)	(1,821,400)
Recoveries of service cost from:			
- Sui Northern Gas Pipelines Limited - a related party	39.2.2	(316,449)	(296,693)
Allocation to sale of gas condensate		(22,754)	(21,467)
		20,333,152	18,731,608

39.2.1 Contribution / accrual in respect of staff retirement benefit schemes

	2019	2018
Contribution to the provident fund	300,963	232,353
Charge in respect of pension funds:		
- executives	285,710	183,915
- non-executives	132,617	134,024
Charge in respect of gratuity funds:		
- executives	(291,344)	174,594
- non-executives	569,383	93,940
Accrual in respect of unfunded post retirement medical facility	630,947	513,822
Accrual in respect of compensated absences		
- executives	(139,285)	196,473
- non-executives	40,676	42,504
	1,529,667	1,571,625

39.2.2 This includes recovery in respect of obligation against pipeline transferred to the Holding Company from Engro Elengy Terminal Limited amounting to Rs.135.7 million.

	Note	2019	2018
		---------- (Rupees in '000) ----------	

40. ADMINISTRATIVE AND SELLING EXPENSES

	Note	2019	2018
Administrative expenses	40.1	**3,121,389**	2,905,323
Selling expenses	40.2	**1,820,500**	1,671,962
		4,941,889	4,577,285

40.1 Administrative expenses

	Note	2019	2018
Salaries, wages and benefits		**1,907,877**	1,777,072
Contribution / accrual in respect of staff retirement benefit schemes	40.1.1	**190,409**	167,706
Depreciation on operating assets	20.2	**317,622**	295,815
Amortisation of intangible assets	21	**29,447**	33,996
Repairs and maintenance		**121,982**	133,454
Stores, spares and supplies consumed		**45,347**	40,864
Legal and professional		**114,696**	125,648
Software maintenance		**77,389**	92,751
Electricity		**5,421**	5,815
Security expenses		**12,617**	11,520
Insurance and royalty		**13,475**	17,323
Travelling		**66,774**	52,866
Postage and revenue stamps		**8,184**	9,620
Rent, rates and taxes		**20,859**	16,735
Others		**221,293**	176,942
		3,153,392	2,958,127
Allocation to meter manufacturing division		**(32,003)**	(52,804)
		3,121,389	2,905,323

40.1.1 Contribution / accrual in respect of staff retirement benefit schemes

	2019	2018
Contribution to the provident fund	**51,962**	47,976
Charge in respect of pension funds:		
- executives	**56,695**	47,954
- non-executives	**6,331**	6,553
Charge in respect of gratuity funds:		
- executives	**41,949**	35,909
- non-executives	**4,412**	4,588
Accrual in respect of unfunded post retirement:		
- gas facility	**26,289**	3,317
- medical facility	**2,771**	21,409
	190,409	167,706

	Note	2019	2018
		---------- (Rupees in '000) ----------	

40.2 Selling expenses

	Note	2019	2018
Salaries, wages and benefits		**1,007,578**	956,937
Contribution / accrual in respect of staff retirement benefit schemes	40.2.1	**123,720**	112,240
Depreciation on operating assets	20.2	**21,615**	21,123
Repairs and maintenance		**2,003**	2,689
Stores, spares and supplies consumed		**20,939**	19,605
Electricity		**115,850**	90,524
Insurance and royalty		**1,186**	967
Travelling		**2,191**	1,934
Billing and collection charges		**472,411**	412,387
Postage and revenue stamps		**1,050**	369
Rent, rates and taxes		**33,467**	41,044
Others		**18,490**	12,143
		1,820,500	1,671,962

40.2.1 Contribution / accrual in respect of staff retirement benefit schemes

	2019	2018
Contribution to the provident fund	**32,906**	32,270
Charge in respect of pension funds:		
- executives	**29,445**	22,268
- non-executives	**22,960**	23,286
Charge in respect of gratuity funds:		
- executives	**22,411**	18,117
- non-executives	**15,998**	16,299
	123,720	112,240

41. OTHER OPERATING EXPENSES

	2019	2018
Auditors' remuneration		
- Statutory audit	**5,480**	4,968
- Fee for other audit related services	**1,158**	3,427
- Fee for taxation services	**6,366**	9,186
- Out of pocket expenses	**548**	675
	13,552	18,256
Sports expenses	**76,300**	65,851
Corporate social responsibility	**32,460**	39,446
HCPC arbitration award	**3,855,196**	-
Provision against impaired debts and other receivables	**-**	1,017,496
Provision against impaired stores and spares	**104,851**	68,271
Loss on disposal of property, plant and equipment	**263,400**	-
Exchange loss	**16,340,901**	4,303,754
	20,686,660	5,513,074

42. OTHER INCOME

	Note	2019	2018
		(Rupees in '000)	
Income from financial assets			
Income for receivable against asset contribution		**41,784**	37,054
Return on term deposits and profit and loss bank accounts		**76,399**	45,771
		118,183	82,825
Interest income on late payment of gas bills from			
- Jamshoro Joint Venture Limited (JJVL)	42.5	**164,818**	223,065
- Water & Power Development Authority (WAPDA)		**319,879**	189,541
		484,697	412,606
Dividend income		**17,020**	18,818
		619,900	514,249
Income from other than financial assets			
Late payment surcharge		**1,044,431**	1,096,277
Interest income on late payment of gas bills from SNGPL - related party		**1,130,142**	560,891
Sale of gas condensate - net		**(36,825)**	(16,615)
Income from LPG and NGL - net	42.1	**403,976**	1,244,503
Meter manufacturing division profit / (loss) - net	42.3	**9,097**	(58,473)
Meter rentals		**775,555**	756,288
RLNG transportation income		**8,748,858**	7,694,354
Recognition of income against deferred credit and contract liabilities		**523,513**	552,083
Income from new service connections and asset contribution		**-**	702,252
Income from LPG air mix distribution - net	42.4	**75,545**	131,296
Recoveries from customers		**87,891**	99,845
Gain on disposal of property, plant and equipment		**-**	22,569
Liquidated damages recovered		**52,449**	76,511
Advertising income		**-**	-
Income from sale of tender documents		**5,994**	7,505
Income from net investment in finance lease from SNGPL		**46,608**	56,966
Scrap sales		**56,329**	4,327
Income against LNG service agreement		**804,326**	639,527
Amortisation of Government grant		**23,251**	54,938
Miscellaneous		**38,868**	50,817
		14,409,908	14,190,110

42.1 The gross income from LPG and NGL amounts to Rs. 1,530 million and total related shrinkage amounts to Rs. 1,397.

42.2 The Holding Company had 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%.

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

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

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

	Note	2019	2018
		---------- (Rupees in '000)	---------
42.3 Meter manufacturing division profit - net			
Gross sales of gas meters			
- Company's consumption		**2,119,891**	1,898,496
- Outside sales		**42,000**	297,149
		2,161,891	2,195,645
Sales tax		**(351,241)**	(343,506)
Net sales		**1,810,650**	1,852,139
Cost of sales			
- Raw material consumed		**1,208,493**	1,303,186
- Stores and spares		**6,468**	6,068
- Fuel, power and electricity		**22,640**	20,178
- Salaries wages and other benefits	42.3.2	**501,844**	482,417
- Insurance		**788**	930
- Repairs and maintenance		**7,030**	7,288
- Depreciation	20.2	**24,381**	24,260
- Transportation		**3**	2,054
- Other expenses		**554**	18,223
Cost of goods sold		**1,772,201**	1,864,604
Gross profit / (loss)		**38,449**	(12,465)
Administrative expenses		**(32,003)**	(52,804)
Operating profit / (loss)		**6,446**	(65,269)
Other income		**2,651**	6,796
Net profit / (loss)		**9,097**	(58,473)

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

	2019	2018
	---------- (Rupees in '000)	----------
42.3.2 Salaries, wages and other benefits	**482,405**	466,135
Provident fund contribution	**8,828**	6,281
Pension fund	**6,304**	5,688
Gratuity	**4,307**	4,313
	501,844	482,417

	Note	2019	2018
		---------- (Rupees in '000) ----------	

42.4 Income from LPG air mix distribution - net

	Note	2019	2018
Sales		33,829	37,823
Cross subsidy		464,969	512,497
Cost of sales		(288,430)	(314,131)
Gross profit		210,368	236,189
Distribution, selling and administrative expenses			
Salaries, wages and other benefits		(56,234)	(43,029)
Depreciation expenses	20.2	(67,768)	(67,623)
Other operating expenses		(83,329)	(28,556)
		(207,331)	(139,208)
Amortisation of deferred credit		67,138	30,495
Other income		5,370	3,820
Profit for the year		75,545	131,296

42.5 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 instalments.

As per new agreement any unpaid amount shall carry late payment surcharge at 2% p.a applicable on monthly KIBOR.

43. FINANCE COST

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Mark-up on:			
- loans from banking companies		5,156,227	4,028,709
- short term borrowings		1,250,030	772,347
- customers' deposits		442,372	348,211
- customer finance		943	600
- Government of Sindh loans		35,004	37,153
- obligation against pipeline		86,345	90,576
- bank charges		25	-
- guarantee charges		446	949
- others		113,614	162,826
		7,085,006	5,441,371
Less: finance cost capitalised during the year		(325,823)	(376,266)
		6,759,183	5,065,105

44. TAXATION

Current year

	Note	2019	2018
Current tax		1,588,692	(1,146,439)
Prior Year Tax		(83)	10,600
Deferred tax	9	(13,725)	(2,911,876)
		1,574,884	(4,047,715)

44.1 Relationship between consolidated accounting profit and tax expense for the year is as follows:

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Accounting loss for the year		**(16,787,925)**	(10,756,811)
Tax rate		**29%**	30%
Tax charge @ 29% (2018: 30%)		**(4,868,498)**	(3,227,043)
Effect of minimum tax		**1,960**	-
Minimum income tax u/s 153 (1)(b) & 113 / alternate corporate tax		**5,243**	1,139,014
Effect of change in rate		**5,986**	66,677
Effect of adjustments recognised in the current year in respect of prior year		**23**	(3,074)
Effect of deferred tax not recognised / reversal		**6,068,026**	7,678,876
Effect of deferred tax recognised on prior year alternate corporate tax		**83**	(10,600)
Effects of prior period		**(83)**	10,600
Tax credit u/s 65 (b)		**4,545**	-
Effect of lower tax rate on dividend income		**2,383**	4,705
Others		**355,216**	(1,611,440)
		1,574,884	4,047,715

44.2 Management assessment on sufficiency of provision for income taxes

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

Tax Year	Current Tax provision as per Accounts	Tax assessment
	---------- (Rupees in '000) ----------	
2018	1,135,550	970,049
2017	1,503,430	904,032
2016	656,908	76,355

45. STAFF RETIREMENT BENEFITS

45.1 Funded post retirement pension and gratuity schemes

As mentioned in note 3.18 to these consolidated financial statement of 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, 2019 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:

	2019			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	----------------------------- (Rupees in '000) -----------------------------			
(Asset) / liability in consolidated statement of financial position				
Fair value of plan assets	(1,110,520)	(3,718,709)	(199,381)	(3,219,240)
Present value of defined benefit obligation	1,283,366	6,596,505	19,402	5,433,108
	172,846	2,877,796	(179,979)	2,213,868
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2018	1,119,613	6,027,693	22,700	4,285,293
Current service cost	40,701	324,777	-	196,302
Interest cost	101,956	534,490	1,912	377,661
Remeasurement	121,323	159,174	(2,502)	931,792
Benefits paid	(100,227)	(449,629)	(2,708)	(357,940)
Obligation as at June 30, 2019	1,283,366	6,596,505	19,402	5,433,108
Movement in fair value of plan assets				
Fair value as at July 01, 2018	1,201,027	2,739,909	260,882	3,023,241
Expected return on plan assets	108,974	251,069	22,444	268,866
Remeasurement	(131,388)	(169,315)	(58,839)	(233,363)
Benefits paid	(100,227)	(449,629)	(2,708)	(357,940)
Contribution to the fund	385,142	993,668	167,054	328,984
Amount transferred (out) / in	(353,008)	353,008	(189,452)	189,452
Fair value as at June 30, 2019	1,110,520	3,718,710	199,381	3,219,240
Movement in (asset) / liability in consolidated statement of financial position				
(Asset) / liability as at July 01, 2018	(81,414)	3,287,784	(238,182)	1,262,052
Expense recognised for the year	386,691	255,190	168,920	115,645
Remeasurement	252,711	328,489	56,337	1,165,155
Contribution to the fund	(385,142)	(993,668)	(167,054)	(328,984)
(Asset) / liability in consolidated statement of financial position	172,846	2,877,795	(179,979)	2,213,868

Expense recognised in the consolidated statement of profit or loss

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

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

	2019			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Total remeasurement recognised in consolidated statement of comprehensive income				
Remeasurement on obligation arising on				
- financial assumptions	(4,157)	(205,635)	(349)	(54,533)
- demographic assumptions	-	-	-	-
- experience adjustments	(117,166)	46,461	2,851	(877,259)
	(121,323)	(159,174)	2,502	(931,792)
Remeasurement on plan assets arising on				
Return on plan assets excluding interest income	(20,352)	124,766	(36,561)	36,683
Interest income	(108,974)	(251,069)	(22,444)	(268,866)
Net return on plan assets over interest income	(129,326)	(126,303)	(59,005)	(232,183)
Difference in opening fair value of assets after audit	(2,062)	(43,012)	166	(1,180)
	(131,388)	(169,315)	(58,839)	(233,363)
	(252,711)	(328,489)	(56,337)	(1,165,155)
Composition / fair value of plan assets used by the fund				
Quoted Shares	10.70%	3.21%	35.36%	5.27%
Debt instruments	79.33%	83.54%	56.61%	88.98%
Mutual funds	5.74%	2.68%	0.00%	4.78%
Others including cash and cash equivalents	4.23%	10.57%	8.03%	0.97%
Total	100%	100%	100%	100%
Quoted Shares	118,839	119,209	70,506	169,727
Debt instruments	880,929	3,106,707	112,877	2,864,588
Mutual funds	63,762	99,815	-	153,958
Others including cash and cash equivalents	46,990	392,978	15,998	30,967
Total	1,110,520	3,718,709	199,381	3,219,240

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2019

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

	2018			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
(Asset) / liability in consolidated statement of financial				
Fair value of plan assets	(1,201,027)	(2,739,909)	(260,882)	(3,023,241)
Present value of defined benefit obligation	1,119,613	6,027,693	22,700	4,285,293
	(81,414)	3,287,784	(238,182)	1,262,052
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2017	957,501	4,969,429	23,208	4,271,048
Current service cost	36,480	295,356	-	201,292
Interest cost	75,106	382,499	1,685	327,106
Remeasurement	97,311	760,717	540	(260,487)
Benefits paid	(46,785)	(380,308)	(2,733)	(253,666)
Obligation as at June 30, 2018	1,119,613	6,027,693	22,700	4,285,293
Movement in fair value of plan assets				
Fair value as at July 01, 2017	1,179,749	2,557,549	184,687	2,904,594
Expected return on plan assets	91,700	202,426	13,742	225,085
Remeasurement	(87,533)	241,080	15,079	(157,931)
Benefits paid	(46,785)	(380,308)	(2,733)	(253,666)
Contribution to the fund	279,976	234,568	233,410	156,856
Amount transferred (out) / in	(216,080)	(115,406)	(183,303)	148,303
Fair value as at June 30, 2018	1,201,027	2,739,909	260,882	3,023,241
Movement in (asset) / liability in consolidated statement of financial position				
(Asset) / liability as at July 01, 2017	(222,248)	2,411,880	(161,479)	1,366,454
Expense recognised for the year	260,966	234,349	171,246	120,010
Remeasurement	159,844	876,123	(14,539)	(67,556)
Contribution to the fund	(279,976)	(234,568)	(233,410)	(156,856)
(Asset) / liability in consolidated statement of financial position	(81,414)	3,287,784	(238,182)	1,262,052

Expense recognised in the consolidated statement of profit or loss

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

	2018			
	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)
Amount transferred out / (in)	241,080	(241,080)	183,303	(183,303)
	260,966	234,349	171,246	120,010

	2018			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Total remeasurement recognised in consolidated statement of comprehensive income				
Net return on plan assets over interest income	(61,243)	(83,865)	(19,858)	(105,462)
Difference in opening fair value of assets after audit	(26,290)	(31,541)	34,937	(52,469)
	(87,533)	(115,406)	15,079	(157,931)
	(184,844)	(876,123)	14,539	102,556
Composition / fair value of plan assets used by the fund				
Quoted Shares	15.70%	6.82%	42.89%	8.83%
Mutual funds	6.03%	6.43%	0.00%	7.13%
Others including cash and cash equivalents	6.27%	2.17%	22.33%	2.27%
Total	100%	100%	100%	100%
Quoted Shares	188,602	186,850	111,896	267,032
Debt instruments	864,755	2,317,561	90,721	2,472,058
Mutual funds	72,380.00	176,128	-	215,419
Others including cash and cash equivalents	75,290	59,370	58,265	68,732
Total	1,201,027	2,739,909	260,882	3,023,241

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2018

Total number of employees	2,387	2,387	-	4,422
Total monthly salaries	236,963	236,963	-	107,977
Total number of pensioner	119	-	29	-
Total monthly pension	2,032	-	214	-

Significant actuarial assumptions

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

	Executives and Non-executives	
	2019 (%)	2018 (%)
Discount rate	**14.25**	9.00
Salary increase rate in first year	**12.50**	10.50
Expected rate of increase in salary level	**12.25**	7.00
Increase in pension	**8.25**	3.00
Mortality rates	**SLIC (2001-05)-1**	SLIC (2001-05)-1
Rates of employee turnover	**Light**	Light

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

			Impact of change in assumptions in present value of defined benefit obligation			
			Executives		Non-Executives	
			Pension	Gratuity	Pension	Gratuity
			(Rupees in '000)			
Discount rate	1%	Increase in assumption	1,165,743	6,242,861	18,306	5,095,898
Salary increase rate	1%		1,337,243	6,957,035	-	5,783,503
Pension increase rate	1%		1,365,754	-	20,696	-
Discount rate	1%	Decrease in assumption	1,422,859	6,984,365	20,635	5,805,745
Salary growth rate	1%		1,233,425	6,261,714	-	5,110,068
Pension increase rate	1%		1,211,901	-	18,239	-

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 these consolidated statement of financial statement.

Maturity profile of the defined benefit obligation

Weighted average duration of the PBO	9.17	5.36	5.65	6.21
Distribution of timing of benefit payments (time in years)				
1	16,237	488,067	2,777	451,995
2	36,962	773,467	3,006	476,254
3	44,818	1,021,108	3,254	525,563
4	53,942	1,022,257	3,523	625,625
5	64,247	1,197,473	3,813	747,514
6-10	556,425	9,930,627	24,337	7,353,755

The expected pension and gratuity expense for the next one year from July 01, 2019 is as follows:

	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees'000)			
Current service cost	45,216	358,747	-	256,055
Interest cost	184,876	931,095	2,574	760,722
Interest income on plan assets	(161,832)	(547,435)	(26,568)	(465,575)
Interest cost	23,044	383,660	(23,994)	295,147
Expected return on plan assets				
Amount transferred out / (in)	464,611	(464,611)	402,155	(402,155)
	532,871	277,796	378,161	149,047

45.2 Unfunded post retirement medical benefit and gas supply facilities

As mentioned in note 4.9 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, 2019 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 2,367 (2018: 2,387) and 153 (2018: 156) for medical and gas facility respectively.

	2019		
	Post retirement medical facility	Post retirement gas facility	Total
	(Rupees in '000)		
Liability in consolidated statement of financial position			
Present value of defined benefit obligation	4,965,955	52,959	5,018,914
Movement in present value of defined benefit obligation			
Liability as at July 01, 2018	4,935,796	31,974	4,967,770
Expense recognised for the year	648,709	2,771	651,480
Payments during the year	(105,000)	(4,177)	(109,177)
Remeasurement	(513,550)	22,391	(491,159)
Liability as at June 30, 2019	4,965,955	52,959	5,018,914
Expense recognised in the consolidated statement of profit or loss			
Current service cost	196,014	-	196,014
Interest cost	452,695	2,771	455,466
	648,709	2,771	651,480
Total remeasurement recognised in consolidated statement of comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	(61,220)	-	(61,220)
- demographic assumptions	-	-	-
- experience adjustments	(452,330)	22,391	(429,939)
	(513,550)	22,391	(491,159)

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2019.

Total number of actives	**2,367**	**-**
Total number of beneficiaries	**2,249**	**153**

	2018		
	Post retirement medical facility	Post retirement gas facility	Total
	(Rupees in '000)		
Liability recognised in consolidated statement of financial position			
Present value of defined benefit obligation	4,935,796	31,974	4,967,770
Movement in present value of defined benefit obligation			
Liability as at July 1, 2017	4,070,936	44,368	4,115,304
Expenses recognised for the year	535,231	3,317	538,548
Payments during the year	(98,000)	(2,361)	(100,361)
Remeasurement	427,629	(13,350)	414,279
Liability as at June 30, 2018	4,935,796	31,974	4,967,770
Expense recognised in the consolidated statement of profit or loss			
Current service cost	211,787	-	211,787
Interest cost	323,444	3,317	326,761
	535,231	3,317	538,548

	2018		
	Post retirement medical facility	Post retirement gas facility	Total
	(Rupees in '000)		
Total remeasurement recognised in consolidated statement of comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	202,496	-	202,496
- demographic assumptions	-	-	-
- experience adjustments	225,133	(13,350)	211,783
	427,629	(13,350)	414,279

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2018

Total number of actives	2,387	-
Total number of beneficiaries	2,123	153

Significant actuarial assumptions

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

	Executives 2019 (%)	Executives 2018 (%)
Discount rate	**14.25%**	9.00%
Medical increase rate - (Pre-Retirement)	**12.25%**	7.00%
Medical increase rate - (Post-Retirement)	**14.25%**	9.00%
Gas inflation rate	**14.25%**	9.00%

	Executives 2019	Executives 2018
	--------- (Rupees in '000) --------	
Benefit limit - Gas	**27,500**	15,500
Expected medical expense for adult - retires and deceased staff	**51,000**	50,000
Expected medical expense for adult - active (family of two)	**102,000**	100,000
Expected medical expense for children	**10,000**	10,000
Mortality rates (for death in service & post retirement mortality)	**SLIC (2001-05)**	SLIC (2001-05)
Rates of employees turnover	**Light**	Light

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

	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	**4,254,799**	**49,517**
Medical inflation rate	1%		**5,625,959**	**-**
Gas inflation rate	1%		**-**	**56,784**
Discount rate	1%	Decrease in assumption	**5,864,039**	**56,820**
Medical inflation rate	1%		**4,412,225**	**-**
Gas inflation rate	1%		**-**	**49,489**

Maturity profile of the defined benefit obligation

	Post retirement medical facility	Post retirement gas facility
Weighted average duration of the PBO	**6.50**	**7.07**
Distribution of timing of benefit payments (time in years)		
1	**4,460**	**2,445**
2	**4,356**	**2,278**
3	**3,889**	**1,941**
4	**3,148**	**1,499**
5	**2,290**	**1,040**
6-10	**2,993**	**1,249**
11-15	**26**	**9**

	2019	2018
	--------- (Rupees in '000) --------	
The expected medical and gas expense for the next one year from July 01, 2020 is as follows:		
Current service cost	**198,734**	-
Net interest cost	**713,026**	7,257
	911,760	7,257

45.3 Defined contribution plan - recognized provident fund

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

	Executives		Non-Executives	
	2019 (Audited)	2018 (Audited)	2019 (Audited)	2018 (Audited)
	(Rupees in '000)			
Size of provident fund	4,184,961	3,966,327	3,810,725	3,690,120
Cost of investments made	3,651,386	3,518,461	3,268,452	3,290,016
Percentage of investments made	87.3%	88.7%	85.8%	89.2%
Fair value of investment	3,900,830	3,682,564	3,661,452	3,512,185

	Executives		Non-Executives	
	2019 (Audited)	2018 (Audited)	2019 (Audited)	2018 (Audited)
	(Rupees in '000)			
Break-up of investments:				
- Balance in savings accounts				
Amount of investment	144,898	85,722	64,649	68,100
Percentage of investment as size of the fund	3.4%	2.1%	1.7%	1.8%
- Term deposit receipts				
Amount of investment	673,058	692,802	929,295	423,398
Percentage of investment as size of the fund	16.1%	17.4%	24.4%	11.5%
- Units of mutual fund				
Amount of investment	331,382	637,954	219,713	292,189
Percentage of investment as size of the fund	8.7%	16.7%	5.8%	7.7%
- Special savings certificate				
Amount of investment	1,489,261	1,161,020	1,159,743	1,381,025
Percentage of investment as size of the fund	35.6%	29.3%	30.4%	37.4%
- Treasury bills				
Amount of investment	-	391,161	-	547,199
Percentage of investment as size of the fund	0.0%	9.9%	0.0%	14.8%
- Pakistan Investment Bonds (PIBs)				
Amount of investment	1,151,929	549,810	1,188,101	651,560
Percentage of investment as size of the fund	27.5%	13.9%	31.2%	17.7%
- Term Finance Certificates (TFCs)				
Amount of investment	4,953	8,035	4,158	4,587
Percentage of investment as size of the fund	0.1%	0.2%	0.1%	0.1%
- Quoted shares				
Amount of investment	105,349	156,060	95,793	144,127
Percentage of investment as size of the fund	2.5%	3.9%	2.5%	3.9%

		2019	2018
		--------- (Rupees in '000) --------	
45.4	DEFERRED LIABILITY - GRATUITY-SUBSIDIARY COMPANY	27,971	21,257

45.4.1 As stated in note 3.17, the Subsidiary Company has arranged actuarial valuation in the current year. The details of employee retirement benefit obligations based on actuarial valuations carried out by independent actuary as at June 30, 2018 under the Projected Unit Credit method are as follows:

		2019	2018
		--------- (Rupees in '000) --------	
45.4.2	**Statement of financial position - net recognised liability**		
	Present value of defined benefit obligation	27,971	21,257
45.4.3	**Movement in present value of defined benefit obligation**		
	Present value of defined benefit obligation at beginning of the year	21,257	15,929
	Current service cost	6,955	4,759
	Interest cost	2,050	1,470
	Benefits paid during the year	(1,513)	(177)
	Remeasurement of actuarial loss / (gain)	(778)	(724)
	Present value of defined benefit obligations at end of the year	27,971	21,257
45.4.4	**Expense recognised in Statement of profit or loss**		
	Current service cost	6,955	4,759
	Net interest expense	2,050	1,470
	Expense for the year	9,005	6,229
45.4.5	**Remeasurement losses recognised in other comprehensive income**		
	Actuarial (gain) / loss on defined benefit obligation	(778)	(724)

45.4.6 The principal assumptions used in the actuarial valuation carried out as of June 30, 2018, using the 'Projected Unit Credit' method, are as follows:

	2019	2018
	%	%
Discount rate	15%	10%
Salary increase rate short run	10%	10%
Salary increase rate long run (p.a)	15%	10%

		2019	2018
		--------- (Rupees in '000) -------	
45.4.7	The expected maturity analysis of undiscounted retirement benefit plan is:		
	Year 1	815	663
	Year 2	841	639
	Year 3	1,134	633
	Year 4	5,177	809
	Year 5	879	3,581
	Year 6 to Year 10	13,185	7,336
	Year 11 to above	184,659	66,272

45.4.8 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Present value of obligation Rupees	% Change from base
Base	27,972	
Discount rate (1% increase)	25,375	-9.28%
Discount rate (1% decrease)	30,957	10.67%

	Present value of obligation Rupees	% Change from base
Salary growth rate (1% increase)	31,075	11.10%
Salary growth rate (1% decrease)	25,234	-9.79%
Withdrawal rate (10% increase)	27,971	0.00%
Withdrawal rate (10% decrease)	27,971	0.00%
1 year Mortality age set back	27,971	0.00%
1 year Mortality age set forward	27,971	0.00%

The defined benefit obligation exposes the Subsidiary Company to the 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 salary 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.

