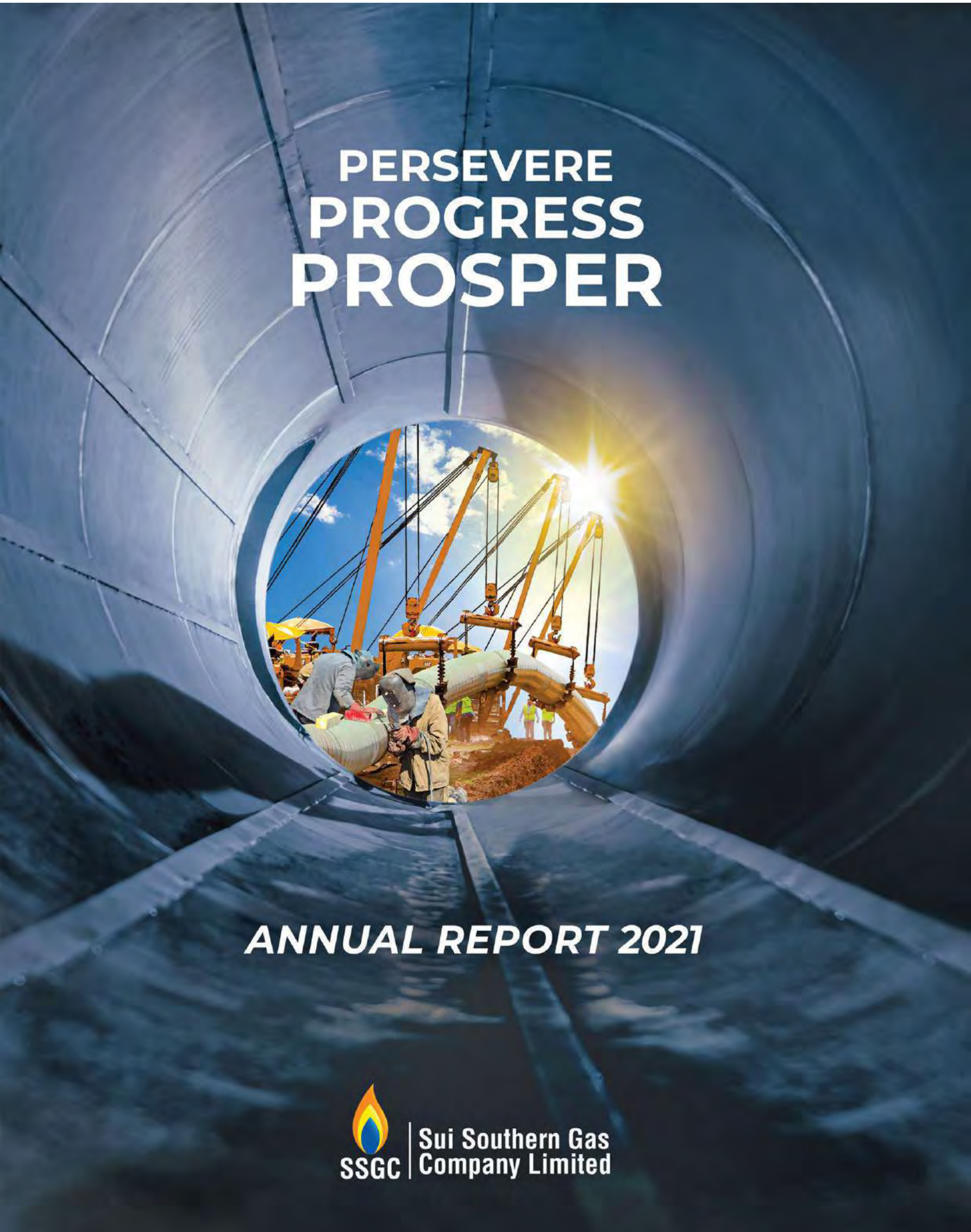

PERSEVERE
PROGRESS
PROSPER
ANNUAL REPORT 2021
SSGC
Sui Southern Gas
Company Limited


STALOWA WOLA

ABOUT THE COVER