45.4.9 The following table shows the analysis of remeasurement as at the valuation date:

	2019 Rupees in '000
Remeasurment (gain) / loss on obligation	
- Financial assumption	-
- Experience adjustment	(778)
Total remeasurement on obligation	(778)
Total remeasurement recognised in Other Comprehensive Income	(778)

46. LOSS PER SHARE - BASIC AND DILUTED

		2019	2018
Loss for the year	*Rupees in '000*	(18,362,809)	(14,804,526)
Average number of ordinary shares	*Number of shares*	880,916,309	880,916,309
Loss per share - basic and diluted	*Rupees*	(20.85)	(16.81)

	Note	2019	2018
		--------- (Rupees in '000) --------	

47. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

	Note	2019	2018
Provisions	47.1	**2,468,523**	2,802,738
Depreciation		**7,688,000**	7,439,227
Amortisation of intangibles		**29,447**	33,996
Finance cost		**6,789,458**	4,922,325
Amortisation of transaction cost		**49,996**	52,204
Recognition of income against deferred credit and contract liabilities		**(590,627)**	(582,578)
Dividend income		**(17,020)**	(18,818)
Interest income		**(1,812,239)**	(991,397)
Income from net investment in finance lease		**(46,608)**	(56,966)
Loss on disposal of property, plant and equipment		**254,948**	(24,042)
Increase / (decrease) in long term advances		**(78,814)**	941,493
Decrease / increase in deferred credit and contract liabilities		**3,790,389**	2,309,623
Decrease in obligation under finance lease	39.2.2	**86,345**	90,574
Amortization of Government grant		**(23,251)**	(861,179)
		18,588,547	16,057,200

47.1 Provisions

	2019	2018
Provision against slow moving / obsolete stores	**113,895**	71,757
Provision against impaired debts and other receivables	**-**	1,017,496
Impairment loss against financial assets	**849,498**	-
Provision for compensated absences	**(145,236)**	238,977
Provision for post retirement medical and free gas supply facilities	**651,480**	538,548
Provision for retirement benefits	**926,446**	786,571
Provision for gratuity	**9,004**	6,229
Provision for leave encashment	**3,362**	2,513
Provision for LPG Cost	**(10,420)**	10,420
Provision for IT Services	**-**	3,296
Impairment of capital work in progress	**70,494**	126,931
	2,468,523	2,802,738

48. WORKING CAPITAL CHANGES

	2019	2018
(Increase) / decrease in current assets		
Stores and spares & loose tools	**(371,038)**	427,212
Stock-in-trade	**(680,339)**	62,894
Customers' installation work in progress	**(31,658)**	(14,289)
Trade debts	**(8,258,330)**	4,354,909
Advances, deposits and short term prepayments	**40,857**	(71,459)
Other receivables	**(120,134,617)**	(70,606,933)
	(129,435,125)	(65,847,666)
Increase in current liabilities		
Trade and other payables	**147,304,408**	70,421,016
	17,869,283	4,573,350

49. REMUNERATION OF MANAGING DIRECTOR AND EXECUTIVES

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

	2019		2018	
	Managing Director	Executives	Managing Director	Executives
	(Rupees in 000)			
Managerial remuneration	27,521	2,181,938	18,414	1,776,131
Housing	11,423	866,428	6,181	705,056
Utilities	2,256	192,773	1,374	156,782
Retirement benefits	3,362	471,760	939	264,585
	44,562	3,712,899	26,908	2,902,554
Number	2	947	2	752

49.1 The Chairperson, Managing Director and certain executives are also provided the Group maintained vehicles in accordance with their entitlement. In addition, the Chairman of the Group was paid Rs. 1.39 million (2018: Rs.0.8 million). Executives are also provided medical facilities in accordance with their entitlement.

49.2 Aggregate amount charged in these consolidated financial statements in respect of fee paid to 22 directors was Rs. 38.2 million (2018: Rs. 37.3 million for 14 directors).

49.3 Total number of employees and average number of employees as at year end are 6,943 and 7,016 respectively (2018: 7,103 and 7,160).

50. CAPACITY AND ACTUAL PERFORMANCE

50.1 Natural gas transmission

	2019		2018	
	MMCF	HM3	MMCF	HM3
Transmission operation				
Capacity - annual rated capacity at 100% load factor with compression	990,610	279,092,975	990,610	279,092,975
Utilisation - volume of gas transmitted	774,988	218,343,957	721,277	203,211,467
Capacity utilisation factor (%)	78.2	78.2	72.8	72.8

50.2 Natural gas distribution

The Holding Company has no control over the rate of utilisation of its capacity as the use of available capacity is dependent on off-takes by the customers.

50.3 Meter manufacturing division

During the year meter manufacturing division produced and assembled 583,590 meters (2018: 503,840 meters) against an annual capacity of 356,000 meters on a single shift basis

51. 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 Holding 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 consolidated financial statements are as follows:

	Relationship	2019	2018
		(Rupees in '000)	
* **Astro Plastic (Private) Limited**	Associate		
- Billable charges		**-**	65,226
Attock Cement Limited	Associate		
- Billable charges		**47,042**	62,687
Government related entities - various			
- Purchase of fuel and lubricant		**53,408**	51,751
- Billable charges		**43,799,008**	39,660,053
- Mark-up on short term finance		**109,274**	15,103
- Mark-up on long term finance		**583,833**	425,245
- Income from net investment in finance lease		**46,608**	56,966
- Gas purchases		**121,021,617**	84,663,014
- Sale of gas meters		**20,332**	285,169
- Rent of premises		**6,209**	12,680
- Insurance premium		**107,049**	126,013
- Uniform cost of gas		**-**	11,706,526
- Electricity expense		**231,666**	193,550
- Interest income		**1,450,021**	750,432
- Professional charges		**22**	289
- RLNG transportation income		**8,748,858**	7,694,354
- Income against LNG service agreement		**804,326**	639,527
Habib Bank Limited	Associate		
- Profit on investment		**315**	621
- Mark-up on short term finance		**114,910**	232,239
- Mark-up on long term finance		**176,575**	532,946
- Billable Charges		**6,743**	14,854
Key management personnel			
- Remuneration		**286,426**	265,774
Minto & Mirza	Associate		
- Professional charges		**4,500**	7,500
Petroleum Institute of Pakistan	Associate		
- Subscription / contribution		**980**	3,453
Staff Retirement Benefit Plans	Associate		
- Contribution to provident fund		**403,096**	326,736
- Contribution to pension fund		**555,672**	432,212
- Contribution to gratuity fund		**370,192**	354,359
Thatta Cement Company Limited	Associate		
- Billable charges		**2,481**	4,326

* 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, 17, 32 and 45 to these consolidated financial statements.

Remuneration to the executive officers of the Group (disclosed in note 49 to these consolidated financial statements) and loans and advances to them (disclosed in notes 24 and 29 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.

51.1. Amount (due to) / receivable from related parties

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

	Relationship	2019	2018
		(Rupees in '000)	
*** Attock Cement Limited**	Associate		
- Billable charges		-	5,280
- Gas supply deposit		-	(588)
Government related entities - various			
- Billable charges		**62,745,107**	62,534,749
- Mark up accrued on borrowings		**(5,158,965)**	(6,096,830)
- Net investment in finance lease		**224,440**	64,864
- Gas purchases		**247,927,553**	172,448,498
- Gas meters		**360,181**	1,467,999
- Uniform cost of gas		**15,818,845**	16,011,845
- Cash at bank		**5,527**	3,619
- Stock loan		**4,912**	45,595
- Payable to insurance		**(475,580)**	(2,301)
- Gas supply deposit		**(43,392)**	(39,211)
- Interest expense accrued - late payment surcharge on gas bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**11,287,868**	9,837,847
- Contingent rent		**3,535**	3,535
- Capacity and utilisation charges of RLNG		**33,298,113**	19,835,414
- RLNG transportation income		**20,642,231**	12,026,912
- LSA Margins		**1,897,684**	1,083,299
- Advance for Sharing Right of Way		**(18,088)**	(18,088)
- Professional Charges		**57**	57
*** Habib Bank Limited**	Associate		
- Long term finance		-	(7,478,125)
- Short term finance		-	(5,966,125)
- Cash at bank		-	61,008
- Accrued mark-up		-	(449,258)
- Billable charges		-	1,530
- Gas supply deposit		-	363
*** Thatta Cement Company Limited**	Associate		
- Billable charges		-	310

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

52. 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

52.1 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:

	2019	2018
	---------- (Rupees in '000) ----------	
Trade debts	**84,191,799**	76,782,729
Net investment in finance lease	**246,763**	304,579
Loans and advances	**835,430**	962,931
Deposits	**48,204**	66,675
Bank balances	**831,679**	786,297
Interest accrued	**11,754,266**	10,500,984
Other receivables	**85,575,655**	67,213,170
	183,483,796	156,617,365

52.1.1 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:

	2019	2018
	---------- (Rupees in '000) ----------	
Cash deposits	**17,770,693**	15,277,281
Bank guarantee / irrevocable letter of credit	**35,940,539**	40,584,284

52.1.2 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 52.1.3 to these consolidated finacial statements.

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

Bank	Rating Agency	Rating	
		Short Term	Long Term
National Bank of Pakistan	PACRA	A1+	AAA
Allied Bank Limited	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Faysal Bank Limited	JCR-VIS	A-1+	AA
MCB Bank Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AA+
Askari Bank Limited	PACRA	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA
First Women Bank Limited	PACRA	A2	A-
Summit Bank Limited	JCR-VIS	A3	BBB-
Bank Al-Habib Limited	PACRA	A1+	AA+
Bank Islami Pakistan Limited	PACRA	A1	A+
Albaraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA+
Samba Bank Limited	PACRA	A-1	AA
Silk Bank Limited	JCR-VIS	A-2	A-
Soneri Bank Limited	JCR-VIS	A1+	AA-
Telenor Micro Finance Bank Limited	JCR-VIS	A1	A+
Citi Bank N. A.	PACRA	P-1	Aa3
Deutsche Bank A.G,	Moody's	A2	BBB+
The Bank of Tokyo- Mitsubishi- UFJ, Limited	Standard & Poor's	Standard & A-1	A
Sindh Bank Limited	JCR-VIS	A-1	AA

52.1.3 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:

	2019		2018	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	**21,991,924**	**-**	21,037,818	-
Past due but not impaired	**46,949,862**	**-**	39,896,302	-
Past due and impaired	**11,641,445**	**4,686,016**	13,240,013	7,171,284
Disconnected customers	**1,179,486**	**1,179,486**	1,161,039	1,137,274
Total	**81,762,717**	**5,865,502**	75,335,172	8,308,558

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 57,137 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. 45,276 million (2018: Rs. 42,059 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:

	2019		2018	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	**2,610,497**	-	1,689,601	-
Past due but not impaired:				
Past due 1 - 3 month	**1,799,800**	-	1,482,596	-
Past due and impaired:				
Past due 4 - 6 months	**2,115,318**	**2,116**	1,742,506	-
Past due 7 - 9 months	**837,457**	**177,938**	639,568	-
Past due 10 - 12 months	**428,589**	**114,406**	470,636	-
Over 12 months	**2,689,587**	**2,369,896**	3,698,085	698,746
	6,070,951	**2,664,356**	6,550,795	698,746
Disconnected customers	**7,102,744**	**7,102,744**	6,550,086	5,818,217
Total	**17,583,992**	**9,767,100**	16,273,078	6,516,963

The Holding Company has collateral / security against domestic customers amounting to Rs. 8,119 million (2018: Rs. 7,537 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, 2019 interest accrued net of provision was Rs.13,110 million (2018: Rs. 11,202 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. 11,287 million (2018: 9,838 million), recovery of which is subject to inter corporate circular debt of Government entities.

Other receivables

As at June 30, 2019, other receivable financial assets amounted to Rs. 84,495 million (2018: Rs. 63,635 million). Past due other receivables amounting to Rs. 57,756 million (2018: Rs. 50,183 million) include over due balances of SNGPL amounting to Rs. 46,121 million (2018: Rs. 33,537 million), JJVL amounting to Rs. 11,562 million (2018: Rs. 11,961 million) and of SSGC LPG amounting to Rs. 30.1 million (2018: Rs. 22.9 million).

52.1.3.1 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Holding Company's performance to developments affecting a particular industry. Concentration of credit risk is determined with references to the individual customers / counter parties, type as well as geographical distribution of customers / counterparties. Concentration of credit risk in financial assets of the Holding Company is as follows:

Trade debts

Customer category wise concentration of credit risk in respect of trade debts at year end is as follows:

	2019	2018
	---------- (Rupees in '000) ----------	
Power generation companies	**39,918,329**	37,430,037
Cement industries	**20,339**	30,119
Fertilizer and steel industries	**24,034,596**	23,190,143
Other industries	**11,180,409**	5,171,840
LPG marketing companies	**34,914**	21,406
Total industrial customers	**75,188,587**	65,843,545
Commercial customers	**1,446,575**	1,035,510
Domestic customers	**7,556,635**	9,903,674
	84,191,797	76,782,729

At year end the Holding Company's most significant receivable balances were K-Electric, PSML, and WAPDA which amounted to Rs. 33,771 million (2018: Rs. 32,801 million), Rs. 23,661 million (2018: Rs.22,923 million), and Rs. 5,196 million (2018: Rs. 4,038 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:

	2019	2018
	---------- (Rupees in '000) ----------	
Karachi	**69,056,408**	65,762,913
Sindh (excluding Karachi)	**11,432,609**	10,619,986
Balochistan	**3,702,780**	399,830
	84,191,797	76,782,729

Net investment in finance lease

The Holding Company's most significant investment in finance lease amounted to Rs. 246 million (2018: Rs. 304 million) in respect of SNGPL.

Interest accrued

Most significant counter parties of the Holding Company in respect of interest accrued are disclosed in note 31 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 32.4 to these consolidated financial statements. These balances are subject to inter circular corporate debt.

52.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Due to nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available. The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
As at June 30, 2019	(Rupees in '000)					
Long term finance	**46,757,348**	**(52,722,971)**	**(7,668,805)**	**(5,645,098)**	**(10,586,997)**	**(28,822,071)**
Obligation against pipeline	**933,345**	**(1,459,118)**	**(67,866)**	**(67,866)**	**(135,732)**	**(1,187,654)**
Provision	**11,347**	**(11,347)**	**(11,347)**	**-**	**-**	**-**
Deferred Liability - gratuity	**27,971**	**(27,971)**	**(27,971)**	**-**	**-**	**-**
Short term borrowings	**16,294,237**	**(16,294,237)**	**(16,294,237)**	**-**	**-**	**-**
Trade and other payables	**393,402,467**	**(393,402,467)**	**(393,402,467)**	**-**	**-**	**-**
Interest accrued	**17,881,425**	**(17,881,425)**	**(17,881,425)**	**-**	**-**	**-**
Deposits	**17,892,318**	**(36,250,284)**	**(251,813)**	**(233,406)**	**(466,813)**	**(35,298,252)**
	493,200,458	**(518,049,820)**	**(435,605,931)**	**(5,946,370)**	**(11,189,542)**	**(65,307,977)**
As at June 30, 2018						
Long term finance	56,295,466	(60,371,241)	(6,947,463)	(6,812,617)	(11,364,684)	(35,246,477)
Obligation against pipeline	982,731	(1,594,850)	(67,866)	(67,866)	(135,732)	(1,323,386)
Deferred Liability - gratuity	21,257	(21,257)	(21,257)	-	-	-
Provision	15,918	(15,918)	(15,918)	-	-	
Short term borrowings	9,759,947	(9,759,947)	(9,759,947)	-	-	-
Trade and other payables	250,544,642	(250,544,641)	(250,544,641)	-	-	-
Interest accrued	17,229,031	(17,229,031)	(17,229,031)	-	-	-
Deposits	15,468,939	(30,418,652)	(209,475)	(186,871)	(373,743)	(29,648,563)
	350,317,931	(369,955,537)	(284,795,598)	(7,067,354)	(11,874,159)	(66,218,426)

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 reporting date.

52.3 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).

52.3.1 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:

	2019		2018	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Creditors for gas	**84,653,566**	**514,611**	46,312,599	380,860
Estimated forecast gas purchases	**11,500,169**	**75,759**	91,122,625	823,745
Net exposure	**96,153,735**	**590,370**	137,435,224	1,204,605

Above net exposure is payable by the Holding Company in Rupees at the rate on which these are settled by the Holding Company. Currently, the Holding Company does not obtain forward cover against the gross exposure as exchange loss / gain on purchases of gas and supplies is recovered from / paid to Government of Pakistan as part of guaranteed return.

The following significant exchange rates applied during the year:

	Average rates		Reporting date rate	
	2019	2018	2019	2018
	---------- (Rupees) ------------		---------- (Rupees) ------------	
US Dollars	**151.80**	110.62	**164.50**	121.60

Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2019 would have (decreased) / increased trade creditors by Rs. 8,465 million (2018: Rs. 4,631 million). There is no effect of strengthening / (weakening) of US dollar on consolidated equity and consolidated profit or 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 17.43% guaranteed return. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2018.

52.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were as follows:

	2019	2018
	---------- (Rupees in '000) ----------	
Fixed rate instruments		
Financial assets		
Net investment in finance lease	**246,763**	304,579
Loan and advances	**560**	815
Trade debts	**26,937,870**	20,777,210
Bank balances	**124,098**	109,926
Receivable against asset contribution	**451,011**	382,469
	27,760,302	21,574,999
Financial liabilities		
Long term deposits	**(9,336,259)**	(7,474,857)
Government of Sindh loan	**752,086**	(733,040)
Front end fee of foreign currency loan	**(23,950)**	(23,950)
Obligation against pipeline	**(933,345)**	(933,345)
Trade and other payables	**(51,479,333)**	(58,638,824)
	(61,020,801)	(67,804,016)
	(33,260,499)	(46,229,017)
Variable rate instruments		
Financial assets		
Trade debts	**27,094,357**	33,829,806
Other receivables	**57,691,362**	45,631,917
Bank balances	**77,026**	67,671
	84,862,745	79,529,394
Financial liabilities		
Long term loan except Government of Sindh loan	**(36,354,124)**	(44,175,402)
Short term borrowings	**16,294,237**	(9,759,946)
Trade and other payables	**(241,478,043)**	(167,574,068)
	(261,537,930)	(221,509,416)
	(176,675,185)	(141,980,022)

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 or loss. Therefore, a change in interest rates at the reporting date would not affect consolidated statement of profit or loss 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 statement of profit or loss of the Holding Company as at June 30, 2019 by Rs. 2,078 million (2018: Rs. 1,403 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 2018.

52.3.3 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, 2019 is Rs. 236.148 million (2018: Rs. 371.331 million).

A ten percent increase / decrease in the prices of listed equity securities of the Holding Company at the reporting date would have increased / (decreased) long term investment and equity by Rs. 23.6 million (2018: Rs. 37.1 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

52.4 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.

52.4.1 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).

	2019			
	Level 1	Level 2	Level 3	Total
	---------------------------- (Rupees in '000)			-------------------------------
Fair Value through OCI financials assets				
Quoted equity securities	**236,148**	**-**	**-**	**236,148**
	236,148	**-**	**-**	**236,148**

	2018			
	Level 1	Level 2	Level 3	Total
	---------------------------- (Rupees in '000)			-------------------------------
Available-for-sale financials assets				
Quoted equity securities	371,332	-	-	371,332
	371,332	-	-	371,332

There have been no transfers during the year (2018: no transfers in either direction).

52.5 Financial instruments by categories

	Financial assets		
	Amortized Cost	FVTOCI	Total
	------------------- (Rupees in '000) ----------------------		
As at June 30, 2019			
Trade debts	**84,191,799**	**-**	**84,191,799**
Net investment in finance lease	**246,763**	**-**	**246,763**
Loans and advances	**835,430**	**-**	**835,430**
Deposits	**48,204**	**-**	**48,204**
Cash and bank balances	**836,483**	**-**	**836,483**
Interest accrued	**11,754,266**	**-**	**11,754,266**
Other receivables	**85,575,655**	**-**	**85,575,655**
Long term investments	**-**	**236,148**	**236,148**
	183,488,600	**236,148**	**183,724,748**
As at June 30, 2018			
Trade debts	76,782,729	-	76,782,729
Net investment in finance lease	304,579	-	304,579
Loans and advances	962,931	-	962,931
Deposits	66,675	-	66,675
Bank balances	791,931	-	791,931
Interest accrued	10,500,984	-	10,500,984
Other receivables	67,213,170	-	67,213,170
Long term investments	-	371,331	371,331
	156,622,999	371,331	156,994,330

	Financial liabilities at amortised cost	
	2019	2018
	---------- (Rupees in '000) ----------	
Long term finance	**46,757,348**	56,295,466
Obligation against pipeline	**933,345**	982,731
Short term borrowings	**16,294,237**	9,759,947
Trade and other payables	**393,402,467**	250,544,642
Interest accrued	**17,881,425**	17,229,031
Long term deposits	**17,892,318**	15,468,939
	493,161,140	350,280,756

52.6 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:

	2019	2018
	(Rupees in '000)	
Total borrowings		
Long term finance	**36,919,543**	44,721,775
Short term borrowings	**16,294,237**	9,759,947
Current portion of long term finance	**9,837,805**	11,573,691
	63,051,585	66,055,413
Less: Cash and bank balances	**(836,483)**	(791,931)
Net debts	**62,215,102**	65,263,482
Capital employed	**55,467,545**	68,959,755
Gearing ratio	**112%**	95%

53. OPERATING SEGMENTS

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

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

Segment revenue and results

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

	Segment revenue		Segment (loss) / profit	
	2019	2018	2019	2018
	(Rupees in '000)			
Gas transmission and distribution	**219,264,033**	158,763,329	**2,395,551**	(7,468,440)
Meter manufacturing	**1,810,650**	1,852,139	**9,099**	(58,473)
Total segments results	**221,074,683**	160,615,468	**2,404,650**	(7,526,913)
Unallocated - other expenses - Other operating expenses			**(20,686,660)**	(4,495,578)
Unallocated - other income - Non-operating income			**1,494,085**	1,265,680
Loss before tax			**(16,787,925)**	(10,756,811)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 2,120 million (2018: Rs. 1,898 million).

The accounting policies of the reportable segments are same as disclosed in note 3.21 to these consolidated financial statements.

Segment assets and liabilities

	2019	2018
	---------- (Rupees in '000) ----------	
Segment assets		
Gas transmission and distribution	**506,796,011**	365,847,787
Meter manufacturing	**762,427**	1,101,692
Total segment assets	**507,558,438**	366,949,479
Unallocated		
- Loans and advances	**835,430**	962,931
- Taxation - net	**19,717,006**	19,699,217
- Interest accrued	**487,739**	490,109
- Cash and bank balances	**338,294**	410,399
	21,378,469	21,562,656
Total assets as per connsdated statement of financial position	**528,936,907**	388,512,135
Segment liabilities		
Gas transmission and distribution	**530,359,998**	379,325,123
Meter manufacturing	**285,719**	326,013
Total segment liabilities	**530,645,717**	379,651,136
Unallocated		
- Employee benefits	**5,875,230**	5,956,657
Total liabilities as per consoliated statement of financial position	**536,520,947**	385,607,793

54. DETAILS OF INVESTMENTS BY EMPLOYEES RETIREMENT BENEFIT FUNDS

Details of the value of investments by the Provident, Gratuity and Pension funds based on respective audited consolidated financial statements at June 30, 2019 and 2018 are as follows:

	2019	2018
	-------(Rupees in '000)--------	
Pension fund - executives	**1,102,679**	1,184,607
Gratuity fund - executives	**3,743,474**	2,754,249
Provident fund - executives	**3,900,834**	3,682,566
Benevolent fund - executives	**198,264**	187,280
Pension fund - non executives	**196,352**	255,810
Gratuity fund - non executives	**3,266,675**	3,032,482
Provident fund - non executives	**3,661,455**	3,512,184

55. ACCOUNTING ESTIMATES AND JUDGMENTS

55.1 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.

55.2 Staff retirement and other service benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 45 to the 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.

55.3 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.

55.4 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.

55.5 Fair value of investments

Management has determined fair value of certain investments by using quotations from active market of the financial instruments.

55.6 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 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.

55.7 Recognition of gas development surcharge

Management has recognised income from gas development surcharge according to Final Revenue Requirement (FRR) issued by OGRA based on stay orders as mentioned in note 1.5 to these consolidated financial statements. Further, gas development surcharge does not include the impact of stay orders as mentioned in note 1.5. since no revised FRR has been issued by OGRA in this regard.

55.8 Purchases of gas

Holding Company records purchases of gas at the rates notified by Oil and Gas Regulatory Authority. Effect of adjustments, if any, arising from revision in purchase price is reflected as and when the prices are approved by OGRA.

56. 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.

57 EVENTS AFTER THE REPORTING DATE

COVID 19

On March 11, 2020, the World Health Organization made an assessment that the outbreak of a corona virus (COVID-19) can be characterized as a pandemic. In addition, oil prices significantly dropped during January to March 2020 due to the effect of COVID-19 and a number of other political and economic factors. These factors have negatively affected the economies and the businesses of the country where the Group operates. To alleviate the negative impact of the COVID-19 pandemic, the various governments including the Government of Pakistan, other independent jurisdictions and regulators have taken measures and issued directives to support businesses at large, including extensions of deadlines, allowing easy installments to customers, facilitating continued business through social-distancing and easing pressure on credit and liquidity. Due to Covid-19, receivables increased because of easy installements provided by Government of Pakistan and similarly there was an increase shown in theft and PUG because of disclosure of disconnection activities in the areas where billing recovery is significantly low.

These conditions are non-adjusting events and impacted the economic and risk environment in which the Group operates.

Sui Southern Gas Provident Fund Trust Company (Private) Limited

The subsidiary Sui Southern Gas Provident Fund Trust Company (Private) Limited went into winding up on June 30, 2020.

58. RECLASSIFICATION

Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of events and transaction for the purpose of comparison, which are as follow:

Description	(Rupee in 000)	Reclassified	
		From	To
SSGC			
Payable to SNGPL against purchases of RLNG	7,264,401	Creditors for: Indigenous gas - Trade and other payables	Creditors for: RLNG - Trade and other payables
RLNG differential margin payable to GoP	2,516,367	Gas development surcharge receivable from GoP - Other receivables	RLNG differential margin payable to GoP - Trade and other payables
SSGC (LPG) Private Limited			
Group life insurance	642	Cost of sales - Insurance	Cost of sales - Salaries, wages, and benefits
Group life insurance	436	Administrative Expenses - Insurance	Administrative Expenses - Salaries, wages, and benefits
Trade debts	29	Considered good - secured	Considered good - unsecured

59. GENERAL

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

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

60. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue in Board of Directors meeting held on July 10, 2021.

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

STATISTICAL INFORMATION

TEN YEARS SUMMARY

Key Statistical Data For the year ended 30 June	Unit	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Gas purchased	MMCF	**454,530**	445,604	438,389	469,381	434,871	423,760	419,275	405,322	395,779	428,541
Gas sold	MMCF	**363,081**	361,824	362,313	384,989	362,510	356,628	373,645	364,409	356,040	388,828
Mains - transmission	Km	**4,054**	4,054	3,997	3,614	3,551	3,551	3,490	3,401	3,337	3,320
Mains & services - distribution - additions	Km	**784**	689	758	871	801	673	1,455	1,709	2,468	2,503
New connections	Each	**116,087**	89,398	86,359	95,353	96,366	81,411	86,210	128,601	112,748	112,732
LPG air mix sales	MMBTU	**163,596**	216,015	156,242	108,963	90,966	80,853	68,428	37,492	9,065	-
Gas meters - produced / assembled	Each	**582,590**	503,840	444,850	491,799	614,680	851,460	690,129	675,521	612,903	750,000
Income statement						Rs. Million					
Sales		**251,645**	184,015	187,028	214,637	182,792	176,545	164,354	153,269	126,403	127,614
GST		**(32,381)**	(25,252)	(25,666)	(31,234)	(23,939)	(24,004)	(22,156)	(19,394)	(16,001)	(15,340)
Sales excluding GST		**219,264**	158,763	161,362	183,403	158,853	152,541	142,198	133,875	110,402	112,274
Gas Development Surcharge and RLNG differential margin		**77,903**	18,641	(4,689)	(44,787)	3,730	742	9,440	(2,971)	4,127	(4,537)
Net sales		**297,167**	**177,404**	**156,673**	**138,616**	**162,583**	**153,283**	**151,638**	**130,904**	**114,529**	**107,737**
Cost of gas		**(274,794)**	(168,464)	(140,658)	(147,285)	(154,261)	(150,516)	(135,449)	(117,763)	(102,890)	(95,333)
Transmission and distribution costs		**(13,198)**	(11,842)	(11,277)	(11,306)	(10,281)	(7,836)	(8,938)	(7,086)	(6,395)	(7,019)
Administrative and selling expenses		**(4,484)**	(4,163)	(4,049)	(3,616)	(3,514)	(3,212)	(3,071)	(2,697)	(2,905)	(2,252)
Depreciation		**(7,464)**	(7,187)	(5,839)	(5,075)	(4,698)	(4,128)	(3,981)	(3,565)	(3,177)	(2,782)
Other operating expenses		**(21,535)**	(5,512)	(3,293)	(2,356)	(1,588)	(2,181)	(4,952)	(2,873)	(1,645)	(752)
Other income		**14,248**	14,002	13,451	25,799	12,686	16,196	12,741	14,698	13,788	12,430
Operating (loss) / profit		**(10,062)**	**(5,762)**	**5,008**	**(5,222)**	**927**	**1,606**	**7,988**	**11,618**	**11,305**	**12,029**
Finance cost		**(6,758)**	(5,064)	(1,692)	(2,618)	(9,696)	(7,416)	(7,608)	(7,532)	(5,786)	(5,016)
Profit before taxation		**(16,820)**	**(10,826)**	**3,316**	**(7,840)**	**(8,769)**	**(5,810)**	**380**	**4,086**	**5,519**	**7,013**
Taxation		**(1,575)**	(4,022)	(1,980)	1,725	3,378	2,057	(132)	(1,505)	(795)	(2,614)
Profit after taxation		**(18,395)**	**(14,848)**	**1,336**	**(6,115)**	**(5,391)**	**(3,753)**	**248**	**2,581**	**4,724**	**4,399**
Balance Sheet											
As at 30 June											
Share capital		**8,809**	8,809	8,809	8,809	8,809	8,809	8,809	8,809	8,390	6,712
Reserves		**(37,875)**	(19,076)	(4,455)	(6,391)	(234)	4,806	7,074	9,439	9,385	7,360
Surplus on revaluation of fixed assets		**21,043**	13,673	11,728	11,728	10,252	10,252	10,252	10,252	10,252	-
Total Equity		**(8,022)**	**3,406**	**16,082**	**14,146**	**18,827**	**23,867**	**26,135**	**28,500**	**28,027**	**14,072**
Deferred tax		**-**	**-**	-	-	-	3,321	5,865	7,622	7,651	7,018
Employees post-retirement benefits		**5,847**	5,935	4,886	4,704	4,688	3,470	2,518	2,154	1,825	1,530
Long term deposits & advances		**20,629**	18,331	16,429	13,555	11,411	9,379	6,416	6,497	5,359	4,873
Obligation against pipeline		**879**	933	983	1,028	1,069	-	-	-	-	-
Deferred credit		**4,844**	6,038	5,321	5,842	7,115	5,449	5,748	5,337	5,519	4,989
Contract liabilities		**4,402**		-	-	-	-	-	-	-	-
Long term financing		**36,920**	44,722	48,790	22,573	17,493	20,860	24,770	18,315	14,471	11,646
Non-current liabilities		**73,522**	75,959	76,409	47,702	41,776	42,479	45,317	39,925	34,825	30,056
Current portion of long term financing		**9,838**	11,574	7,045	5,756	8,146	4,046	3,598	3,227	4,272	5,035
Short term borrowings		**16,294**	9,760	2,901	4,860	989	3,141	4,018	-	-	3,721
Trade payables		**376,881**	234,616	168,177	143,782	145,975	114,771	80,522	78,532	56,717	44,560
Other payables		**41,013**	32,923	28,060	45,829	27,167	18,311	15,477	7,079	5,498	6,487
Current portion of obligation against pipeline		**54**	49	45	41	38	-	-	-	-	-
Current portion of deferred credit		**395**	571	423	428	430	-	-	-	-	-
Current portion of contract liabilities		**167**	-	-	-	-	-	-	-	-	-
Interest and mark-up accrued		**17,881**	17,229	16,899	16,532	34,069	26,831	21,904	16,197	10,823	6,829
Taxation - net		**-**	-	-	-	-	-	-	-	-	-
Current liabilities		**462,523**	306,722	223,550	217,228	216,814	167,100	125,519	105,035	77,310	66,632
Total equity and liabilities		**528,023**	386,087	316,041	279,076	277,417	233,446	196,971	173,460	140,162	110,760
Work in progress		**11,527**	11,071	8,726	23,433	9,536	8,134	7,183	6,905	5,664	4,751
Operating tangible fixed assets		**118,193**	109,453	106,267	73,278	64,406	62,031	60,553	57,355	53,981	36,915
Property, plant & equipment		**129,720**	120,524	114,993	96,711	73,942	70,165	67,736	64,260	59,645	41,666
Intangible assets		**21**	49	74	25	36	89	125	46	16	5
Long term financial assets		**1,628**	1,821	2,051	1,776	1,913	1,866	1,926	2,002	1,125	1,254
Deferred tax		**-**	-	2,476	2,669	292	-	-	-	-	-
Non-current assets		**131,369**	122,394	119,594	101,181	76,183	72,120	69,787	66,308	60,786	42,925
Stores spares & loose tools		**2,364**	2,015	2,472	2,147	1,821	2,174	2,166	2,080	2,263	2,037
Stock in trade		**1,799**	1,125	1,139	802	860	889	629	780	703	455
Trade debts		**84,157**	76,761	82,137	86,285	90,352	78,906	76,285	70,613	49,182	43,816
Other receivables		**275,146**	151,970	80,194	58,047	81,831	61,253	38,774	25,886	19,975	17,799
Interest and mark-up accrued		**13,110**	11,691	10,594	9,191	7,661	6,292	5,529	4,681	3,474	2,834
Taxation - net		**19,536**	19,549	18,867	19,987	17,443	10,475	2,788	1,428	2,306	90
Trade deposits & prepayments		**202**	172	147	482	282	137	166	181	388	183
Cash & bank balances		**338**	410	897	954	984	1,200	847	1,503	1,085	621
Current assets		**396,653**	263,693	196,447	177,895	201,234	161,326	127,184	107,152	79,376	67,835
Total Assets		**528,023**	386,087	316,041	279,076	277,417	233,446	196,971	173,460	140,162	110,760
Earning Per share (Rupees)		**(20.88)**	(16.86)	1.52	(6.94)	(6.12)	(4.26)	0.28	2.93	5.63	6.55

* - Due to promulgation of Companies Act 2017, Surplus on revaluation of Fixed Assets is part of equity.

TEN YEARS OF PROGRESS

Gas Customers	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Industrial										
Karachi	**3,566**	3,503	3,497	3,474	3,457	3,457	3,428	3,447	3,380	3,245
Sindh (Interior)	**645**	646	640	643	639	643	636	626	607	564
Balochistan	**59**	58	59	57	57	56	55	56	55	54
Sub - total	**4,270**	4,207	4,196	4,174	4,153	4,156	4,119	4,129	4,042	3,863
Commercial										
Karachi	**17,520**	15,810	15,898	16,064	16,366	16,763	17,102	17,442	17,998	17,673
Sindh (Interior)	**4,297**	4,171	4,206	4,393	4,527	4,617	4,756	4,854	4,872	4,465
Balochistan	**2,780**	2,714	2,660	2,624	2,515	2,360	2,261	2,198	2,128	2,018
Sub - total	**24,597**	22,695	22,764	23,081	23,408	23,740	24,119	24,494	24,998	24,156
Domestic										
Karachi	**1,867,962**	1,807,559	1,760,001	1,720,164	1,692,138	1,667,817	1,635,129	1,597,926	1,544,709	1,482,439
Sindh (Interior)	**847,207**	813,107	793,123	772,925	742,712	710,844	682,238	640,452	582,916	535,736
Balochistan	**275,142**	265,556	259,087	253,113	248,174	240,145	229,252	222,116	211,228	200,963
Sub - total	**2,990,311**	2,886,222	2,812,211	2,746,202	2,683,024	2,618,806	2,546,619	2,460,494	2,338,853	2,219,138
Total										
Karachi	**1,889,048**	1,826,872	1,779,396	1,739,702	1,711,961	1,688,037	1,655,659	1,618,815	1,566,087	1,503,357
Sindh (Interior)	**852,149**	817,924	797,969	777,961	747,878	716,104	687,630	645,932	588,395	540,765
Balochistan	**277,981**	268,328	261,806	255,794	250,746	242,561	231,568	224,370	213,411	203,035
Grand Total	**3,019,178**	2,913,124	2,839,171	2,773,457	2,710,585	2,646,702	2,574,857	2,489,117	2,367,893	2,247,157
Gas Sales in million cubic feet										
Industrial										
Karachi	**198,435**	190,169	191,842	207,654	206,459	209,704	209,866	211,209	210,321	231,943
Sindh (Interior)	**50,633**	52,860	52,756	74,164	52,215	46,058	48,577	42,645	45,828	61,990
Balochistan	**7,705**	9,099	9,010	8,379	9,648	9,118	9,091	9,167	9,425	10,637
Sub - total	**256,774**	252,127	253,608	290,197	268,322	264,880	267,534	263,021	265,574	304,570
Commercial										
Karachi	**7,962**	7,847	7,825	7,772	7,869	7,843	7,938	8,040	7,864	8,036
Sindh (Interior)	**1,642**	1,621	1,618	1,641	1,645	1,737	1,748	1,780	1,672	1,559
Balochistan	**984**	905	901	843	773	736	711	709	649	610
Sub - total	**10,588**	10,373	10,344	10,256	10,287	10,316	10,397	10,529	10,185	10,205
Domestic										
Karachi	**56,713**	61,236	61,459	52,938	52,829	52,127	62,021	59,236	52,632	49,038
Sindh (Interior)	**24,025**	24,681	25,527	22,151	21,538	19,995	23,523	21,319	18,633	16,770
Balochistan	**14,981**	13,406	11,375	9,447	9,534	9,310	10,170	10,304	9,016	8,245
Sub - total	**95,719**	99,323	98,361	84,536	83,901	81,432	95,714	90,859	80,281	74,053
Total										
Karachi	**263,110**	259,252	261,126	268,364	267,157	269,674	279,825	278,485	270,817	289,017
Sindh (Interior)	**76,300**	79,162	79,901	97,956	75,398	67,790	73,848	65,744	66,133	80,319
Balochistan	**23,670**	23,410	21,286	18,669	19,955	19,164	19,972	20,180	19,090	19,492
Grand Total	**363,081**	361,824	362,313	384,989	362,510	356,628	373,645	364,409	356,040	388,828

PATTERN OF SHAREHOLDINGS As of June 30, 2019

# Of Shareholders	Shareholdings 'Slab			Total Shares Held
6119	1	to	100	146,620
3543	101	to	500	1,144,787
2100	501	to	1000	1,847,258
9254	1001	to	5000	17,102,905
947	5001	to	10000	7,288,564
303	10001	to	15000	3,876,846
212	15001	to	20000	3,912,713
110	20001	to	25000	2,587,420
82	25001	to	30000	2,337,403
47	30001	to	35000	1,567,170
40	35001	to	40000	1,530,849
29	40001	to	45000	1,239,549
65	45001	to	50000	3,206,362
12	50001	to	55000	639,545
20	55001	to	60000	1,174,757
11	60001	to	65000	693,549
12	65001	to	70000	819,663
16	70001	to	75000	1,181,062
11	75001	to	80000	859,047
5	80001	to	85000	415,439
5	85001	to	90000	443,328
10	90001	to	95000	937,080
28	95001	to	100000	2,797,487
6	100001	to	105000	615,941
9	105001	to	110000	975,409
6	110001	to	115000	670,688
4	115001	to	120000	475,500
4	120001	to	125000	498,500
6	130001	to	135000	788,750
2	135001	to	140000	279,000
1	140001	to	145000	142,500
8	145001	to	150000	1,195,500
3	150001	to	155000	455,750
2	155001	to	160000	315,000
4	160001	to	165000	655,170
1	165001	to	170000	166,500
3	170001	to	175000	520,187
5	175001	to	180000	898,475
1	185001	to	190000	190,000
2	190001	to	195000	387,535
13	195001	to	200000	2,599,000
4	200001	to	205000	814,271
1	205001	to	210000	210,000

PATTERN OF SHAREHOLDINGS As of June 30, 2019

2	225001	to	230000	454,577
4	230001	to	235000	928,800
2	235001	to	240000	476,500
2	240001	to	245000	482,000
7	245001	to	250000	1,744,000
3	250001	to	255000	760,000
1	255001	to	260000	260,000
3	265001	to	270000	804,500
7	295001	to	300000	2,100,000
2	300001	to	305000	605,000
1	315001	to	320000	316,500
1	320001	to	325000	320,500
1	330001	to	335000	334,000
1	335001	to	340000	340,000
1	340001	to	345000	342,690
2	345001	to	350000	697,634
1	350001	to	355000	352,937
1	365001	to	370000	366,000
1	390001	to	395000	391,000
4	395001	to	400000	1,600,000
1	400001	to	405000	403,500
2	425001	to	430000	854,000
1	430001	to	435000	434,500
1	435001	to	440000	440,000
1	455001	to	460000	457,371
2	470001	to	475000	949,187
1	490001	to	495000	493,000
1	495001	to	500000	500,000
1	500001	to	505000	500,251
1	505001	to	510000	505,500
1	515001	to	520000	516,008
1	520001	to	525000	525,000
1	535001	to	540000	538,500
2	550001	to	555000	1,108,500
1	555001	to	560000	560,000
1	560001	to	565000	561,000
1	575001	to	580000	580,000
2	590001	to	595000	1,184,000
3	595001	to	600000	1,797,751
1	615001	to	620000	619,000
1	670001	to	675000	674,231
3	745001	to	750000	2,245,500
1	750001	to	755000	752,000
1	755001	to	760000	755,500
1	760001	to	765000	763,500
1	770001	to	775000	775,000

1	815001	to	820000	820,000
1	845001	to	850000	849,661
1	860001	to	865000	864,051
1	895001	to	900000	900,000
1	900001	to	905000	902,000
1	940001	to	945000	941,500
1	995001	to	1000000	1,000,000
2	1060001	to	1065000	2,127,801
1	1160001	to	1165000	1,163,733
1	1300001	to	1305000	1,300,438
1	1340001	to	1345000	1,341,000
1	1715001	to	1720000	1,715,500
1	1760001	to	1765000	1,764,000
1	1790001	to	1795000	1,791,500
1	1795001	to	1800000	1,800,000
1	1810001	to	1815000	1,810,500
1	1835001	to	1840000	1,839,437
1	1995001	to	2000000	2,000,000
1	2495001	to	2500000	2,500,000
1	2595001	to	2600000	2,597,500
1	3645001	to	3650000	3,648,750
1	3735001	to	3740000	3,735,679
1	3845001	to	3850000	3,850,000
1	4045001	to	4050000	4,046,500
1	6615001	to	6620000	6,617,773
1	7365001	to	7370000	7,370,000
1	8190001	to	8195000	8,192,028
1	8245001	to	8250000	8,249,823
1	8950001	to	8955000	8,954,000
1	10940001	to	10945000	10,941,554
1	11295001	to	11300000	11,296,500
1	11840001	to	11845000	11,842,700
1	12690001	to	12695000	12,694,227
1	12920001	to	12925000	12,921,366
1	13345001	to	13350000	13,349,674
1	14310001	to	14315000	14,314,772
1	14985001	to	14990000	14,985,400
1	57750001	to	57755000	57,754,179
1	63880001	to	63885000	63,882,029
1	468465001	to	468470000	468,468,218
23188				**880,916,309**

CATEGORIES OF SHAREHOLDINGS

As of June 30, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MIRZA MAHMOOD AHMED	2	7,218	0.00
MUHAMMAD AMIN	1	500	0.00
Associated Companies, undertakings and related parties	-	-	-
Executives	-	-	-
Public Sector Companies and Corporations	14	106,240,220	12.06
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	57	31,419,062	3.57
Mutual Funds			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	9,500	0.00
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	85,328	0.01
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	755,500	0.09
CDC - TRUSTEE MCB DCF INCOME FUND	1	41,500	0.00
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	5,000	0.00
CDC - TRUSTEE NIT STATE ENTERPRISE FUND	1	11,842,700	1.34
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	1,839,437	0.21
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	674,231	0.08
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	50,000	0.01
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	8,249,823	0.94
CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	1	50,000	0.01
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	1,764,000	0.20
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	1	45,000	0.01
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	50,000	0.01
CDC - TRUSTEE MEEZAN ENERGY FUND	1	17,000	0.00
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	9,500	0.00
WATEEN TELECOM LIMITED STAFF GRATUITY FUND	1	25,000	0.00
CDC - TRUSTEE NAFA STOCK FUND	1	2,000	0.00
CDC - TRUSTEE FIRST HABIB INCOME FUND	1	11,000	0.00
MC FSL TRUSTEE JS - INCOME FUND	1	27,500	0.00
General Public			
a. Local	22844	83,509,551	9.48
b. Foreign	5	47,322	0.01
Foreign Companies	35	39,749,920	4.51
Others			
A. THE PRESIDENT ISLAMIC REPUBLIC OF PAKISTAN	1	468,468,218	53.18
B. SSGC EMPLOYEES EMPOWERMENT TRUST	1	63,882,029	7.25
C. JOINT STOCK COMPANIES	153	22,730,496	2.58
D. RETIREMENT FUNDS AND CHARITABLE TRUSTS	20	31,551,870	3.58
E. ALL OTHERS	35	7,755,884	0.88
Totals	**23188**	**880,916,309**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
THE PRESIDENT ISLAMIC REPUBLIC OF PAKISTAN	468,468,218	53.18
SSGC EMPLOYEES EMPOWERMENT TRUST	63,882,029	7.25
STATE LIFE INSURANCE CORP. OF PAKISTAN	57,754,179	6.56

SYMBOL OF STURDINESS AND STRENGTH SINCE 1954

کارپوریٹ سوشل ریسپانسبلٹی (CSR)

کمپنی اپنے فرنچائز ایریا (سندھ اور بلوچستان) میں کم مراعات یافتہ کمیونٹیز کو سہولتیں فراہم کرنے کی ساکھ کے مطابق اپنی کارپوریٹ سوشل ریسپانسبلٹی (سی ایس آر) پروگرام کے اقدام جاری رکھے ہوئے ہے اور اہم پروجیکٹس میں سرمایہ کاری کر رہی ہے جو تعلیم، صحت اور دیگر فلاحی کاموں میں معاون ہوتے ہیں۔

یونیورسٹی کی سطح پر ضرورت مند مگر قابل طلبہ کو اسکالرشپ فراہم کرنا ایس ایس جی سی کے سی ایس آر پروگرام کا بنیادی عنصر ہے۔ کمپنی نے تعلیمی سرگرمیوں کے فروغ کیلئے تعلیمی اداروں کو مختلف سامان کی خریداری کی مد میں مالی امداد فراہم کی ہے۔ اس میں ریڑھی گوٹھ کے مضافات، ابراہیم حیدری میں مفت معیاری تعلیم فراہم کرنے والے ادارے کو اسکول فرنیچر اور آئی ٹی لیب کیلئے آلات، کوئٹہ میں نرسنگ اسکول کیلئے سائنس لیبارٹری کا سامان اور کراچی شیر پاؤ بستی میں غریبوں کے لئے ایک اسکول کو کمپیوٹر لیب کا سیٹ اپ کرانا شامل ہے۔ ایس ایس جی سی نے گزشتہ سال کی طرح کراچی مچھر کالونی کے ایک تربیتی سینٹر کو سالانہ اخراجات میں تعاون فراہم کیا اور حیدرآباد کے ایک اسکول میں غریب طلبہ کو بھی اڈاپٹ کیا۔

ایس ایس جی سی نے ضرورت مند طلبہ کی امداد کے سلسلے میں بہرے اور مختلف صلاحیتوں کے خصوصی بچوں کی تعلیم کے سالانہ اخراجات اور یتیم بچوں کی بورڈنگ اور لاجنگ کے اخراجات میں مدد فراہم کی۔

اس کے علاوہ تھیلیسیمیا میں مبتلا بچوں کے سالانہ علاج کے اخراجات اور آنکھوں کے کینسر کے ضروری اخراجات میں مدد فراہم کرنے کے ساتھ ساتھ کمیونیٹیز کو مکمل طور پر بلا معاوضہ خدمات فراہم کرنے والے ہیلتھ کیئر سینٹرز کو طبی سامان فراہم کیا۔ ماضی کی طرح ایس ایس جی سی نے معذور افراد کیلئے مصنوعی بازو کی فراہمی میں تعاون پیش کیا۔

ایس ایس جی سی نے گزشتہ سال کی طرح ایک بار پھر ناقابل علاج بچوں کی آخری خواہش پوری کرنے کے سلسلے میں مدد فراہم کی۔

کمپنی نے جیل میں ماؤں کے ساتھ قید چھوٹے بچوں کے چہروں پر مسکراہٹ لانے کیلئے ایک تھیٹر میں بچوں کی فلم دکھانے کا اہتمام کیا۔ سی ایس آر پروگرام کے تحت جیل میں قیدیوں کیلئے افطار ڈنر کا انتظام کیا جب کہ نابینا افراد کو سفید چھڑی فراہم کی گئی۔ ایس ایس جی سی نے دیامیر بھاشا اور مہمند ڈیمز کی تعمیر کیلئے وزیراعظم کے فنڈ میں بھی خطیر رقم عطیہ کی۔

اعتراف

ڈائریکٹرز اپنے شیئر ہولڈرز اور معزز صارفین کے مسلسل تعاون اور سرپرستی کیلئے ممنون ہیں۔ اس کے ساتھ ہم تمام ملازمین کے خلوص کا اعتراف کرتے ہیں جنہوں نے کمپنی کو درپیش متعدد چیلنجز کے باوجود سخت جدوجہد سے کام کیا۔ ہم حکومت پاکستان، وزارت توانائی اور آئل اینڈ گیس ریگولیٹری اتھارٹی کے بھی شکرگزار ہیں جنہوں نے ہمیں مسلسل رہنمائی اور تعاون فراہم کیا۔ بورڈ تمام رخصت ہونے والے ڈائریکٹرز کا خصوصی شکریہ ادا کرتا ہے جنہوں نے پالیسی سازی میں کردار ادا کیا اور ان کی توجہ مسائل کے حل پر رہی۔

ازطرف بورڈ

ڈاکٹر شمشاد اختر
چیئرپرسن، بورڈ آف ڈائریکٹرز

عمران منیار
منیجنگ ڈائریکٹر/سی ای او

جولائی 17، 2021ء

ایس ایس جی سی کی سی ایس آر سرگرمیوں کے سلسلے میں میڈیکل سروسز ڈپارٹمنٹ نے لیاری میں ایک مفت ہیلتھ کیمپ کا اہتمام کیا جہاں ماہر ڈاکٹروں نے پیرا میڈیکل اسٹاف کے ہمراہ پورے دن او پی ڈی کی خدمات انجام دیں اور لیاری کے ضرورت مند اور مستحق مریضوں کو مفت ادویات فراہم کیں۔

HQ نوابشاہ میں پی اینڈ ڈی ڈپارٹمنٹ کی درخواست پر غیر ملکی انجینئرز کی ٹیم کو طبی خدمات کی فراہمی کیلئے سائٹ پر ایک ڈاکٹر مع پیرا میڈیکل اسٹاف اور آلات سے لیس ایمبولینس فراہم کردی گئی۔ ڈپارٹمنٹ نے پولیو اور خسرہ کی ویکسین کے دنوں میں ویکسینیشن ٹیم کو مکمل اور جامع مدد فراہم کی۔

WHO کی سفارش کردہ ویکسین اب مزید میڈیکل سینٹرز پر فراہم کی جارہی ہے تاکہ ہر عمر کے بچوں کی زیادہ سے زیادہ تعداد تک پہنچ سکے۔

صحت آگہی پروگرام، ڈپارٹمنٹ کی باقاعدہ سرگرمیوں میں شامل ہے جو تمام میڈیکل اسٹورز پر منعقد کیا جاتا ہے۔ یہ پروگرام سب سے زیادہ پائی جانے والی بیماریوں، جیسے خواتین کی صحت کیلئے ہڈیوں اور جوڑوں کی بیماریاں، ذیابیطس اور بریسٹ کینسر اور دیگر موضوعات کے بارے میں کیا جاتا ہے۔ کمپنی کے ڈاکٹرز بھی سیمینارز اور ورکشاپس میں شرکت کرتے ہیں اور وہ میڈیکل کے شعبے کی اپ ڈیٹ اور ڈیولپمنٹ سے آگاہ رہتے ہیں۔

میڈیکل سروس ڈپارٹمنٹ نے ایک پروجیکٹ کا آغاز کیا ہے جو اپنے ملازمین اور ان کی فیملیز کو بہتر صحت کی سہولتیں فراہم کرنے پر فوکس کیا گیا ہے۔ اس مقصد کیلئے سینئر ڈاکٹرز نے ہیلتھ کیئر کے اداروں کے درمیان ایک تجزیاتی سروے کیا جو مختلف پیٹرولیم کے اداروں نے اپنے ملازمین اور ان کی فیملیز کے لئے جاری کیا ہے۔

SSGC-LPG (پرائیویٹ) لمیٹڈ (SLL)

SLL نے منفعت بخش کاروباری عمل برقرار رکھا اور 135 ملین روپے کا آپریٹنگ منافع حاصل کیا (148:2018 ملین روپے)۔ کمپنی نے بعد از ٹیکس 26.0 ملین روپے کا خالص منافع حاصل کیا۔ (30.3:2018 ملین روپے)

بین الاقوامی ایل پی جی کی قیمتوں میں اضافہ کے باعث صارفین کیلئے درآمد شدہ ایل پی جی کا استعمال ممکن نہیں رہا۔ اس بنا پر پاکستان میں ایل پی جی کی سمندری راستے سے درآمد میں کمی آئی اور ٹرمینل کا گنجائش سے کم استعمال ہوا جس سے کمپنی کے ٹرمینل کا کاروبار متاثر ہوا۔

سال کے دوران میں بورڈ آف ڈائریکٹرز نے جناب عاصم ترمذی کو کمپنی کا مینیجنگ ڈائریکٹر مقرر کیا۔

سال کے دوران میں کمپنی نے مبلغ 175 ملین روپے کا برج لون، ہولڈنگ کمپنی کو واپس ادا کردیا۔ متوقع منفعت بخش کارکردگی کے ساتھ کمپنی کو امید ہے کہ یہ ٹرم لون کو دوبارہ تشکیل دے گی اور SSGCL کو واجب الادا ٹرم لون کی واپس ادائیگی شروع کرے گی۔

لاہور کے نزدیک مرید کے پلانٹ کو اوگرا سمیت تمام ضابطوں کی پیروی اور ایکسپلوسیو لائسنس کے ساتھ 2019 میں آپریشنل کردیا گیا۔ پی کیو اے، مرید کے اور ہری پور پر موجود تمام تین بوٹلنگ پلانٹس اب آپریشنل ہیں۔

اکاؤنٹنگ اور مینجمنٹ کی معلومات کے معیار کو بہتر بنانے کی حکمت عملی کے تحت، نئے ERP سافٹ ویئر کو مئی 2019 میں مکمل طور پر آپریشنل بنادیا گیا۔ جدید خصوصیات کو ترتیب دینے اور MIS رپورٹس کی ڈیولپمنٹ کا کام ابھی زیر تکمیل ہے۔

توقع کی جاتی ہے کہ کمپنی ٹرمینل کاروبار میں بلند مارکیٹ شیئر برقرار رکھنے میں کامیاب ہوگی اور بھروسہ ہے کہ اس کے ایل پی جی مارکیٹنگ کو بہتر مارکیٹ شیئر کے ساتھ فروغ حاصل ہوگا۔ بورڈ اور انتظامیہ محسوس کرتے ہیں وہ کمپنی اپنی مالیاتی کارکردگی کو مزید بہتر بنائے گی کیونکہ کمپنی حکمت عملی کے تحت درآمد کنندگان کے ساتھ معاہدوں کا آغاز کرنے کا منصوبہ بنارہی ہے جس کے نتیجے میں اسٹوریج کی گنجائش کا بہتر استعمال ہوگا اور ٹرمینل اسٹوریج فیس (تھیٹی پاس تھرو) سے اضافی آمدنی ہوگی۔

آئندہ 5 سالوں میں طویل مدت کی ایل پی جی مارکیٹ کے جی ڈی پی گروتھ ریٹس سے زیادہ بڑھنے کی توقع ہے اور مقامی پروڈکشن میں آنے والی کسی بھی کمی کو درآمدات سے پورا کیا جاسکے گا۔ ایل پی جی کے شعبہ کے اندر، کمپنی ایسے ایریاز میں اپنی رسائی کو توسیع دے گی جہاں پائپ کے ذریعہ گیس دستیاب نہیں ہے۔ کمپنی بلک ٹریڈنگ میں بھی اپنا حجم بڑھانے پر توجہ دے رہی ہے جس سے ٹرمینل کے استعمال میں اضافہ ہوگا۔

اپرینٹس

2018-19 میں کمپنی نے 100 ٹرینیز کے بیچ (بشمول 65 انجینئرز، 25 بزنس گریجویٹس اور 10 ACCA ممبرز) کو کمپنی میں شامل کیا۔ ان ٹرینیز کو پیشہ ورانہ اظہار فراہم کرنے کیلئے شامل کیا گیا تھا۔ ٹرینیز کو ان کی صلاحیتوں اور معلومات کو پروان چڑھانے کیلئے آن جاب ٹریننگ فراہم کی گئی اور اپنی تخلیقی اور ذہنی کاوشوں سے بزنس کو فروغ دینے کا موقع فراہم کیا گیا۔ نیز کمپنی نے تقریباً 60 ٹرینیز کو مستقل ملازمت کی پیشکش کی جن کو کمپنی میں شامل کیا گیا تھا اور تقریباً دو سال کی ٹریننگ دی گئی تھی۔ ان ٹرینیز کو سندھ اور بلوچستان کے مختلف مقامات پر آن جاب ٹریننگ بھی دی گئی اور کاروبار کی نوعیت کو سمجھنے کیلئے مواقع بھی فراہم کیے گئے۔

یو ایف جی کنٹرول

ایمپلائز کو یو ایف جی کے خطرے اور اس کے مقابلے کیلئے ٹیکنکس سے متعلق آگہی فراہم کرنے کیلئے فرنچائز علاقوں میں یو ایف جی آگہی کے سیشن منعقد کیے گئے۔ یو ایف جی آگہی پروگرام کو لازمی ٹریننگز جیسے گیس پائپ لائن (اسٹیل) کی شناخت کے موڈیول کے ساتھ ضم کر دیا گیا تاکہ وہ فرنٹ لائن ٹیکنیکل ایمپلائز تک پہنچ جائے جو براہ راست یو ایف جی سے متعلق مسائل پر کام کر رہے ہیں۔

مستقبل کے منصوبے

ایچ آر۔ او ڈی، آئی ٹی ڈپارٹمنٹ کے اشتراک سے ایک ٹریننگ موڈیول تیار کر رہا ہے جو ہر ایمپلائی کا ٹریننگ ڈیٹا ریکارڈ کرے گا تاکہ صلاحیتوں کے فرق کا تجزیہ کیا جاسکے اور کاروبار کے لئے مطلوبہ ضروریات پوری کی جاسکیں۔ ایچ آر او ڈی مزید ہر ڈپارٹمنٹ کی بنیادی ٹریننگ کی ضروریات کی نشاندہی کا بھی منصوبہ بنا رہا ہے تاکہ ادارتی اور کاروباری ضروریات کے مطابق بہتر ٹریننگ کیلنڈر مرتب کیا جاسکے اور ٹریننگز میں یو ایف جی کی آگہی کی فراہمی پر زور دیا جائے۔

ایچ آر۔ آپریشنز نے آئی ٹی ڈپارٹمنٹ کے اشتراک سے موجودہ آن لائن جاب پورٹل کو بہتر بنانے کا بھی منصوبہ بنایا ہے تاکہ اس کو درخواست گزاروں کیلئے درخواست دینے میں یوزر فرینڈلی بنایا جاسکے اور استعمال کرنے والوں کو بالترتیب اسکریننگ کرنے اور شارٹ لسٹ کرنے کے وقت میں کمی لائی جاسکے۔

ایچ آر ڈپارٹمنٹ آپریشن کی مختلف سرگرمیوں، جیسے چھٹیوں کی مینجمنٹ، علیحدگی اور اوور ٹائم کو بایو میٹرک نظام سے منسلک کرنا وغیرہ، کی انجام دہی کیلئے خود کار نظام سے کام لے رہا ہے۔

میڈیکل سروسز

ایس ایس جی سی کے میڈیکل سروسز کے ڈپارٹمنٹ کو فخر ہے کہ اس نے اپنے قابل قدر ملازمین، اور ان کے خاندان کو جامع ترین صحت کی کوریج دی ہے۔ گزشتہ سالوں میں، مالی سال 2018-19 میں بیماریوں کی پیشگی تشخیص اور بروقت علاج کیلئے ایگزیکٹیوز اور ملازمین کی اسکریننگ کی گئی اور حسب ضرورت اصلاحات کا نفاذ کر دیا گیا۔

دل کے اور دیگر دائمی امراض، کینسر، ٹریفک ایکسیڈنٹس کے کئی کیسز رپورٹ ہوئے جو تمام دستیاب وسائل کے منصفانہ استعمال سے، تیزی سے بڑھتے ہوئے افراط زر اور بے انتہا لاگت کے باوجود نمٹا دیے گئے۔ کراچی اور اندرون ملک تمام میڈیکل سینٹرز میں ایک ساتھ 40 سال سے زیادہ عمر کے تمام ایگزیکٹیوز کی سالانہ طبی جانچ کی گئی۔ اندرون ملک تمام فارمیسیز میں شفافیت کو یقینی بنانے کیلئے نیا، بہتر چیک اینڈ بیلنس کا نظام متعارف کرایا گیا۔

چیف میڈیکل آفیسر نے چیف منیجر (ایم ایس) اندرون ملک انچارج کے ہمراہ سندھ اور بلوچستان کے تمام میڈیکل سینٹرز کا دورہ کیا تاکہ دائمی مریضوں کو فراہم کیے جانے والے علاج کی جانچ کی جائے اور صحت کی دیکھ بھال کے معیار کو بلند تر کیا جائے اور انہیں کراچی میں دستیاب دیکھ بھال کے معیار کے برابر لایا جاسکے۔

اپنے مریضوں کو ممکنہ بہترین خدمات فراہم کرنے کیلئے حیدرآباد میں تیزی کے ساتھ نئے میڈیکل سینٹر کی تعمیر کی جا رہی ہے۔ آٹھ نئے میڈیکل ادارے بشمول ہسپتال، کنسلٹنٹس اور لیبس کو ایس ایس جی سی کے پینل میں شامل کرلیا گیا ہے۔ ایک پینل ہسپتال کو غیر معیاری خدمات فراہم کرنے پر فہرست سے خارج کر دیا گیا۔

انفارمیشن ٹیکنالوجی

زیرِ جائزہ سال کے دوران میں IT ڈپارٹمنٹ نے درج ذیل امور انجام دیئے:

سوئی سدرن گیس کمپنی نے استعداد میں بہتری لانے اور بہتر کسٹمر سروسز پیش کرنے کی غرض سے اپنے آن لائن سسٹم کیلئے ہمیشہ جدید ترین آئی ٹی ٹیکنالوجی اپنائی ہے۔ گزشتہ سالوں کی طرح سال 19-2018 میں بھی ٹیکنالوجی کے کئی اقدامات اٹھائے گئے جیسے ورچوئلائزیشن، فوری تصدیق کیلئے بلوں پر میٹرامیج کی پرنٹنگ، ڈیٹا کے زیادہ ذخیرے کیلئے اسٹوریج کی اپ گریڈیشن، بلنگ کی معلومات کیلئے موبائل ایپلی کیشن کی ڈیولپمنٹ، جن کو عالمی سطح پر سراہا گیا۔ آئی ٹی سیکورٹی ان تعینات پر خصوصی توجہ دے رہی ہے اور آئی ٹی کے تازہ ترین خطرات پر بھی نظر رکھتی ہے۔ دن رات بلاتعطل مستحکم سیکورٹی کیلئے اسٹیٹ آف دی آرٹ ایڈ منسٹریٹو سیکورٹی اپلائنسز نصب کی گئی ہیں۔ یہ اپلائنسز خودکار طریقے سے آئی ٹی سسٹم کو بیرونی خطرات کی شناخت کرتی ہیں اور ان سے تحفظ دیتی ہیں اور تازہ ترین خطرات کی اپ ڈیٹ فراہم کرنے کے ساتھ کسی بھی غیر معمولی ٹریفک کے رجحانات کی اطلاع دیتی ہیں۔

حیدرآباد ریجنل آفس کے موجودہ بلڈنگ بلاک میں ان ہاؤس آئی ٹی ڈیزاسٹر ریکوری سائٹ کا قیام چند بڑے اقدام میں سے ایک ہے۔

ابتدائی طور پر یہ سہولت زیادہ قیمت میں چند دنوں کیلئے محدود پیمانے پر بیرونی ذرائع کو ٹھیکے پر دی گئی تھی۔ یہ ایک بہت بڑا پروجیکٹ ہے جو بروقت مکمل کیا گیا جس سے بڑی قیمت کی بچت ہوئی۔ اس اقدام کی بڑی وجہ یہ تھی کہ نیا سیٹ اپ کہیں زیادہ سرورز اور استعمال کا لامحدود وقت فراہم کرنے کے ساتھ زیادہ بڑے وسائل فراہم کرتا ہے۔ ڈیٹا سینٹر اسکریچ سے بنایا گیا جو مکمل ٹیکنالوجی کنٹرولز بشمول سی سی ٹی وی، بایومیٹرک، آئی ٹی کے آلات کیلئے بہترین کولنگ، اضافی پاور کیلئے یو پی ایس بیک اپ فراہم کرتا ہے۔ اس فیسلٹی میں معاون ایپلی کیشنز کے علاوہ تمام اہم سرورز دستیاب ہیں۔ بڑی بزنس ایپلی کیشنز میں ڈومین کنٹرولر، ای میل، ای آر پی، جی آئی ایس، سی سی اینڈ اسپ۔ پی اور SFTP سرورز بھی موجود ہیں جو کسی ایپلی کیشن یا آفت کی صورت میں رسائی فراہم کرتا ہے۔ یہ پروجیکٹ بروقت مکمل ہو گیا اور تمام خدمات کامیابی کے ساتھ آؤٹ سورس سے ان ہاؤس ماڈل میں منتقل ہو گئیں۔

ایس ایس جی سی نے ArcGIS Silverlight Applications کی کامیابی کے ساتھ منتقلی پر GIS میں ESRI 2019 Special Achievement ایوارڈ بھی حاصل کیا اور پاکستان کے سندھ اور بلوچستان کے صوبوں میں ایس ایس جی سی کے فرنچائز ایریا میں گیس کی ترسیل اور تقسیم کیلئے نئی ویب GIS ایپلی کیشنز کا نفاذ کیا۔ اس کے علاوہ اس منتقلی کے اضافی عوامل سے مشاورت کے اخراجات میں بھی بڑی بچت ہوئی۔

ہیومن ریسورس

مالی سال 19-2018 کے دوران میں پورے فرنچائز میں گریڈ 3 سے 6 تک کے 873 اہل ایگزیکیٹوز کو اگلے گریڈ میں ترقی دینے کیلئے ایچ آر او ڈی نے متوقع جانچ کے سینٹرز قائم کیے۔

ادارے کی مستقبل کی لیڈر شپ کیلئے ایک بنیاد قائم کرنے کیلئے مینجمنٹ ٹرینیز کے 19-2018 کے بیچ کیلئے ELP اور کمیشن پروگرام کا کامیابی کے ساتھ انعقاد کیا گیا۔ ٹیکنیکل اور سافٹ اسکل ٹریننگ مکس کے ذریعے اوسطاً 19 ٹریننگ مین آورز فی ایمپلائی کا ہدف حاصل کر لیا گیا جو آئل اینڈ گیس ریگولیٹری اتھارٹی کے طے کیے ہوئے ہدف سے زیادہ ہے۔ اس کے علاوہ ایچ آر او ڈی نے مالی سال 19-2018 میں منعقدہ ٹریننگز کیلئے بعد از ٹریننگ جانچ کی مشق کی تاکہ ٹریننگز کے ایمپلائز کی جاب پر اثر کی جانچ کی جائے اور کمپنی کو سیکھنے اور ڈیولپمنٹ کی شرائط کو بہتر طور پر سمجھنے میں مدد ملے۔

ہیومن ریسورس ڈپارٹمنٹ نے مالی سال 19-2018 میں سمر انٹرن شپ پروگرام کا بھی انعقاد کیا جس کے ذریعے مختلف انجینئرنگ اور مینجمنٹ یونی ورسٹیز کے کل 100 طلبہ کو کمپنی بھر میں مختلف شعبہ جات میں انٹرن شپ آفر کی گئی۔

صحت، تحفظ، ماحولیات اور یقینی معیار (HSE & QA)

پورے ایس ایس جی سی میں HSE & QA پر مسلسل غیر مشروط خلوص کے ساتھ عمل جاری ہے۔ اس سلسلے میں تمام فرنچائزڈ علاقوں میں کوالٹی مینجمنٹ سسٹم، انوائرمنٹ مینجمنٹ سسٹم اور آکوپیشنل ہیلتھ اینڈ سیفٹی مینجمنٹ سسٹم پر مبنی منظم مینجمنٹ سسٹم نافذ کر دیا گیا ہے۔

QMS:2015 کیلئے ایس ایس جی سی کی IMS سرٹیفکیشن قدرتی گیس کی تھرڈ پارٹی میسرز بیورو ویرٹس سرٹیفکیشن کے ذریعے سندھ اور بلوچستان میں قدرتی گیس کی ترسیل اور تقسیم کیلئے EMS: 14001:2015 and OHSAS1800:2007 حاصل کیا گیا۔

دیگر غیر معمولی سرگرمیوں کی انجام دہی کے ساتھ ساتھ HSE&QA دو طرفہ آگہی اور تربیتی پروگرام کے ذریعے ملازمین کو HSE&QA پر زیادہ سے زیادہ عمل پر راغب کرنے کیلئے اہم کردار ادا کرتا ہے۔

HSE&QA ڈپارٹمنٹ نے HSE&QA پاسپورٹ کا نیا تصور پیش کیا ہے۔ HSE&QA پاسپورٹ کا مقصد اس بات کو یقینی بنانا ہے کہ ایس ایس جی سی کا عملہ/ملازمین HSE&QA آپریشنز کے ساتھ کام کرتے ہوئے بآسانی متوقع خطرات کی نشاندہی کر لیتے ہیں اور ان کو دور کر دیتے ہیں۔

HSE&QA ڈپارٹمنٹ نے عملے اور ملازمین میں آگہی پیدا کرنے اور near miss سرگرمیوں کی رپورٹنگ میں مدد کیلئے تربیت کے ذریعے Near Miss Reporting system متعارف کروایا ہے۔

UFG کے خطرے سے مقابلے کیلئے HSE&QA انجینئرز باقاعدگی کے ساتھ اہم تنصیبات یعنی ٹاؤن بارڈر اسٹیشنز، پریشر ریڈیوسنگ اسٹیشنز، سی پی اسٹیشنز اور دیوار گیر متعلق اور کمرشل میٹرز کا دورہ کرتے ہیں تاکہ UFG سے متعلق نقائص کی نشاندہی کریں۔ اس کے علاوہ سروس سے متعلق پارٹس (سروس والو، سروس ٹی، ریگولیٹرز، سوائیول اینڈ نٹ اسمبلی، میٹر لاک، کاک وغیرہ) کی ٹیکنیکل تخصیص کا جائزہ لیا جاتا ہے اور ان کو اپ ڈیٹ کیا جاتا ہے۔ پارٹس کے معائنے کا پروسیس، ہنگامی کی بنیاد پر ڈیولپمنٹ اینڈ انسپکشن شاپ پر کیا جاتا ہے، اس لئے کم معیار کے میٹریل کے تدارک کیلئے وینڈرز کی پیشگی اہلیت کو مکمل کر لیا گیا ہے جس سے پائپ اور اس کی فٹنس سے متعلق معیار کے مسئلے میں نمایاں کمی آئی ہے۔

HSE&QA معیار سے متعلق سرگرمیوں کو جاری رکھنے کی بھرپور کوششیں کی ہیں۔ اسٹیٹ آف دی آرٹ DI کوالٹی انشورنس لیب کی سائٹ پر تجدید کر دی گئی ہے۔ ڈوپ یارڈ اور DI شاپ کو ڈوپ یارڈ منتقل کر دیا گیا ہے، پرانے ٹیسٹنگ کے آلات کو جدید آلات / اوزاروں کو تبدیل کر دیا گیا ہے، ریگولیٹرز اور کنویئر بیلٹ کیلئے ٹیسٹ بینچ نصب کر دی گئی ہے۔

ریگولیشن اور ٹیرف (Regulation and Tariff)

ایس ایس جی سی نے قدرتی گیس کی ترسیل، تقسیم اور فروخت کی باضابطہ سرگرمیوں کی انجام دہی کیلئے آئل اینڈ گیس ریگولیٹری اتھارٹی (اوگرا) کے تخصیص کردہ کارکردگی اور خدمات کے معیارات اور مطلوبہ لائسنس کی شرائط کو کامیابی کے ساتھ مرتب کیا ہے۔ سال 2003 میں اوگرا نے 26 عدد پرفارمنس اینڈ سروس اسٹینڈرڈز (P&SS) جاری کیے تھے۔ مالی سال 2018-19 میں سوئی کمپنیز کے ساتھ تفصیلی مشاورت کے بعد اتھارٹی نے 11 اضافی P&SS جاری کئے جس سے P&SS کی کل تعداد 37 ہوگئی جو گزٹ آف پاکستان مورخہ 27 فروری 2019 میں درج ہے۔

ایس ایس جی سی کی لائسنس کی شرط نمبر 28 کے مطابق کمپنی کا ٹیکنیکل آڈٹ ہر دس سال بعد کیا جاتا ہے۔ میسرز "بیورو ویریٹس" کو کمپنی کے دوسرے ٹیکنیکل آڈٹ کے لئے ٹیکنیکل آڈیٹر مقرر کیا گیا تھا اور آڈٹ شروع کیا گیا جو اوگرا کی منظور شدہ ٹرمز آف ریفرنس کے مطابق مکمل کر دیا گیا ہے۔

مالی سال 2018-19 کیلئے

زیر جائزہ سال کے دوران میں کمپنی نے آمدنی کی ضروریات کا تخمینہ برائے مالی سال 2018-19 کے تعین کیلئے جائزہ درخواست 20 جولائی 2018 کو اوگرا کے سامنے پیش کروائی تھی جس میں ایس ایس جی سی نے 72.38 روپے فی MMBTU اضافے کی درخواست کی تھی۔ گیس کی قیمت میں 15 اکتوبر 2018 اور ترمیم تاریخ 13 نومبر اور 4 دسمبر 2018 کو تبدیلی کے باعث تبدیل شدہ درخواست دائر کی گئی جس کے نتیجے میں آمدنی کی ضروریات 84.30 روپے فی mmbtu تک پہنچ گئی۔ اوگرا نے اس کی عوامی سماعت 18 دسمبر 2018 کو کراچی میں کی۔ اس کے بعد 27 فروری 2019 کو اتھارٹی نے ایس ایس جی سی کے 84.30 روپے فی mmbtu کے مقابلے میں 69.10 روپے فی mmbtu کی کا تعین کیا۔

مالی سال 2019-20 کیلئے

زیر جائزہ سال کے دوران میں کمپنی نے 30 نومبر 2018 کو آمدنی کا تخمینہ (ERR) برائے مالی سال 2019-20 کے تعین کیلئے اوگرا کو درخواست جمع کرائی جس میں ایس ایس جی سی نے کمپنی کی مجوزہ قیمتوں میں 106.54 روپے فی MMBTU اضافے کی درخواست دی۔ اس کی عوامی سماعت 08 اپریل اور 10 اپریل کو بالترتیب کراچی اور کوئٹہ میں منعقد ہوئی۔

اوگرا نے اپنے فیصلے مورخہ 17 مئی 2019 کو ایس ایس جی سی کے لئے 159.68 فی MMBTU کا تعین کیا جس میں گزشتہ سال (مالی سال 2018-19) کے 69.87 روپے فی MMBTU کو شامل کیا گیا۔

زیر جائزہ سال کے دوران میں ایس ایس جی سی نے DERR برائے مالی سال 2019-20 کے خلاف جائزے کی درخواست کیلئے اپنی تحریک 15 جون 2019 کو داخل کی جس میں مجوزہ قیمتوں میں 36.07 روپے فی MMBTU اضافے کی درخواست کی گئی۔

ایل پی جی لائسنس

زیر جائزہ سال کے دوران میں کمپنی نے اوگرا کو ایل پی جی اسٹوریج، ایئر مکس پلانٹ کے آپریشن اور ایئر مکس ایل پی جی کی بذریعہ پائپ تقسیم کیلئے آواران میں اپنے ایل پی جی مکس پلانٹ تک بذریعہ پائپ لائن پہنچانے کیلئے لائسنس جاری کرنے کی درخواست دی۔ اس کے بعد اتھارٹی نے مطلوبہ شرائط مکمل کرنے پر 25 فروری 2019 کو مذکورہ لائسنس جاری کر دیا۔

آڈٹ سے حاصل ہونے والی دریافت شدہ معلومات ڈائریکٹرز کی آڈٹ کمیٹی کو رپورٹ کروی گئیں۔ عمل کی ضمن سے کنٹرول کو بہتر بنایا گیا، ادارے کی قدر میں اضافہ ہوا اور آپریشنز کی بہتر استعداد اور وسائل کے بھرپور استعمال سے بچت حاصل ہوئی۔

ایس ایس اینڈ سی جی ٹی او (SS&CGTO)

سیکورٹی سروسز اور کاؤنٹر گیس تھیفٹ آپریشنز ڈپارٹمنٹ (SS&CGTO) کا قیام جولائی 2017 میں سیکورٹی سروسز (SS) اور سرویلنس اینڈ مانیٹرنگ ڈپارٹمنٹ کے انضمام اور CRD ڈپارٹمنٹ کے ساتھ پہلے سے دستیاب FIR سیل کو ملا کر عمل میں آیا۔

نئے قائم ہونے والے ڈپارٹمنٹ کا مقصد قومی اسمبلی میں 23 مارچ 2016 کو پاس ہونے والے نئے گیس اینڈ ریکوری ایکٹ 2016 پر عمل درآمد کرنا تھا۔ آپریشنز کا دائرہ اس طرح تشکیل دیا گیا کہ گیس چوری کے آپریشنز نہایت ذہانت سے پلان کئے گئے جس کے نتیجے میں مجرموں کے خلاف تیزی سے آپریشن ہوئے جس کے بعد تمام عدالتوں میں پرزور اور نہایت مرتب انداز میں مقدمات کی پیروی کی گئی۔

ڈپارٹمنٹ کے مقاصد

ا) گیس چوری کے خلاف کارروائی کرنے کا ذریعہ جس میں خصوصی زور صنعتی اور کمرشل کے سیکٹر پر دیا جائے گا۔

ب) اندرونی طور پر بدعملی / لاپرواہی پر نظر رکھنا جس سے گیس کی چوری / غیر قانونی استعمال ہوتا ہو۔

ج) سوئی سدرن کے اثاثہ جات کو فزیکل اور ٹیکنیکل ذرائع بشمول بیرونی مدد کے حصول سے محفوظ رکھنا۔

UFG میں کمی لانے میں حصہ

a۔ اندرونی نگرانی اور گیس تھیفٹ انٹیلی جنس ونگ کا فعال حصہ

b۔ فرنچائز کے پورے علاقے میں صنعتی لوڈ کا سروے

c۔ گیس کی بندش کے شیڈول کی پابندی نہ کرنے والے سی این جی اسٹیشنز / صنعتوں کی بندش

d۔ تمام ریجنز بشمول کوئٹہ میں FIRs کی رجسٹریشن

مستقبل کے منصوبے

a۔ گیس تھیفٹ کنٹرول اینڈ ریکوری ایکٹ 2016 میں قانونی سقم دور کرنے کیلئے ترمیمات

b۔ گیس تھیفٹ کنٹرول اینڈ ریکوری ایکٹ 2016 کے نفاذ کیلئے اصولوں کی تشکیل۔

c۔ کوئٹہ، لاڑکانہ اور حیدرآباد میں ایس ایس جی سی پولیس اسٹیشنز کا قیام۔

d۔ علیحدہ گیس یوٹیلیٹی کورٹس کا قیام۔

e۔ تجارتی اداروں اور صنعت کے ساتھ بھرپور اشتراک۔

f۔ صنعتی سروے کی تکمیل اور اس کی پیش رفت کارروائیوں کی نگرانی۔

g۔ اندرونی نگرانی اور گیس تھیفٹ انٹیلیجنس کے طریقہ کار میں بہتری مع TORs کی منظوری۔

h۔ میڈیا کے ذریعے بھرپور آگہی کا پروگرام تیار کیا گیا۔

i۔ مزید سخت آپریشنز اور موثر مقدمہ سازی۔

میورمنٹ

زیر جائزہ سال میورمنٹ ڈپارٹمنٹ نے درج ذیل سرگرمیاں سرانجام دیں۔

پیمائشی تقسیم کاری

- 3,186 صنعتی میٹرز کو قابل قبول حد تک درستی کیلئے کسٹمر میٹر اسٹیشنز (CMSs) پر تصدیق کی گئی۔
- 1,314 صنعتی میٹرز تبدیل کیے گئے اور میٹرز کی درستی کو یقینی بنانے کیلئے تصدیق کی گئی۔
- 140 نئے الیکٹرونک والیوم کریکٹرز (EVCs) بڑے صنعتی صارف کے میٹر پر نصب کیے گئے اور 1,603 EVCs گیس کی بہتر درستی سے پیمائش کیلئے کسٹمر میٹر اسٹیشنز پر منسلک کیے گئے۔
- صنعتی صارفین کے لئے ان کی صنعتوں کے گیس کے استعمال کی نگرانی کیلئے 39 ریموٹ مانیٹرنگ یونٹ نصب کیے گئے۔

میٹرکی مرمت کی شاپس

- میٹر کی مرمت کی شاپس پر گھریلو میٹر کی جانچ کرنے کی گنجائش میں اضافہ کیا گیا اور 405,698 گھریلو میٹرز کی PUG اور درست چلنے کی تصدیق کی گئی۔
- مالی سال 19-2018 کے دوران میں 1,684 صنعتی میٹرز اور 5,634 کمرشل میٹرز کی ان ہاؤس تصدیق کی گئی۔
- میٹر کی مرمت کی شاپ میں 839 صنعتی میٹرز اور 3,631 گھریلو میٹرز کی مرمت کی گئی۔

مالی سال 19-18 کے دوران میں معمول کی خریداری کے علاوہ پروکیورمنٹ ڈپارٹمنٹ نے ٹرانسمیشن ڈویژن کیلئے مختلف پروجیکٹس کیلئے بڑی مقدار میں اصل اور کوٹڈ لائن پائپس بروقت خریداری کر کے درآمد کیے۔

پروکیورمنٹ ڈپارٹمنٹ

پروکیورمنٹ ڈویژن ہمیشہ ایس ایس جی سی کیلئے کم سے کم ممکنہ وقت میں سامان، خدمات اور کاموں کی خریداری کی کوشش کرتا ہے جبکہ دیانت داری، منصفانہ اور شفافیت کیلئے PPRA کی حدود کی پابندی کی۔ ڈپارٹمنٹ کا مقصد PPRA کے اصولوں کو حقیقی طور پر اپنانا اور پروجیکٹ کی کامیابی کیلئے ہر طرح کے چیلنج کو پورا کرنے کیلئے تیار رکھنا ہے۔

انٹرنل آڈٹ

ایس ایس جی سی کا اپنا اندرونی آڈٹ (IA) فنکشن موجود ہے جو کوڈ آف کارپوریٹ گورننس، انفارمیشن سسٹم آڈٹ اینڈ کنٹرول ایسوسی ایشن ISACA کے جاری کردہ پروفیشنل پریکٹس آف انٹرنل آڈٹنگ اینڈ اسٹینڈرڈز فار انفارمیشن سسٹم آڈٹنگ کے مطابق ایشورنس اینڈ کنسلٹنگ اسائنمنٹ کا اہتمام کرنے کا ذمہ دار ہے۔

ایک ماہر اندرونی آڈیٹر ڈپارٹمنٹ کی قیادت کر رہا ہے جو عملی طور پر ڈائریکٹرز کی آڈٹ کمیٹی کو اور انتظامی طور پر منیجنگ ڈائریکٹر کو رپورٹ کرتا ہے۔ IA کی سرگرمیوں میں اتھارٹی، ذمہ داری اور رپورٹنگ کے تعلقات انٹرنل آڈٹ چارٹر میں دیئے گئے ہیں، جس کو آڈٹ کمیٹی نے منظور کیا ہے۔

IA ضابطۂ اخلاق اندرونی آڈٹ کرنے والی ٹیم کے درمیان اخلاقی ثقافت کو فروغ دینے کیلئے تشکیل دیا گیا ہے تا کہ وہ اپنے فرائض زیادہ موثر طور پر انجام دے سکے۔

IA کمپنی کے مختلف آپریشنز اور پروسیسز میں مسلسل بہتری کیلئے خدشات کا تدارک، کنٹرولز اور گورننس کی جانچ اور اسے بہتر بنانے میں مصروف عمل ہے۔

تمام IA ایشورنس کی خدمات آڈٹ کمیٹی کے سالانہ آڈٹ پلان کے تحت انجام پذیر ہوتی ہیں اور انتظامیہ کی مختلف سطح کی جانب سے درخواست موصول ہونے پر منعقد کی جاتی ہیں۔ آڈٹ پلان برائے مالی سال 19-2018 پر پوری طرح عمل ہوا۔

نتیجے میں خصوصی 'گیس حصینٹ کورٹس' کا سیٹ اپ کرنے میں کامیابی ہوئی۔

یہ ڈپارٹمنٹ گیس چوری کے کیسز فوری درج کر کے مقدمات اور فیصلوں کے لئے بھرپور کوششیں کر رہی ہے۔ ہرجانے اور قید دونوں قسم کی سزاؤں سے گیس چوری کے واقعات کی حوصلہ شکنی ہوتی ہے۔ نیا قائم شدہ ڈویژن غلطیوں کو کم سے کم کرنے کیلئے پیمائش کے نظام میں بہتری لا رہا ہے۔ صارفین کے مختلف علاقوں میں تقسیم سے ڈسٹری بیوشن کے نیٹ ورک میں بہتر مانیٹرنگ کی جارہی ہے۔ آہستہ چلنے والے میٹرز کی فوری نشاندہی کیلئے میٹرز کی کارکردگی کا احتیاط سے جائزہ لیا جارہا ہے اور اس کی درستی کو متوقع طور پر یقینی بنایا جارہا ہے۔

قدرتی گیس کے غیر مجاز صارفین کو بلنگ کے دائرہ کار میں شامل کرنے کیلئے ایک حکمت عملی تیار کی گئی ہے۔ زیر زمین اور بالائی دونوں قسم کے انفرا اسٹرکچر کی لیکیج کے سروے اور اس کے حل کیلئے بھرپور مہم شروع کی جارہی ہے۔

بورڈ اور انتظامیہ نے آنے والے برسوں میں UFG میں کمی کیلئے سخت اہداف مقرر کئے ہیں اور توقع ہے کہ مجوزہ اقدامات کے نفاذ سے آئندہ چند برسوں میں UFG کی تعداد میں کمی لانے میں کامیابی حاصل ہوگی۔ جو کہ کمپنی کی مالیاتی ساکھ کو مزید تقویت دے گا۔

میٹر مینوفیکچرنگ پلانٹ

میٹر مینوفیکچرنگ پلانٹ (MMP) کا بنیادی مقصد ملک کی گھریلو گیس میٹرز کی ضروریات کو خود انحصاری کے ساتھ پورا کرنا ہے۔ اس کے علاوہ یہ گیس کمپنیز کی قانونی شرط ہے کہ وہ صارف کی استعمال کی گئی گیس کی مقدار کی پیمائش کیلئے درست ترین ڈیوائس نصب کرے۔ پلانٹ پہلے ISO 9001:2008 سرٹیفائیڈ ہے اور اب IS09001:2015 میں تبدیلی مکمل ہوگئی ہے۔ میٹر مینوفیکچرنگ پلانٹ مع مکمل ایس ایس جی ISO 14001:2004 and OHSAS 18001:1999. سرٹیفائیڈ بھی ہے۔

MMP میں دو طرح کے میٹر G-1.6 (2,500 liter/hour capacity) اور 94% indigenized (یعنی 51 میں سے 50 پارٹس علاوہ ڈایافرام، مقامی طور پر تیار کئے جاتے ہیں، جو انٹرنیشنل مینوفیکچرر سے درآمد کیا جاتا ہے) جبکہ 3rd Generation G-4 (6,000 liter/hour capacity) اور 61% indigenized سوائے پیمائش کے یونٹ، جو میسرز آئٹرون، فرانس سے خریدا جاتا ہے۔

کمپنی کی اندرونی ضروریات پوری کرنے کے علاوہ میٹر پلانٹ سوئی ناردرن گیس پائپ لائنز لمیٹڈ (SNGPL) کو بھی فراہم کرتا ہے۔ تاہم 2014-15 سے SNGPL نے میٹرز کی خریداری کیلئے انٹرنیشنل ٹینڈرنگ کا طریقہ کار متعارف کروایا ہے۔ میٹر پلانٹ 2009 سے محدود تعداد میں G-1.6 Gas Meters جرمنی کو برآمد کر رہا ہے۔

پروڈکشن، سیلز اور ریونیو

درج ذیل چارٹ میں مالی سال 2019 میں میٹر مینوفیکچرنگ پلانٹ کی کارکردگی کی جھلک پیش کی گئی ہے۔

مجموعہ	3rd Gen. G-4	G 1.6	
576,809	333,204	243,605	پروڈکشن

سیلز

551,562	311,647	240,005	ایس ایس جی سی
4,570	4,050	520	دیگر

بلنگ

بلنگ ڈپارٹمنٹ نے مالی سال 2018-19 میں UFG کی نشاندہی اور اس میں کمی کی کاوشیں جاری رکھا۔ گزشتہ سال صارفین کو معیاری سہولتیں فراہم کرنے اور آپریشن کی استعداد میں اضافے کیلئے بعض KMIs سیٹ کی گئی تھیں۔

UFG اور صارفین کی تمام کیٹگریز کیلئے چوری کے کیسز کا پتہ چلانے کیلئے بلنگ ڈپارٹمنٹ نے اپنی مستحکم حکمت عملی کے تحت کسٹمر سرویز کا اقدام اٹھایا ہے۔ پریشر چیکنگ کیلئے گھریلو صارفین کا سروے کیا گیا جبکہ کم سے کم / صفر استعمال کی تصدیق کیلئے جانچ کی گئی تاکہ بیکار میٹرز اور خالی گھروں کے کیسز کا پتہ چل سکے۔ اس مشق کے تحت تقریباً 157,000 گھریلو کیسز جب کہ 19,000 کمرشل صارفین (سہ ماہی بنیاد پر) کا سروے کیا گیا۔ گیس چوری کی روک تھام کیلئے 41,000 گھریلو اور 6,700 کمرشل منقطع شدہ صارفین کا سروے کیا گیا۔

غیر رجسٹرڈ گیس کے گزرنے (PUG) اور ٹمپر کیے گئے میٹرز کا پتہ چلانے کیلئے مسلسل کوششیں جاری ہیں۔ تقریباً 240,000 صارفین کے میٹرز PUG پائے گئے۔ PUG کی مد میں 3.2 BCF مقدار کا دعویٰ کیا گیا اور ٹیمپر کے دعوے پر 3.7 BCF مقدار وصول کی گئی۔ زیر جائزہ سال میں 2 BCF گیس کا چوری کی مد میں دعویٰ کیا گیا اور 138,846 سائٹ بحالی کیلئے شناخت کی گئی۔

اس مالی سال میں صنعتی / کمرشل صارفین کے گیس سپلائی ڈپازٹ (GSD) میں کل 2.1 بلین روپے کا اضافہ کیا گیا۔

یو ایف جی (UFG)

کمپنی کے مالیاتی نقصان میں سب سے بڑا حصہ ناشمار ہونے والی گیس (UFG) کے بڑھتے ہوئے رجحان کا ہے، جس کو آسان الفاظ میں گیس کی فروخت اور خریداری میں فرق کہہ سکتے ہیں۔ ایس ایس جی سی کی ہر سطح بشمول بورڈ آف ڈائریکٹرز، انتظامیہ، ایگزیکٹیوز اور اسٹاف کی تمام تر انتھک کاوشوں کے باوجود مسئلہ ابھی تک کنٹرول میں نہیں آیا ہے۔ وسیع معنوں میں 'ناشمار' گیس کے حجم کو تین بڑی کیٹگریز میں تقسیم کیا جاسکتا ہے یعنی چوری، لیکج اور غلط پیمائش۔

ایس ایس جی سی کے فرنچائز علاقوں میں آبادی کا ایک بڑا حصہ غربت کی لکیر کے نیچے نہیں تو اس کے قریب قریب ضرور ہے۔ اس کے ساتھ تعلیم کی کمی، سماجی سیاسی بے چینی اور شہروں کی بلا منصوبہ بڑھوتی سے یوٹیلیٹیز کی چوری کے کلچر میں اضافہ ہوا ہے۔ جب کہ کئی کمیونٹیز، کاروبار اور حتیٰ کہ صنعتیں بھی اکثر قدرتی گیس کی غیر قانونی رسائی حاصل کرلیتی ہیں جس کیلئے ان کو کوئی قیمت نہیں دینی پڑتی۔ ایسی حرکتوں میں گیس میٹرز میں ردوبدل اوران کو نقصان پہنچانا، گیس میٹرز کو بائی پاس کرنا، ایس ایس جی سی کی گیس لائنز کی ناجائز ٹیپنگ اور منظور شدہ پریشر اور لوڈ کی خلاف ورزی شامل ہیں۔ اس کا افسوسناک نتیجہ قیمتی قدرتی گیس کی چوری کی شکل میں براہ راست نقصان اور گیس انفرااسٹرکچر کو پہنچنے والے نقصان کی مرمت اور بحالی کیلئے بھاری رقم خرچ ہونے کی صورت میں نکلتا ہے۔

شہری اور دیہی علاقوں کی آبادی کی بلا منصوبہ اور بنا روک ٹوک بڑھنے سے ایس ایس جی سی کو اپنے ڈسٹری بیوشن نیٹ ورک میں مسلسل توسیع کرنی پڑتی ہے جس کیلئے پیمائش کے آلات کی دستیابی اور دیکھ بھال کی مشکلات بھی بڑھتی جارہی ہیں۔ اس کے علاوہ ایس ایس جی سی کے نیٹ ورک کے بڑے حصے کے ساتھ ساتھ اکثر دیگر یوٹیلیٹی جیسے پانی کی نکاسی اور پانی کی فراہمی کی لائنیں بھی بچھی ہیں جس سے گیس کی پائپ لائنز کو بیرونی اثرات سے نقصان پہنچنے کا خطرہ رہتا ہے۔ پائپ لائنز کا ایک بڑا حصہ کئی دہائیوں سے زیر استعمال ہے اور اس میں لیکج کا امکان رہتا ہے۔ جب کہ رسائی نہ ہونے اور اتھارٹیز کی جانب سے مطلوبہ اجازت نہ ملنے کے سبب بحالی اور دوبارہ تنصیب میں اکثر خلل پڑتا رہتا ہے۔ حالیہ برسوں میں ایس ایس جی سی کو قومی مقاصد اور مفادات کو سپورٹ کیلئے SNGPL کے ساتھ گیس کے ادل بدل کرنے کے انتظامات کرنے پڑے۔ تاہم اس سے ایس ایس جی سی نیٹ ورک میں RLNG کے اندرونی بہاؤ سے پیدا ہونے والے مسائل کی بناء پر گیس کے نقصانات شدید تر ہوگئے۔

حکمت عملی کی کاوشوں کے حصے کے طور پر 'کاؤنٹر گیس تھیفٹ آپریشنز' ڈپارٹمنٹ قائم کردیا گیا جس کے ذریعے 'گیس تھیفٹ کنٹرول' آرڈیننس کے حصول اور اس کے

صارفین سے واجبات کی وصولی کیلئے دیگر ذرائع اور تکنیک بھی استعمال کیں۔ان کی تفصیل درج ذیل ہے:

ا) نوٹسز / یاددہانی کیلئے خطوں کا اجرا: نادہندہ صارفین کو550,000 نوٹسز / یاددہانی کے خط ارسال کیے گئے تا کہ انہیں اخلاقی / قانونی ذمہ داری کی یاددہانی کرائی جائے۔

ب) میڈیا پر مہم: پرنٹ اور الیکٹرونک میڈیا پر بھرپور مہم چلائی گئی۔

ج) بڑے نادہندگان کو ترغیب: ڈپارٹمنٹ نے اعلیٰ سطح کے سرکاری / بلک / گھریلو استعمال کنندگان کو ذاتی طور پر رابطہ کر کے ان کو بقایاجات کی ادائیگی کیلئے آمادہ کیا۔

د) گھریلو نادہندگان کے کنکشن کو منقطع کرنا: 322,643 گھریلو اور کمرشل نادہندہ صارفین کو ہدف بنایا گیا جن کے ذمے کمپنی کے کل 4,559 ملین روپے واجب الادا تھے جس میں سے 1,713 روپے وصول کر لیے گئے۔

ر) سہولت کیمپس کا قیام: مختلف گنجان آبادی والے اپارٹمنٹس اور مقامات پر لوگوں کو اقساط کی سہولت فراہم کرنے پر کنکشن کی فوری بحالی اور دیگر سرگرمیوں کیلئے کیمپس قائم کیے گئے۔

صارف کا درجہ	یونٹ / ریجن	ایکشن کی تعداد	ایکشن کی رقم	دوبارہ کنکشن کی تعداد	دوبارہ کنکشن کی رقم
گھریلو	یونٹ-A، کراچی	125,175	1,580	53,360	588
	یونٹ-B، اندرونِ سندھ	166,467	1,760	84,056	655
	یونٹ-Q، بلوچستان	26,560	894	6,637	250
ٹوٹل گھریلو		318,202	4,234	144,053	1,493
	یونٹ-A، کراچی	2,835	221	1,575	149
	یونٹ-B، اندرونِ سندھ	1,234	68	895	48
	یونٹ-Q، بلوچستان	372	36	204	22
ٹوٹل کمرشل		4,441	325	2,674	220
ٹوٹل گھریلو اور کمرشل		322,643	4,559	146,727	1,713

3) سیکٹر کے لحاظ سے وصولی / گھریلو اور کمرشل صارفین کے قابلِ وصول واجبات

گھریلو اور کمرشل بقایاجات کا تقابلی اسٹیٹمنٹ		
صارف کا درجہ	بمطابق جون 2018	بمطابق جون 2019
گھریلو	6,076	7,841
گھریلو / گھریلو سرکاری / بلک	353	498
گھریلو مجموعہ	6,430	8,339
کمرشل	305	367

کسٹمرز سروسز

کسٹمر ریلیشنز

کسٹمر ریلیشنز ڈپارٹمنٹ (سی آر ڈی) کی بنیادی سرگرمی اپنے معزز صارفین کو اعلیٰ ترین خدمات فراہم کرنا ہے۔ کمپنی کے کسٹمر فیسیلیٹیشن سینٹرز (سی ایف سیز)، 1199 کال سینٹرز اور ایمرجنسی سیکشنز، پوری طرح فعال رہے اور پوری مدت کے دوران میں صارفین کی شکایات کو روزانہ کی بنیاد پر حل کرتے رہے۔ سی آر ڈی نے مالی سال 2019 میں کچھ اہم کامیابیاں حاصل کیں جو درج ذیل ہیں۔

سی آر ڈی ہر سال یو ایف جی کے خلاف پی یو جی میٹر کی تبدیلی اور شیڈول میٹر (عمر کی بنیاد پر) کے ذریعے تین سے چار بی سی ایف والیوم حاصل کرتا ہے۔ کونٹیکٹ سینٹر (1199) ایجنٹس نے مجموعی طور پر تقریباً 751,750 ٹیلی فون کالز وصول کیں۔

سی ایف سی کے نمائندوں نے اقساط، ڈپلیکیٹ بلز، دوبارہ کنکشن اور لاک ختم کرنے سے متعلق 999,426 صارفین سے گفت و شنید کی۔

اوگرا کی کارکردگی اور خدمات کے معیارات پر مناسب طریقے پر عمل درآمد کیا گیا۔

سرگرمیاں	2018-19		2019-20
	ہدف	حاصل شدہ	ہدف
گھریلو۔ شیڈول میٹر کی تبدیلی (مدت کی بنیاد پر)	182,000	157,922	182,000
گھریلو۔ PUBG میٹر کی تبدیلی	105,000	118,345	105,000
گھریلو معمول کے مطابق میٹر کی تبدیلی	37,000	70,691	37,000
کمرشل میٹر کی تبدیلی	3,500	3,143	35,000
کسٹمر سروس کالز	81,000	114,055	80,000
لیک کی درستی	40,000	57,242	42,000
پریشر سروے / کمرشل میٹر کا معائنہ	22,702	27,143	23,600
فلیٹ سائٹس (عمارات) پر بحالی / لیک کی درستی	110	96	110
گھروں کی اندرونی لائنوں کی چیکنگ، (کراچی کے کل گھریلو صارفین کا 2%)	36,000	38,244	37,500

ریکوری

ریکوری ڈپارٹمنٹ کا بنیادی کام نادہندہ صارفین پر واجب الادا رقم کی وصولیابی کیلئے ضروری اقدام اٹھائیں۔ 2018-19 میں ریکوری ٹیم کو مختلف جگہوں پر مجموعی طور پر 321,343 نادہندہ صارفین، جس میں گھریلو، سرکاری، بلک اور کمرشل صارفین سے وصولیابی کا ہدف دیا گیا تھا۔ ریکوری ٹیم نے کامیابی کے ساتھ یہ ہدف پورا کیا اور پوری کمپنی کے صارفین کو کنکشن منقطع کرنے کی بھرپور مہم کے ذریعہ "322,643" نادہندگان کے خلاف کارروائی کی۔ ریکوری ڈپارٹمنٹ نے اپنے

کمپریشن کی مینٹی نینس (Compression Maintenance)

کمپریشن مینٹی نینس ڈپارٹمنٹ نے درج ذیل سرگرمیاں سرانجام دیں۔

HQ 2 پر کمپریسرز آر ایل این جی یونٹس کی بہتری کے کام

گیس / آر ایل این جی کی بڑھتی ہوئی طلب کو پورا کرنے کیلئے کمپریشن مینٹیننس ڈپارٹمنٹ ہمہ وقت کمپریسر اسٹیشن کی دستیابی کو یقینی بنانے کیلئے چوکس رہتا ہے۔ کمپریشن ڈپارٹمنٹ کی مسلسل کوششوں کے باعث تمام 15 کمپریسر کام کر رہے ہیں۔ مالی سال 2019 میں جب 2 RLNG پروجیکٹ کے سولر کمپریسر نے گیس میں گرد کے ذرات کی وجہ سے کام کرنا چھوڑ دیا۔

یہ یونٹس SNGPL کو RLNG 1-2BCF کی فراہمی میں اہم کردار ادا کر رہے تھے۔ ایس ایس جی سی کے کاروباری اہداف پورے کرنے کیلئے ان تمام یونٹس کی تجدید کی گئی اور حکمت عملی کے طور پر کم سے کم وقت میں ان کو مین اسٹریم میں شامل کر دیا گیا۔ پائپ لائن گیس کے معیار کو بہتر بنانے کیلئے دوسرے فلٹریشن کے مرحلے کی تنصیب کی گئی جو اس تجدید کے پروجیکٹ کا حصہ ہے 42" dia. Suction Header Pipeline, Scrubbers, Filters Process Gas Cooler Tube Bundles/Separator کی صفائی کا کام مکمل کر لیا گیا Turbo-Compressor کی تجدید کے کام کے ساتھ کیا گیا۔

HQ3 پر یونٹ کنٹرول پینل کی تبدیلی

یونٹس کو اپ گریڈ کرنے اور نظام کو ختم ہونے سے بچانے کیلئے کمپریشن ڈپارٹمنٹ نے HQ 3 پر دو کمپریسر یونٹس کے 02UCP (unit control panels) کو تبدیل کر دیا۔ اس سے مشین آپریشن اور کارکردگی کی مانیٹرنگ اور اضافی فوائد حاصل ہوئے۔

UFG کنٹرول کے اقدام

UFG میں کمی لانا کمپنی کے ایجنڈا میں سرفہرست ہے۔ کمپریشن ڈپارٹمنٹ UFG کو اپنے دائرہ کار میں کم سے کم کرنے میں سخت کوششیں کر رہا ہے۔ والو کی لیکج میں کمی کیلئے تمام اسٹیشنز یعنی HQ-Sibi, HQ-Shikarpur, HQ-2, HQ- پر لیک سروے ٹیسٹ کئے جا رہے ہیں۔ کچھ والوز پر معمولی لیکج کا پتہ چلا اور درستی کے اقدام کئے گئے۔

UFG کی ایک اور بڑی وجہ کمپریسر کا ٹرپ کر جانا یا اسٹیشن کی بندش ہے۔ ہر بندش پر تھوڑی سی کمپریس شدہ گیس فضا میں خارج ہو جاتی ہے۔ بندش کی تعداد بڑھنے سے فضا میں گیس کا اخراج بھی بڑھ جاتا ہے۔ اب تک ہم کسی خرابی یا آلے کے درست کام نہ کرنے سے ٹرپ ہونے سے ہونے والی بندش کو کم کرنے میں کامیاب ہوئے ہیں۔ یہ کامیابی بروقت اور لگاتار دیکھ بھال سے حاصل ہوئی۔ اس کے علاوہ وائبریشن کے تجزیے اور لیوب آئل کے تجزیے کی جدید ٹیکنالوجی کے استعمال سے خرابیوں کا پتہ چلانے میں مدد ملی۔

کمپریشن ڈپارٹمنٹ کے مستقبل کے منصوبے

- کمپنی کے کاروباری اہداف کو حاصل کرنے کیلئے تمام کمپریسر اسٹیشنز کو رواں رکھنا۔
- کمپریسر اسٹیشنز کی استعداد بڑھانے کیلئے اوریکل پر مبنی eAM کمپیوٹرائزڈ مینٹیننس مینجمنٹ سسٹم (CMMS) قائم کرنا۔

ECC سے منظور شدہ LPG-Air Mix Plants کی فراہمی: وزارت توانائی (پیٹرولیم ڈویژن) کی ہدایات کے مطابق	ایس ایس جی سی کے فرنچائز علاقوں میں ECC سے منظور شدہ LPG-Air Mix Plants کے سیٹ اپ کیلئے ECC کے فیصلے پر عمل درآمد۔ ا) ہفتہ وار پروگرام، جائزہ میٹنگ کا اہتمام کیا گیا۔ ب) بلوچستان کے دس (10) مقامات (جہاں مقامی انتظامیہ نے ریاست کی زمین کا قبضہ دے دیا تھا) پہلی چھ لاٹ تشکیل دے دی۔ 1) EPCC کی بنیاد پر ٹینڈرنگ کی کوشش کی گئی۔ 2) 15 اکتوبر 2017 کو ٹینڈر جاری کر دیے گئے۔ 3) 3 جنوری 2018 کو بولیاں کھولی گئیں (تین میں سے ایک بولی، بولی کے بونڈ کی عدم دستیابی کی بنا پر مسترد کر دی گئی) ۳) یکم فروری 2018 کو جانچ کے مشیر نے ٹیکنیکل طور پر دونوں بولی دہندگان کو نااہل قرار دیا۔ ۴) دونوں بولی دہندگان نے اپنی شکایات داخل کرا دیں۔ ۵) پروکیورمنٹ گریوینس کمیٹی (PGC) نے دونوں شکایت کنندگان کی شکایات خارج کر دیں۔ ۶) اس کے بعد شکایت کنندگان میں سے ایک میسرز قاسم خان اینڈ کمپنی نے بلوچستان ہائی کورٹ میں درخواست دائر کر دی۔ ۷) بلوچستان کی معزز ہائی کورٹ نے شکایت کنندہ کی درخواست خارج کر دی۔ ۸) EPCC کی بنیاد پر دوبارہ ٹینڈر طلب کیے گئے۔ ۹) 30 ستمبر 2018 کو ٹینڈر جاری کیے گئے۔ ۱۰) ٹینڈر انکوائری نے 21 دسمبر 2018 کو ٹینڈر کھولے تین میں سے ایک بولی، بولی کا بونڈ نہ ہونے کی وجہ سے مسترد کر دی گئی) i) AMCORP-GASCO جوائنٹ وینچر نے لاٹ "A" کیلئے بولی جمع کرائی۔ ii) جرا آئل اینڈ گیس انجینئرنگ کارپوریشن نے لاٹ "C" کیلئے بولی جمع کرائی۔ ۱۱) بولی دہندگان EPCC کی اضافی لازمی شرائط پر پورے نہیں اترے۔ ۱۲) بیرونی قانونی رائے حاصل کرنے کے بعد ٹینڈر منسوخ کر دیا گیا۔ ۱۳) ٹینڈر انکوائری کی منسوخی کی اطلاع 31 جنوری 2019 کو پرنٹ میڈیا میں شائع کر دی گئی۔ ۱۴) ECC-Approved LPG-Air MixPlants کی دوبارہ ٹینڈرنگ کے لئے گفت وشنید جاری ہے۔ ۱۴) ECC-Approved LPG-Air MixPlants کی تنصیب کیلئے بقیہ مقامات پر زمین کی خریداری کے معاملے پر کارروائی جاری ہے۔

پلاننگ اینڈ ڈیولپمنٹ (P&D)

پلاننگ اینڈ ڈیولپمنٹ ڈپارٹمنٹ، ایس ایس جی سی کے ٹرانسمیشن نیٹ ورک کی ڈیولپمنٹ اوراس میں اضافہ کے پروجیکٹس کی پلاننگ، ڈیزائننگ اور مانیٹرنگ کا اہتمام کرتا ہے اور گیس کی خریداری کے معاہدوں کیلئے منصوبہ بندی اور انتظامات کا بھی ذمہ دار ہے۔

ڈپارٹمنٹ کے گیس انفرااسٹرکچر کی ڈیولپمنٹ سے متعلق مقاصد کے حصول میں اعلیٰ ترین نتائج فراہم کرنے کا سلسلہ جاری ہے اور اس طرح ملک کی توانائی کو استحکام دینے میں سرگرم عمل ہے۔

زیر جائزہ سال یعنی FY 2018-19 کے دوران میں ڈپارٹمنٹ کامیابی کے ساتھ RLNG-2 پائپ لائن پروجیکٹ کے بقیہ 42" dia x 25 km کے کام بشمول انڈس ریور کراسنگ کے کام مکمل کئے۔ یہ RLNG-2 پائپ لائن کا بقیہ حصہ تھا جو ستمبر 2018 میں مکمل ہوا اور اس نے کام شروع کردیا۔

مستقبل کے منصوبے

ایس ایس جی سی کے فرنچائز علاقوں میں بڑھتی ہوئی طلب کو پورا کرنے کیلئے پی اینڈ ڈی ڈپارٹمنٹ نے مختلف ترقیاتی پروجیکٹس کا پلان بنایا ہے، جن کی تفصیلات درج ذیل ہیں:

- HQ شکارپور پر 200 mmcfd کے ایک یونٹ کی ڈیزائننگ، فراہمی، تنصیب اور کمشننگ۔
- HQ سبی پر 200 mmcfd کے ایک یونٹ کی ڈیزائننگ، فراہمی، تنصیب اور کمشننگ۔
- سندھ یونی ورسٹی سے نوابشاہ تک 30 inch dia x125 kms ٹرانسمیشن پائپ لائن پروجیکٹ (دوسرا مرحلہ)۔
- نوابشاہ سے پاک لینڈ تک 20 inch dia.x 250kms ٹرانسمیشن پائپ لائن۔
- TAPI گیس کی وصولی کیلئے 30 inch dia.x 60 kms ٹرانسمیشن پائپ لائن۔
- نوابشاہ سے گھکر تک 20 inch dia.x 180 km ٹرانسمیشن پائپ لائن۔
- پاک لینڈ اور کھاڈجیکی کے درمیان 36 inch/42 inch dia x 11km انٹرٹائنگ پائپ لائن۔
- پاک لینڈ سے کراچی تک 30 inch dia x 36 km ٹرانسمیشن پائپ لائن۔
- دادو میں کمپریسر اسٹیشن۔

لیکوفائیڈ گیسز (LGs)

موجودہ پروجیکٹس

پروجیکٹ	مقصد/ہدف/حاصل شدہ ترقی
LPG-Air Mix Plants آواران اور بیلہ	مالی سال 2019-20 تک LPG ایئرمکس پلانٹس، آواران اور بیلہ کی تنصیب، کمشننگ اور آپریشن ہونے کی توقع

مستقبل میں توسیع کے پروجیکٹس

- 24" dia. x 34 Km ACPL ۔ سائٹ میں صنعتی صارفین کو گیس کی سپلائی میں اضافے اور 02 عدد SMS کے الگ الگ استعمال کیلئے سرجانی مین ری انفورسمنٹ پروجیکٹ۔
- گھریلو، کمرشل اور صنعتی صارفین کی طلب کے مطابق گیس کی فراہمی کیلئے SMS KT سپلائی مینز کو الگ الگ کرنا اور پریشر ریگولیشن۔
- KE کو گیس کی فراہمی اور صنعتی صارفین کو الگ الگ کرنے کیلئے 20" dia x 1.5 Km شیر شاہ میں اور سائٹ گیس ٹربائن مین کو آپس میں ملانا۔
- صنعتی صارفین کو گیس کی سپلائی میں اضافے کیلئے Pasmic Main اور لانڈھی مین کے درمیان 16"dia x 7 Km کا انٹرلنک
- اصل صارفین کو گیس کی فراہمی میں اضافے کیلئے مین ہالر 8" x 16 km سپلائی۔

SBU بلوچستان

ڈسٹری بیوشن اسٹریٹجک بزنس یونٹ (SBU) بلوچستان کے تمام علاقوں کو کور کرتا ہے۔ مالی سال 2018-19 اور 2019-20 کے دوران میں SBU ٹیم نے انفرااسٹرکچر کی توسیع، پائپ لائن کی دیکھ بھال اور یو ایف جی میں کمی کی درج ذیل سرگرمیاں انجام دیں:

انفرااسٹرکچر ڈویلپمنٹ

2019-20	2018-19	سرگرمی
25.332	36.5	معمول کی مین توسیع بشمول گاؤں (Kms)
10.162	2.80	ری انفورسمنٹ (Kms)
4	-----	اضافی TBSs (تعداد)
7	6	اضافی PRS (تعداد)
10362	11,656	نئے کنکشنز (تعداد)

یو ایف جی میں کمی کی سرگرمیاں

2019-20	2018-19	سرگرمی
-----	-----	حصے بنائے گئے (تعداد)
2,247.935	1758.8	زیر زمین لیک سروے اور اس کی درستی (Kms)
89,652	10,7033	بالائی لیک سروے اور اس کی درستی (تعداد)
55,081	81,974	میٹرز کی تبدیلی (گھریلو) (تعداد)
4162	2557	چوریاں (تعداد)
-----	-----	بحالی (Kms.)

پائپ لائن کے استحکام کیلئے کوٹنگ کی تجدید کی گئی۔

12" dia. QPL, 16" dia. ILBPand 18" dia. IRBP. پر 34000 Rft کی کوٹنگ کی تجدید کی گئی۔

مستقبل کے منصوبے

کوٹنگ کی تجدید نو: اگلے مالی سال میں ٹرانسمیشن پائپ لائن کے مختلف مقامات پر مجموعی طور پر 55,000 Rft علاقے پر کوٹنگ کی تجدید نو کا منصوبہ ہے۔ ٹرانسمیشن پائپ لائن کے مختلف مقامات پر کل 300 Kms کا CIP/DCVG سروے کیا جائے گا۔ ٹرانسمیشن نیٹ ورک کی پائپ لائن کی موجودہ ضرورت پوری کرنے کیلئے تین کیتھوڈ تحفظ کے نظام نصب کئے جائیں گے۔

ڈسٹری بیوشن ڈویژن

مالی سال 19-2018 کے دوران میں ڈسٹری بیوشن ڈویژن کی کراچی اور اندرون سندھ حاصل ہونے والی کامیابیاں درج ذیل ہیں:

انفرااسٹرکچر کی توسیع

پائپ لائن نیٹ ورک میں معمول کی توسیع	270 Km
ویلج گیسیفکیشن اسکیمز	90 Km
موجودہ نیٹ ورک کو تقویت دینے کیلئے بچھائی گئی پائپ لائن	18 Km
نظام میں شامل ہونے والے نئے صارفین	109,811
نئے ٹاؤن بارڈر اسٹیشنز (TBS)	13
نئے پریشر ریگولیٹرز اسٹیشنز (PRS)	15
TBSs کی تجدید	2

UFG میں کمی کی سرگرمیاں

پرانے نیٹ ورک کی بحالی	72 Km
زیرِ زمین لیک سروے	14,897 Km
بالائی لیک سروے اور اس کی درستی	783,884 Nos
چوری کرنے پر منقطع کیے گئے کنکشن	27,863 Nos
حصوں کی تشکیل	64
میٹرز کی تبدیلی	34,443 Nos

کیتھوڈک تحفظ

کیتھوڈک تحفظ ایک متحرک حفاظتی قدم ہے جو زمین میں دبی ہوئی دھات کی پائپ لائنوں کو زنگ لگنے سے بچاتا ہے جہاں لگائی گئی کوٹنگ بیکار ہو گئی یا نقصان زدہ ہو گئی جس سے پائپ لائن کی دھات مٹی پر کھل گئی۔ مناسب اور بروقت معائنہ کیتھوڈک تحفظ کے ڈپارٹمنٹ کا معمول کا کام ہے۔ سی پی ڈپارٹمنٹ وسائل کے بھرپور استعمال سے گیس پائپ لائن سسٹم کو زنگ کے حملوں سے بچانے کیلئے زیرِ زمین ڈھانچے کی مضبوطی کو یقینی بناتا ہے۔

براہِ راست کرنٹ وولٹیج گریڈینٹ (DCVG)

DCVG سروے کوٹنگ سے متعلق خرابیوں کے مقام کے تعین کی غرض سے ایک اچھی طرح کوٹ کی گئی پائپ لائنز پر خاص طریقے سے انجام دیا جاتے ہیں۔ کوٹنگ سے متعلق خرابیوں کے مقامات تلاش کرنے کے علاوہ جمع شدہ اعداد وشمار خاص طور پر خرابی کے مقامات (سائیڈ ڈرین ڈیٹا) پر حاصل کردہ اعداد وشمار کو خرابیوں کیلئے سائز کے عوامل کے تعین کیلئے سروے ڈیٹا کے ساتھ ملایا جاتا ہے۔

42" ڈایا RLNG II سیکشن IV اور HQ-III پر کی DCVG 126 Kms سروے کے دوران میں 2 اور 3 کیٹگریز کی 20 کوٹنگ کی خرابیاں پائی گئیں۔ بڑی خرابیوں پر دوبارہ کوٹنگ کر دی گئی ہے تاکہ RLNG پائپ لائن مستحکم رہے۔ 24" dia کنر پا کی پائپ لائن پر DCVG 29.5 km سروے کے دوران میں کیٹگری 3 اور 4 کی 3 خرابیاں اور ایک ویلڈ کیا ہوا جوڑ بغیر سلیو کے پایا گیا۔ چوری شدہ کلیمپ کے حصے نکال دیے گئے اور کوٹنگ کی مرمت کا کام کر دیا گیا تاکہ پائپ لائن مستحکم رہے۔

CIS سروے

کلوز انٹرول پوٹینشل سروے کیتھوڈک تحفظ کے نظام کے موثر ہونے کا تعین کرنے کیلئے استعمال ہوتا ہے جس کیلئے ٹیسٹ اسٹیشنز کے درمیان پائپ لائن کے ساتھ ساتھ پائپ کی زمین کے ساتھ گنجائش کا ناپا جاتا ہے اور اس بات کو یقینی بنایا جاتا ہے کہ وہ NACE SP0169 کے خصوصی معیار کے مطابق کام کر رہا ہے۔ سی پی ڈپارٹمنٹ ماہانہ بنیادوں پر پائپ کی زمین کے ساتھ گنجائش کی پیمائش کر کے ٹرانسمیشن پائپ لائنز کی مانیٹرنگ کو یقینی بناتا ہے۔ ریکارڈ شدہ گنجائش کی بنیاد پر کم گنجائش کے علاقوں پر سی آئی پی سروے کیا گیا۔

FY 2019 کے دوران کامیابیاں

1۔ کوٹنگ کی سخت خرابیاں، خاص طور پر کولتار سے کوٹ کی گئی پائپ لائن پر پائی گئیں۔ کوٹنگ کی جانچ کے سروے کے مطابق کوٹنگ کی تجدید کی گئی اور اب ان علاقوں میں پائپ لائن تحفظ کی سطح پر ہیں۔
2۔ کوئٹہ سیکشن کی کلی برخوردار میں 2" dia. Gas fuel line پر 6 Kms سروے کیا گیا۔ معائنہ کے بعد مختلف مقامات پر 20 لیک پائے گئے۔
3۔ سی پی ڈپارٹمنٹ نے کلی برخوردار میں 2" dia. گیس فیول لائن پر کلوز انٹرول سروے کیا جہاں 20 گیس کے چوری شدہ کلیمپس کے 20 حصے پائے گئے جن کو ہٹا دیا گیا تاکہ گیس فیول پائپ لائن کی مرمت کا کام ہو سکے۔

کوٹنگ کی تجدید

زنگ لگنا ایک قدرتی امر ہے اور یہ دبی ہوئی اسٹیل پائپ لائن کیلئے سب سے بڑا خطرہ ہے اور زنگ پر توجہ نہ دی جائے تو پائپ لائن لیک ہو سکتی ہے، سروس میں خلل آسکتا ہے اور بعض اوقات دھماکے جیسا بڑا نقصان بھی ہو سکتا ہے۔ ایس ایس جی سی نے 1957 میں سب سے پہلی ٹرانسمیشن لائن بچھائی۔ یہ ایس ایس جی سی کا سب سے قدیم اثاثہ ہے جو ابھی تک قدرتی گیس پہنچانے کا کام کر رہا ہے۔ تاہم وقت گزرنے کے ساتھ آکسیجن، نمی اور زیرِ زمین پانی کے ردِعمل کی وجہ سے کوٹنگ خراب ہو گئی ہے اور پائپ لائن کے زنگ خوردہ حصوں پر کوٹنگ کی تجدید کی ضرورت ہے۔ پائپ لائن کے متعدد سروے (CIP, DCVG and ECDA) کیے گئے اور ٹرانسمیشن

اسٹیک ہولڈرز کے ساتھ تعلقات میں مزید بہتری آئی۔

تکمیل شدہ منصوبے ۔ مالی سال 2018-19

- 42" dia. RLNG-II Pipe Line Project (بقیہ کام بشمول این ایچ اے تھرسٹ بور MLW, Tie-ins ۔ دریائے سندھ کے حصے I اور II میں ایئر ٹیسٹنگ اور ہائیڈرو اسٹیٹک ٹیسٹنگ)
- تیسرا مرحلہ HQ 2 پر فلٹریشن سسٹم ۔ کمپریسر اسٹیشن نواب شاہ برائے RLNG-II 42" dia. پائپ لائن پروجیکٹ (فیبریکیشن اور تنصیب بشمول 12"، 16"، 24"، 42" dia کے مختلف جوڑوں کیلئے سول ورکس
- مختلف نہروں (IRBP and QPL) پر 18" and 20" dia کی 10 زیر زمین کراسنگ
- 20" dia کنڈن واری پائپ لائن ٹک اپ مع HQ-3 پر JJVL 20" dia. HP Line (فیبریکیشن، تنصیب اور ویلڈنگ کے کام)
- MVA پاکستانی ٹاؤن والا یار 12" dia. x 26.50km لائن کی ری انفورسمنٹ
- 20" dia. x 5 km لانڈھی میں سی اسٹیشن مین لوپ اور 8" dia x 3.3km کراچی میں فاطمہ گولف ریزیڈنسی اور فلک ناز اپارٹمنٹ
- گل شریفان، گل صاحبزادہ اور گل بادل کاریز (PH-II)، خوشحال ٹاؤن، بلوچستان تک مختلف ڈایا کی 30 kms لائنز کے ذریعہ ایل پی جی کی فراہمی
- بلوچستان میں بیلڈنگ ایل پی جی ایئر مکس پلانٹ پر تمام سول ورکس کی تعمیر مکمل
- سندھ اور بلوچستان میں گیس پائپ لائن کے ساتھ راستے کے مختلف مقامات پر 8 کیئر ٹیکر روم، 3 سولر روم، 3 جی سی روم اور TEG روم کی تعمیر کی تکمیل
- ایس ایم ایس جامشورو، ایم وی اے سومرگوٹھ، ایس ایم ایس بیٹرا، ایس ایم ایس کھادیجی اور دیہہ اسٹیشن پر باؤنڈری وال انکلوژرز کی تعمیر کی تکمیل
- ایس ایم ایس دھابیجی، ایس ایم ایس ٹھمپیر اور ایم وی اے باران پر باؤنڈری وال انکلوژرز کے سول ورکس کے کام کی تکمیل۔
- کھادیجی پر مختلف ڈایا میٹرز کے کوٹ ٹیپ اور لپیٹنے کے کام کی تکمیل۔

مستقبل کے منصوبے

- سندھ یونیورسٹی سے پاک لینڈ تک 30" dia x 125KM مجوزہ پائپ لائن۔
- رحمان فیلڈ سے ٹینگ ایم وی اے تک 12" dia x 46KMs پائپ لائن۔
- عائشہ گیس فیلڈ سے گولارچی تک 08" dia x 28KMs پائپ لائن۔
- بالائی پائپ لائن کراسنگ مع 7 زیر زمین کراسنگ کی تبدیلی۔
- PoD وڈو پر چیک میٹرنگ کی فیسلیٹی۔
- RS 3 پر گمبٹ ساؤتھ فیلڈ گیس کیلئے چیک میٹرنگ سیٹ اپ کی تنصیب۔
- QPL 12" dia. کی بحالی کے کام۔
- پورٹ قاسم سے ایس ایم ایس پاک لینڈ تک 30" dia x 17 KM مجوزہ پائپ لائن۔
- شکارپور سے جیکب آباد تک 24" dia x 34 KM لوپ لائن کے بقیہ کام۔

تمام اسٹیک ہولڈرز (CPPA-G، SSGC اور HCPCL) طریقہ کار کو حتمی شکل دینے کے مرحلے میں ہیں اور عدم ترسیل کی مدت کو "ایک اور ہنگامی صورتحال (OME)" قرار دے کر جی ایس اے کی مدت کو عدم ترسیل کی مدت تک توسیع میں تبدیل کر دیا ہے۔

SSGC اور HCPCL کے درمیان ہونے والا GSA ستمبر 2019 میں ختم ہو چکا ہے جب کہ HCPCL اور CPPA-G کے درمیان ہونے والا پاور پرچیز ایگریمنٹ (PPA) 2029 تک کارآمد ہے۔

کل معاوضہ 8.0 بلین روپے تھا جس میں سے اوگرا نے LPS کے ریورسل، ایل ڈی چارجز پر سود اور قانونی اخراجات کی مد میں 3.9 بلین روپے کی اجازت دی اور بقیہ 4.1 بلین روپے "HCPCL سے قابل وصولی" کے طور پر رکھے گئے جو ای سی سی کی منظوری کے مطابق LDs کے ساتھ ایڈجسٹ کئے جائیں گے۔

معاملے کی شدت

درج بالا کے علاوہ بیرونی آڈیٹرز میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے اپنی آڈٹ رپورٹ برائے مالی سال مختتمہ 30 جون 2019 میں بعض خاص مسائل کی طرف توجہ دلائی ہے۔ ان معاملات پر تبصرہ درج ذیل ہے۔

i. کمپنی نے سندھ ہائی کورٹ کے فیصلے میں درج نقصانات کی کل رقم 36.7 بلین روپے میں سے 29.4 بلین روپے ضم کر لئے ہیں۔ انتظامیہ کو بھروسہ ہے کہ بقایا حتمی نقصان 2021 تک ضم کر لیا جائے گا۔

ii. ایس ایس جی سی نے ایل پی ایس کے اخراجات کو جو حکومت کے زیر کنٹرول ای اینڈ پی کمپنیز (او جی ڈی سی ایل، پی پی ایل اور جی ایچ پی ایل) کو یکم جولائی 2012 قابل ادائیگی تھے اس وقت تک کیلئے تسلیم کرنا بند کر دیا ہے جب تک پی ایس ایم ایل اور کے ای سے ایل پی ایس انکم وصول نہ ہو جائے۔

آپریشنز کے عمل کا جائزہ

ایس ایس جی سی اپنی بنیادی اقدار دیانتداری، مہارت، ٹیم ورک، شفافیت اور اسٹیک ہولڈرز کی ذمہ داری سے رہنمائی حاصل کرتی ہے۔ کمپنی کے مشن کی پیروی میں ایس ایس جی سی اپنے صارفین کو محفوظ، باعتماد اور باکفایت قدرتی گیس کی فراہمی کی پابندی کرتی ہے۔ پروجیکٹ کی ڈویژن اور ڈپارٹمنٹ کے لحاظ سے اور مالی سال 2018-19 کے دوران میں حاصل کامیابیوں کی تفصیل درج ذیل ہے۔

منصوبہ اور تعمیرات

گزشتہ 45 سال کے دوران میں ایس ایس جی سی پی اینڈ سی ڈپارٹمنٹ نے قدرتی گیس کی "12 سے "42 قطر کی 3500 کلومیٹر سے زیادہ ہائی پریشر ٹرانسمیشن اور آئل پائپ لائنز بچھائیں۔ مالی سال 2003-04 اور اس کے بعد سے ڈپارٹمنٹ نے نئے ٹاؤنز اور گاؤں کیلئے 8000 کلومیٹر فراہمی اور تقسیم کاری نیٹ ورکس، ری انفورسمنٹ اور بحالی کی اسکیمیں مکمل کیں۔

ماضی میں تخریب کار کمپنی کی بالائی (زمین سے باہر) پائپ لائنز کو نشانہ بنا چکے ہیں، اس لئے ایس ایس جی سی کے نیٹ ورک کی حفاظت کیلئے پی اینڈ سی نے موجودہ بالائی پائپ لائنز کو مرحلہ وار نہروں اور پانی کے چینلز کے نیچے سے گزارنے پر کام شروع کیا ہے۔ پی اینڈ سی تقسیم کاری کے نیٹ ورکس پر بھی کام کر رہا ہے۔ جس سے کراچی میں لانڈھی اور کورنگی کے صنعتی علاقوں اور سائٹ ایریا، کوٹری میں پریشر کا مسئلہ حل ہو گیا ہے اور اس کی وجہ سے UFG میں بھی کمی آئی ہے۔ سال کے دوران میں ڈسٹری بیوشن بلوچستان کی پرانی اسکیموں پر 357 ملین روپے کی سرمایہ کاری کی گئی۔ بلوچستان میں نوشکی کے انتہائی پسماندہ علاقے میں ایل پی جی ایئرمکس یا مصنوعی نیچرل گیس (ایس این جی) پلانٹ نے کام شروع کر دیا جس سے MMBTU/HR (4 MMCFD) 200 ایس این جی گنجائش کے ساتھ ٹاؤن کے 1,500 گھروں کو فائدہ پہنچے گا۔

پی اینڈ سی نے پروجیکٹس کی تکمیل کے کاموں کے دوران میں HSE پالیسیز نافذ کیں۔ اس کے نتیجے میں خدشات، لاگت اور سائٹس پر حادثات میں کمی آئی اور کمپنی کے

بیاجمالیاتی لاگت

ایس ایس جی سی کو 6.8 بلین روپے قرضہ کی مد میں مالیاتی اخراجات برداشت کرنے پڑے جو اپنے پائپ لائن انفراسٹرکچر کو کراچی پورٹ سے سہون تک RLNG والیوم کو SNGPL نیٹ ورک تک پہنچانے کے سلسلے میں مالی ضرورت پوری کرنے کیلئے طویل المدت قرض حاصل کرنا پڑا۔ جس سے نارتھ کی توانائی کی ضروریات کو پورا کرنا تھا۔

بیرونی آڈیٹرز کی رپورٹ میں تجزیہ

*بیرونی آڈیٹرز میسرز یوسف عادل اکاؤنٹنٹس نے اپنی آڈٹ رپورٹ برائے سال مختتمہ 30 جون 2019 کیلئے KE اور PSML پر واجب الادا رقوم، تاخیر سے ادائیگی کے سرچارج (LPS) SNGPL اور واپڈا سے قابل وصولی اور حبیب اللہ کوسٹل پاور کمپنی (پرائیویٹ) لمیٹڈ (HCPCL) سے قابل وصول رقوم کے بارے میں اپنی پیشہ ورانہ رائے کا اظہار کیا ہے۔

KE اور PSML سے قابل وصولی رقوم

مالی سال 19-2018 کے دوران میں کے الیکٹرک (KE) اور پاکستان اسٹیل ملز لمیٹڈ (PSML) سے نادہندہ واجب الادا رقوم کی صورتحال گزشتہ سالوں کے مطابق رہی۔ انتظامیہ بڑی تندہی سے KE اور PSML سے وصولی کے مقدمے کی پیروی کررہی ہے۔ اس کے ساتھ ساتھ انتظامیہ KE اور PSML سے واجب الادا رقوم کی جلد وصولی کیلئے متعلقہ وزارتوں کے ساتھ مسلسل رابطے میں ہے۔ امید ہے کہ جیسے ہی حکومت پاکستان کی جانب سے اس مسئلے کا مستقل حل پیش کردیا جائے گا تو کمپنی کی مالیاتی پوزیشن بہتر ہوجائے گی۔ کمپنی کا KE اور PSML کے خلاف 30 جون 2019 کے مطابق LPD سمیت بالترتیب 100 بلین روپے اور 61 بلین روپے کا دعویٰ ہے۔

SNGPL اور واپڈا سے قابل وصولی LPS

کمپنی کو مجموعی گردشی قرضہ جات کی صورتحال کے باعث SNGPL اور واپڈا سے جمع شدہ قابل وصولی رقوم کا سامنا ہے۔ تاہم متعلقہ شرائط وضوابط کی بنیاد پر کمپنی واجب الادا رقوم پر LPS جمع کررہی ہے۔ کمپنی حکومتی اتھارٹیز کو روزانہ کی بنیاد پر صورتحال سے باخبر رکھتی ہے اور توقع ہے کہ جیسے ہی گردشی قرضہ کا قومی سطح پر معاملہ طے ہوجائے گا، یہ مسئلہ بھی حل ہوجائے گا۔

HCPCL سے قابل وصولی رقوم

میسرز حبیب اللہ کوسٹل پاور کمپنی (پرائیویٹ) لمیٹڈ نے 30 نومبر 2015 کو انٹرنیشنل چیمبر آف کامرس، سنگاپور کے ضوابط کے تحت ثالثی کی درخواست دائر کی ہے۔ یہ تنازع ایس ایس جی سی کی جانب سے HCPCL کو دسمبر 2009 اور اس کے بعد گیس کی عدم فراہمی یا قلت (جی ایس اے کے تحت گیس کے عہد کا یقینی وعدے کے خلاف) تھا۔

30 اپریل 2018 کو انٹرنیشنل کورٹ آف آربیٹریشن نے HCPCL کے حق میں ثالثی کی کارروائی کا فیصلہ جاری کردیا گیا اور کمپنی کو معاوضے، کاروبار کے خاتمے کے نقصانات، سود اور قانونی اور پیشہ ورانہ چارجز، حتمی صلے کے طور پر HCPCL کو ادا کرنے کا حکم دیا۔

HCPCL کا کمپنی سے صلے کی رقم، کاروبار کے خاتمے کے نقصانات کا دعویٰ دراصل HCPCL کا WAPDA/CPPA-G کے خلاف دعوے کا نتیجہ ہے جس سے واضح ہوتا ہے کہ یہ ایک سرکاری ادارے یعنی کمپنی کی طرف سے دوسرے سرکاری ادارے یعنی واپڈا کو ادائیگی کا بہاؤ ہے جس کا دونوں میں سے کسی کو کوئی فائدہ نہیں ہے۔ اسی لئے ای سی سی نے 7 فروری 2018 کو ہونے والی میٹنگ میں کاروباری اختتام کے چارجز سے متعلق نقصانات سے دستبرداری کی تجویز کو اصولی طور پر منظور کرلیا تھا اور پیٹرولیم ڈویژن اور پاور ڈویژن کو تمام اسٹیک ہولڈرز کے ساتھ مشاورت سے طریقہ کار طے کرنے کی ہدایات کی تھیں۔

مالیاتی عمومی جائزہ

زیر جائزہ مدت کے دوران میں کمپنی کو بعد از ٹیکس 18.4 بلین روپے کا خالص نقصان ہوا جس میں واجب الادا قرضوں کی بناء پر بڑے ڈس الاؤنسز اور مالیاتی لاگت شامل کی گئی ہے۔

مالیاتی جھلکیوں کا خلاصہ درج ذیل ہے:

ایس ایس جی سی کی منفعت اوگرا کے مجوزہ گارنٹیڈ ریٹرن فارمولا کے تحت حاصل ہوتی ہے۔ اس فارمولے کے تحت ایس ایس جی سی کو اس کے اوسط خالص آپریٹنگ فکسڈ اسیٹس کی آمدنی کے 17.43% قبل از مالیاتی چارجز اور ٹیکسز حاصل کرنے کی اجازت ہے۔ تاہم اوگرا ضروریات کی بنیاد پر آمدنی کا تعین کرتے ہوئے استعداد سے متعلق بنچ مارک نیز غیر شمار شدہ گیس (یو ایف جی)، ہیومن ریسورس بنچ مارک کے اخراجات اور مشتبہ قرضہ جات اور دیگر اخراجات کیلئے پروویژن کی بناء پر ڈس الاؤنسز ایڈجسٹمنٹ کرتا ہے۔ اس ڈس الاؤنسز ایڈجسٹمنٹس سے کمپنی کی نچلی سطح پر اور ٹیکسز پر اثر انداز ہوتا ہے۔

خالص نقصان ہونے کی بڑی وجوہات درج ذیل ہیں:

مالی سال 19-2018 میں ایس ایس جی سی نے 15.3 بلین روپے کی واپسی کی اجازت دی۔ تاہم اوگرا نے یو ایف جی کے حساب میں 23.9 بلین روپے، آئی ایف آر ایس 9 کی پیروی میں متوقع کریڈٹ الاؤنس کے پروویژن میں 0.6 بلین روپے اور آر ایل این جی کی ترسیل (GCI) کیلئے اندرونی طور پر گیس کے مصرف کیلئے 0.6 بلین روپے کا ڈس الاؤنس دیا۔

تاہم ایس ایس جی سی نے آر ایل این جی کی ترسیل کے سلسلے میں SNGPL سے GCI کی وصولی کا منصوبہ بنایا ہے۔ اوگرا نے گزشتہ سال کے ایس ایس جی سی کے 1.2 بلین روپے کے کلیم کی اجازت دی۔ اس کے علاوہ مالی سال 19-2018 کیلئے اوگرا نے ایچ آر بنچ مارک کے 0.8 بلین روپے کے اخراجات کی اجازت دی ہے۔

یو ایف جی کے زیادہ تعداد میں ڈس الاؤنس

یو ایف جی کے انتہائی زیادہ ڈس الاؤنس اس بناء پر ہیں کہ اوگرا ایس ایس جی سی کیلئے RLNG والیم ہینڈلنگ کے فائدے کو منظور نہیں کر رہا ہے جو کہ اکنامک کوآرڈینیشن کمیٹی (ECC) نے 11 مئی 2018 کو ایک سمری کے ذریعے منظور کیے تھے۔ اگر ایس ایس جی سی کو یہ فائدہ دے دیا جائے تو خالص یو ایف جی ڈس الاؤنس میں 13.1 بلین روپے کی کمی ہو جائے گی۔ اس کے ساتھ ساتھ اوگرا نے بعض ڈس الاؤنسز بھی شامل کیے ہیں جو پہلے کے تعین کے مقابلے میں اس سے پہلے کبھی بھی نہیں تھے۔

ایس ایس جی سی وزارت توانائی (پیٹرولیم ڈویژن) کے ذریعہ اوگرا کو ECC کی منظور شدہ سمری کے نفاذ کیلئے پر زور طور پر آمادہ کر رہی ہے کیونکہ RLNG کی سپلائی چین میں شامل تمام اسٹیک ہولڈرز، سوائے ایس ایس جی سی کے RLNG کی قیمت کے ذریعے مذکورہ قیمت حاصل کر رہے ہیں، جس کو ECC کی منظوری کے باوجود اوگرا منع کر رہا ہے۔

گزشتہ موخر نقصانات کا انضمام

ایس ایس جی سی کی مالیات پر سندھ ہائی کورٹ کے فیصلے مورخہ 25 نومبر 2016 کے مطابق 3.7 بلین روپے کے موخر نقصانات کے انضمام سے ایک اور بڑا منفی اثر پڑا جس میں ایس ایس جی سی کو یو ایف جی بنچ مارک پر اسٹے اور بعض نان آپریٹنگ آمدنیوں کو مسترد کر دیا گیا۔ اس فیصلے کے نتیجے میں ایس ایس جی سی کو مالی سال 2011 سے مالی سال 2015 تک 36.7 بلین روپے کے نقصانات ختم کرنا پڑے۔ مجاز اتھارٹی کی اجازت سے ایس ایس جی سی نے 6 سالوں میں ان نقصانات کو موخر رکھا اور اب مالی سال 19-2018 تک 29.4 بلین روپے ختم کر لئے گئے ہیں۔

انسانی وسائل میں اصلاحات

بورڈ کا اس نظریے پر یقین ہے کہ معیاری کارکردگی کی جانچ اور نتائج پر مبنی احتساب ہر سطح پر اسٹیک ہولڈرز کی توقعات پر پورا اترنے کو یقینی بناتا ہے۔ اس کے حصول کیلئے انتظامیہ سخت KPI کا نیا کارکردگی پر مبنی جانچ کا معیار وضع کر رہی ہے

بورڈ اس حقیقت سے آشنا ہے کہ سینئر مینجمنٹ ٹیم کے بعض ممبرز مستقبل قریب میں ریٹائر ہو رہے ہیں، اسلئے انتظامیہ کو ہدایت کی گئی ہے کہ وہ تمام جنرل منیجرز (جی ایم) کی سطح اور اس سے اوپر کیلئے جاب ڈسکرپشن (جے ڈی) میں، اگر ضرورت ہو تو ترمیمات کے ساتھ، سکسیشن پلان کی سفارشات پیش کرے، اس کے علاوہ انتظامیہ جاب روٹیشن پروسیس میں بھی تیزی لانے کے مرحلے میں ہے اور مڈل اور سینئر مینجمنٹ کی سطح پر تمام خالی اسامیوں کو پر کرنے پر کام کر رہی ہے

اس بات کو یقینی بنانے کیلئے کہ تمام اسامیاں مسابقتی اور شفافیت پر مبنی ہیں اور انسانی وسائل منطقی اور موثر طریقے سے انجام دیئے جا رہے ہیں۔

بورڈ ادارے کی ضرورت کے مطابق نئی اور بہتر ایمپلائمنٹ پالیسی متعارف کروانے کے مرحلے میں ہے جو نجی شعبہ کی بڑی ساکھ والے اداروں کے طریقہ کار کے ہم پلہ ہو۔

بورڈ ایچ آر ڈپارٹمنٹ کی گنجائش بڑھانے اور اس کی اسٹرکچرنگ کیلئے بھی ایچ آر کے کاموں کے بنیادی عہدوں پر اعلیٰ معیار کے لوگوں کو شامل کرنے پر کام کر رہا ہے۔

بورڈ اسٹاف کی ٹریننگ اور ڈیولپمنٹ پر صلاحیتوں میں فرق کے تجزیے سے ماہر ٹرینرز کی خدمات حاصل کرے گا اور 'Train-the-Trainers' پروگرام شروع کیا جائے گا۔

بورڈ کے بنیادی اصلاحات کے ایجنڈے میں انسانی وسائل کے شعبہ میں کچھ دیگر اقدامات کی بھی نشاندہی کی گئی ہے، جو درج ذیل ہیں:

کمپنی کے ہر ڈپارٹمنٹ / ڈویژن / ریجن کے جانے والے کاموں اور ورک لوڈ کو تحریری صورت دینا۔

ڈپارٹمنٹ / لوکیشن / گریڈ کے لحاظ سے ایگزیکٹیو اور ماتحت کیڈر (کیٹگری کے مطابق) اسٹیبلشمنٹ پوزیشن مع جابز کی شناخت جو بیرونی ذرائع سے حاصل کی جا سکیں۔

اس میں تمام ڈپارٹمنٹس کیلئے بیرونی ذرائع کی افرادی قوت کی جانچ کی ضروریات شامل ہیں۔

رولز کیلئے حکمت عملی وضع کرنا جو باہر سے حاصل کئے جائیں اور ان کی پیداواریت کی نگرانی کا طریقہ کار طے کرنے کیلئے تھرڈ پارٹی ورک فورس، جو کمپنی کے مفاد کے لئے قانونی نقطہ نظر سے کسی سے سمجھوتہ نہ کرے۔

جاب کی اوور لیپنگ، بے کاری اور کاموں میں افرادی قوت کے فالتو / کم ہونے کی نشاندہی کرنا۔

تمام ایگزیکٹیو کیڈر کی پوزیشنز کیلئے جاب کی جانچ، جاب کی تخصیص اور جاب کی تفصیلات طے کرنا۔

انرجی کا جائزہ

پاکستان میں سی پیک کے تحت نئے انرجی جنریشن پروجیکٹس کی بدولت انرجی کی فراہمی میں اضافے کا تسلسل برقرار ہے۔ ملک میں مجموعی ابتدائی فراہمی 8.55% (6.8 MMTOE) کے اضافے کے ساتھ 86.3 MMTOE ہو گئی۔ یہ 2013 سے اب تک ہونے والی سب سے نمایاں بہتری ہے جب ملک میں انرجی کی فراہمی -0.21% تھی۔

ملک میں 43.3% حصے کے ساتھ قدرتی گیس توانائی کے حصول کا سب سے بڑا ذریعہ ہے۔ پاکستان گیس کی ایک بڑی مارکیٹ ہے جو 9.2 ملین صارفین پر مشتمل ہے جنہیں 189 کلومیٹر کے وسیع ٹرانسمیشن اور ڈسٹری بیوشن نیٹ ورک کے ذریعے گیس فراہم کی جاتی ہے۔ مقامی طور پر قدرتی گیس مجموعی انرجی کی فراہمی کا 34.6% جبکہ درآمد شدہ LNG سے 8.7% ضروریات پوری کرتی ہے۔ گیس مارکیٹ میں ایس ایس جی سی کا شیئر 28% ہے۔

اقدامات اور کارروائیوں کے منصوبے تشکیل دیئے گئے ہیں۔ اس کے ساتھ ساتھ منتقدا اصلاحات اور دیرینہ التوا مسائل کے حل کیلئے حکومت اور ریگولیٹرز کے ساتھ فیصلہ کن کارروائیوں کے لئے مسلسل کاوشیں مالیاتی اور آپریشنل استحکام کیلئے لازمی شرط ہوگی۔

بورڈ کی جانب سے کئے جانے والے کئی اقدامات میں سے چند درج ذیل ہیں:

ادارہ جاتی اور متحرک خصوصی یو ایف جی حب، جہاں ڈپٹی منیجنگ ڈائریکٹر کی سربراہی میں مناسب مختلف صلاحیتوں کے افراد شامل ہیں۔

جائزہ شدہ اور مانیٹر شدہ شمار گیس (یو ایف جی) پلانز اور ان پر عملدرآمد، اگرچہ یو ایف جی میں تھوڑی بہت کمی ہوئی ہے، کمپنی کی بنیادی سطح پر یو ایف جی ڈس الاونس کا مستقل اثر پڑ رہا ہے۔

انتظامیہ اور اسٹاف کو ہدایت کی گئی ہے کہ وہ 14 کے قریب SMS کیلئے کارروائی تیز کریں جن پر سب سے زیادہ یو ایف جی ریکارڈ ہو رہی ہے تاکہ یو ایف جی میں کمی کے جلد نتائج برآمد ہوں۔ اس کے علاوہ کراچی کے نیٹ ورک کیلئے گھریلو اور صنعتی صارفین کو علیحدہ علیحدہ کرنے کا ماسٹر پلان بھی تیار کیا گیا ہے۔

انتظامیہ کو ہدایت کی گئی ہے کہ GIS سسٹم پر یو ایف جی کی کمی میں سب سے زیادہ اثر ڈالنے والے ریئل ٹائم ایریاز میں شناخت اور ٹیگ کریں۔ اس کے مطابق یو ایف جی میں کمی کی سرگرمیوں یعنی بحالی، زمین کے اوپر / نیچے لیک کا پتہ اور چوری کی نشاندہی GIS سسٹم میں شامل کی جائے گی تاکہ ان سرگرمیوں کی موثر نگرانی کی جاسکے۔

انتظامیہ کو ہدایات دی گئیں کہ نئے کنکشنز کیلئے مقررہ وقت میں نمایاں کمی کیلئے وسیع پیمانے پر کام کیا جائے تاکہ چوری کی حوصلہ شکنی ہو۔ CGTO ڈپارٹمنٹ کو بھی ہدایت دی گئی کہ وہ چوری کے خلاف سرگرمیوں میں اضافہ کریں اور میڈیا کے ذریعے ان کی پبلسٹی کریں
تاکہ بڑے پیمانے پر چوری کی روک تھام کی جاسکے۔

انتظامیہ ایس ایس جی سی کو بورڈ کی جانب سے مالی سال 22-2021 کیلئے مقرر کردہ بجٹ اہداف کے مطابق با اختیار، مستعد اور موثر ادارہ بنانے میں کوشاں ہے۔ جس کے لئے آمدنی اور اخراجات کو منطقی اور کنٹرول میں رکھا جارہا ہے تاکہ وہ کسی صورت میں بھی مالی سال 21-2020 کی اصل تعداد سے زیادہ نہ ہو جائیں۔

پالیسی کے مطابق، بورڈ نے فیصلہ کیا کہ سرمایہ کے اخراجات صرف اس وقت کئے جاسکیں گے جب تک بورڈ ضرورت کے تفصیلی تجزیئے اور ہر ایک پروجیکٹ کی فزیبلٹی مطالعہ سے مطمئن نہ ہو جائے۔ بجٹ کو منطقی بنانے سے ٹرانسمیشن اور ڈسٹری بیوشن سسٹم کو ASME کے معیارات کی پیروی میں کی بحالی اور یو ایف جی میں کمی کی سرگرمیوں کیلئے سرمائے کے بہاؤ کی ترجیحات قائم کرنے میں مدد ملے گی۔

موجودہ پائپ لائن نیٹ کو مستحکم رکھنے کیلئے انتظامیہ کو ASME معیارات کی مکمل پیروی کے لئے 3 سال کے اندر پلان جمع کرانے کو کہا گیا ہے جس میں اسٹاف کی شمولیت کے ساتھ ٹریننگ اور ڈیویلپمنٹ کے حصول کا پلان بھی شامل ہو۔

پروکیورمنٹ کے طریقوں کی بھی تجدید کی گئی ہے اور بورڈ پروکیورمنٹ کی مدت میں مزید کمی لانے کیلئے کوشاں ہے۔ بورڈ انتظامیہ کو بنا کاغذ ماحول متعارف کروانے اور خودکار الیکٹرونک نظام کے استعمال کیلئے حوصلہ افزائی کرتا ہے۔

بورڈ نے خودکار نظام کی مشق کی تکمیل کیلئے 31 دسمبر 2021 کی ڈیڈ لائن دی ہے۔ سیلز ڈپارٹمنٹ نئے گیس کنکشن کیلئے آن لائن سسٹم (بنا افراد کے میل جول) متعارف کروانے کے مرحلے میں ہے۔ سیلز ڈپارٹمنٹ کے الیکٹرونک پروسیس آٹومیشن کے 31 دسمبر 2021 تک مکمل ہونے کی توقع ہے۔

انتظامیہ اور اسٹاف کی جواب دہی کے عمل میں اضافہ کیا جارہا ہے اور ایک کوالٹی ایشورنس ڈپارٹمنٹ قائم کیا جارہا ہے جو منیجنگ ڈائریکٹر کو رپورٹ کرے گا۔

HSE&QA پر بھی بہت زور دیا جارہا ہے، جس سے تمام ایمپلائز کے درمیان آگہی میں اضافہ ہوا اور QHSE پاسپورٹس رول آؤٹ ہو جائیں گے۔

سالانہ رپورٹ 2018-19

ڈائریکٹرز رپورٹ

عزیز حصص داران

بورڈ نے 65 ویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی اسٹیٹمنٹس برائے مالی سال مختتمہ 30 جون 2019 مع آڈیٹرز کی رپورٹ، شیئر ہولڈرز کے درمیان سرکولیشن کی منظوری دے دی تھی۔ بورڈ کے فیصلے کے مطابق، مالیاتی اسٹیٹمنٹس، اوگرا کے FRR پٹیشن پر فیصلے کی بنیاد پر تیار کئے جائیں گے، جب کہ تاخیر سے بچنے کیلئے اس کے ساتھ ساتھ اپیلیں اور ریویو موشنز پیش کر دیے جائیں گے۔

بورڈ نے اب انتظامیہ کو ہدایت کی ہے کہ وہ FRR پٹیشن برائے مالی سال 2019-20 پر اوگرا کا تعین حاصل کرنے کی پرزور کوشش کرے
تا کہ اے جی ایم کے انعقاد اور مالی سال 2019-20 کے زیر التوا اختتام عبوری مالیاتی اسٹیٹمنٹس کے اجراء کے امور 3 جنوری 2022 کی توسیع شدہ آخری تاریخ تک مکمل کیے جا سکیں۔

مالی سال 2018-19 کیلئے اے جی ایم کے انعقاد میں تاخیر کی بنیادی وجہ یہ تھی کہ انتظامیہ فیڈرل کیبنٹ کی ای سی سی کی پالیسی گائیڈ لائنز کے نفاذ کیلئے مسلسل پیروی کر رہی تھی جو کیس نمبر ECC-37/09/2018 پر اپنے 11 مئی 2018 کے فیصلے کے ذریعہ اوگرا کو دی گئی تھیں، جس میں اوگرا کو ہدایت کی گئی تھی کہ ایس ایس جی سی کو RLNG کی فراہمی سے متعلق والیوم ہینڈلڈ کی بنیاد پر ایس ایس جی سی کو یو ایف جی کی اجازت دیدے۔ بورڈ نے اوگرا کی RLNG ریوینیو کی ذمہ داریوں کے ضمن فیصلے میں تاخیر کے مالی اثرات کے بارے میں پیشگی طور پر حکومت کو مطلع کر دیا تھا کہ ان پالیسی گائیڈ لائنز پر عمل درآمد نہ ہونے سے کمپنی کی مالی حالت پر سنگین اثرات مرتب ہونے کے ساتھ ساتھ حکومت پاکستان کے سماجی معاشی ایجنڈے اور کمپنی کی اچھی حالت کیلئے نقصان دہ ہے۔

اس سے پہلے ای سی سی نے اس مسئلے پر تین میٹنگز کیں مگر کسی فیصلے پر نہیں پہنچے۔ جون 2020 میں دو ممبرز پر مشتمل سیکریٹریل کمیٹی کو اسٹیک ہولڈرز کی مشاورت سے مسئلہ حل کرنے کیلئے مقرر کیا گیا، تاہم 24 جون 2021 کو ہونے والی میٹنگ میں، جس میں فنانس اور پیٹرولیم ڈویژن کے سیکریٹریز کی چیئرشپ مع اسٹیک ہولڈرس بشمول وزارت توانائی۔ پیٹرولیم ڈویژن، اوگرا کے عہدیدار، ایس ایس جی سی اور ایس این جی پی ایل کی ٹیمیں شامل تھیں، کوئی پیش رفت نہیں ہو سکی جب کہ انہوں نے صرف ایک میٹنگ کی۔

اس کے بعد دسمبر 2020 میں اوگرا نے ماہرین کی خدمات حاصل کرنے کا آغاز کیا تا کہ دونوں گیس یوٹیلیٹی کمپنیز کی جانب سے UFG پر RLNG ہینڈلنگ کے اثر کی ٹیکنیکل جانچ کا کام جا سکے جو انجام پذیر نہیں ہو سکا۔ اپریل 2021 میں اب دوبارہ اس اقدام کا آغاز کیا گیا ہے اور توقع ہے کہ اس کے مطالعے کو مکمل کرنے میں مزید 5 ماہ لگ جائیں گے۔ جون 2021 میں ایس ایس جی سی نے اوگرا کے نئے مقرر ہونے والے چیئرمین سے ملاقات کی تا کہ ان کو معاملے کی شدت کا احساس دلایا جا سکے اور مالی سال 2018-19 کیلئے اتھارٹی میں دائر کی گئی درخواست کے دوبارہ جائزے کے موشن پر مسئلے کے صحیح حل کی توقع کا اظہار کیا۔

ایس ایس جی سی کی آپریشنل اور مالیاتی کارکردگی کا استحکام

بورڈ نے جناب عمران منیار کو منیجنگ ڈائریکٹر، ایس ایس جی سی مقرر کیا جنہوں نے 4 فروری 2021 سے اپنے عہدے کا چارج سنبھال لیا۔ جناب منیار کو آئل اینڈ گیس کے شعبہ میں بین الاقوامی سطح پر کام کا 25 سال سے زیادہ کا تجربہ حاصل ہے۔ ان کو کمپنیز کے کامیاب ٹرن اراؤنڈ کے حصول اور انتظامی کلچر میں تبدیلی کا تجربہ تھا۔ بورڈ نے ایس ایس جی سی کو ایک متحرک اور نتیجہ خیز ادارے میں بدلنے کیلئے موثر پالیسی اور ضروری ادارتی اصلاحات کے نفاذ کیلئے انتظامیہ کو ترغیب دینے کا سلسلہ جاری رکھا ہے۔ اچھی گورننس، انتظامیہ کے زیادہ سخت کنٹرول کے لئے ادارتی اصلاحات کے نفاذ کے سلسلے میں ایس ایس جی سی آپریشنز کے تقریباً تمام اہم ایریاز میں کی

ڈائریکٹرز رپورٹ
(اردو ترجمے کے ساتھ)

Notes

Sui Southern Gas Company Limited

65th Annual General Meeting for the year ended 2018-19

FORM OF PROXY

I / We ________________________ of_____________________, holding CNIC # _______________ being a member of Sui Southern Gas Company Limited and holder of_________________ ordinary shares vide Registered Folio / CDC Account No. _________________ hereby appoint Mr. / Mrs. / Miss. ____ of _____________________ holding CNIC No._________________________ or failing whom Mr. / Mrs. / Miss. ____________________ of _________________________ holding CNIC # _____________________________ as my / our proxy to attend and vote on my behalf at 65th Annual General Meeting of the Company to be held on Tuesday, **August 10, 2021 at 11 a.m. through Zoom Application / video conferencing facility** and at any adjournment thereof.

igned under my/our hand this _______day of __________, 2021.

Signature on Revenue Stamp of Appropriate Value

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

WITNESSES:

Signature: ____________________________	Signature: ____________________________
Name: ____________________________	Name: ____________________________
Address: ____________________________	Address: ____________________________
_____________________________________	_____________________________________
CNIC / Passport #: ______________________	CNIC / Passport #: ______________________
Dated: _____________________________	Dated: _____________________________

NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him / her. uch proxy must be a member of the Company.

2. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notary attested copy of power of attorney must be deposited at the Registered Office of the Company situated at SSGC House, Sir hah Suleman Road, Gulshan-e-Iqbal, Karachi at least 48 hours before the time of the meeting.

3. CDC shareholders or their Proxies are each requested to attach an attested photocopy of their Computerized National dentity Card or Passport with this Proxy Form before submission to the Company.

سوئی سدرن گیس کمپنی لمیٹڈ

سال مختتمہ 19-2018 کے لیے پینسٹھویں سالانہ اجلاس عام

پراکسی فارم

میں/ہم۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔سکنہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

حامل CNIC نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔بحثیت ممبر سوئی سدرن گیس کمپنی لمیٹڈ اور حامل ۔۔۔۔عمومی شیئرز

بذریعہ رجسٹرڈ فولیو/سی ڈی سی اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔من ہذا

مسٹر/مسز/مس۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔سکنہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔حامل

CNIC نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔یا ان کی عدم دستیابی کی صورت میں مسٹر/مسز/مس ۔۔۔۔۔۔۔۔۔۔۔۔

سکنہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔حامل CNIC نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کو

منگل 10 اگست، 2021 کو دن 11.00 بجے منعقد ہونے والے کمپنی کے 65 ویں سالانہ اجلاس عام میں یا کسی ملتوی شدہ اجلاس میں بذریعہ زوم ایپلی کیشن/ویڈیو کانفرنسنگ کی سہولت، شرکت کرنے اور ووٹ دینے کیلئے اپنا پراکسی مقرر کرتا ہوں/کرتی ہوں/ کرتے ہیں۔

مناسب قیمت کے ریونیو اسٹمپ پر دستخط کریں۔

میں/ہم نے دستخط کیئے بتاریخ۔۔۔۔۔۔۔۔۔2021

(دستخطوں کا کمپنی میں رجسٹرڈ نمونے کے دستخط کے مطابق ہونا ضروری ہے۔)

گواہان

دستخط۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔	دستخط۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
نام ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔	نام۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
پتہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔	پتہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔	۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
CNIC/پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔	CNIC/پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔
تاریخ۔۔۔۔۔۔۔۔۔۔۔۔۔	

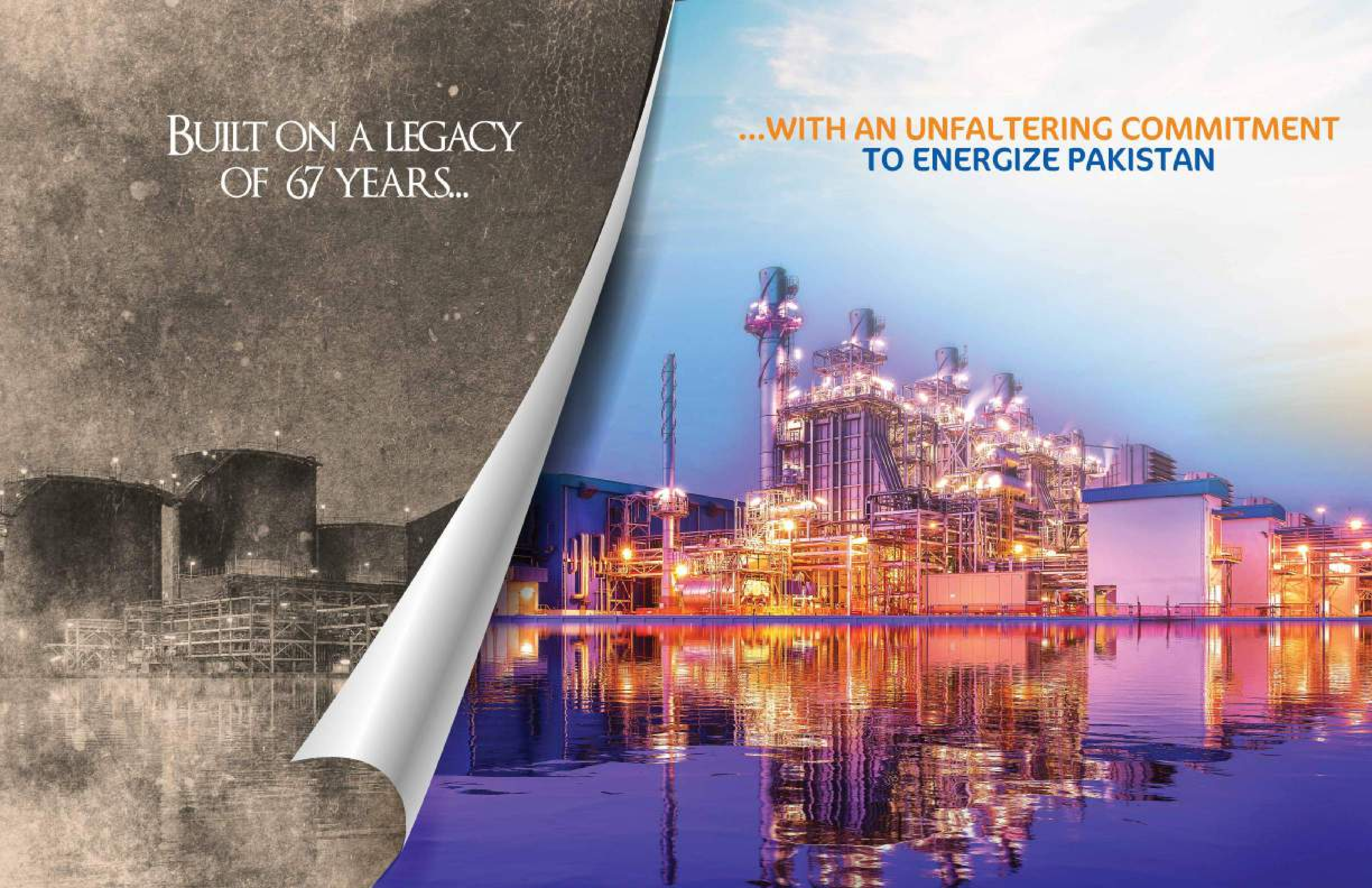
نوٹس:

۱۔ کوئی ممبر جو اجلاس میں شرکت کرنے اور ووٹ دینے کا اہل ہے، وہ اپنی جگہ شرکت کرنے اور ووٹ دینے کیلئے پراکسی مقرر کرسکتا/سکتی ہے۔ پراکسی کیلئے کمپنی کا ممبر ہونا لازمی ہے۔

۲۔ پراکسی کے تقرر کی دستاویز اور پاور آف اٹارنی یا کوئی دیگر اتھارٹی جو دستخط شدہ ہو یا نوٹری سے تصدیق شدہ پاور آف اٹارنی کمپنی کے رجسٹرڈ دفتر واقع ایس ایس جی سی ہاؤس، سرشاہ سلیمان روڈ، گلشن اقبال، کراچی میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل جمع کرادی جائے۔

۳۔ سی ڈی سی شیئر ہولڈرز یا ان کے پراکسیز میں ہر ایک سے درخواست ہے کہ وہ اپنے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی اس پراکسی فارم کے ہمراہ کمپنی میں جمع کرانے سے پہلے منسلک کریں۔

Notes


BUILT ON A LEGACY
OF 67 YEARS...
...WITH AN UNFALTERING COMMITMENT
TO ENERGIZE PAKISTAN

Sui Southern Gas Company Limited

If undelivered, please return to Shares Department:
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Gulshan-e-Iqbal, Karachi-75300, Pakistan
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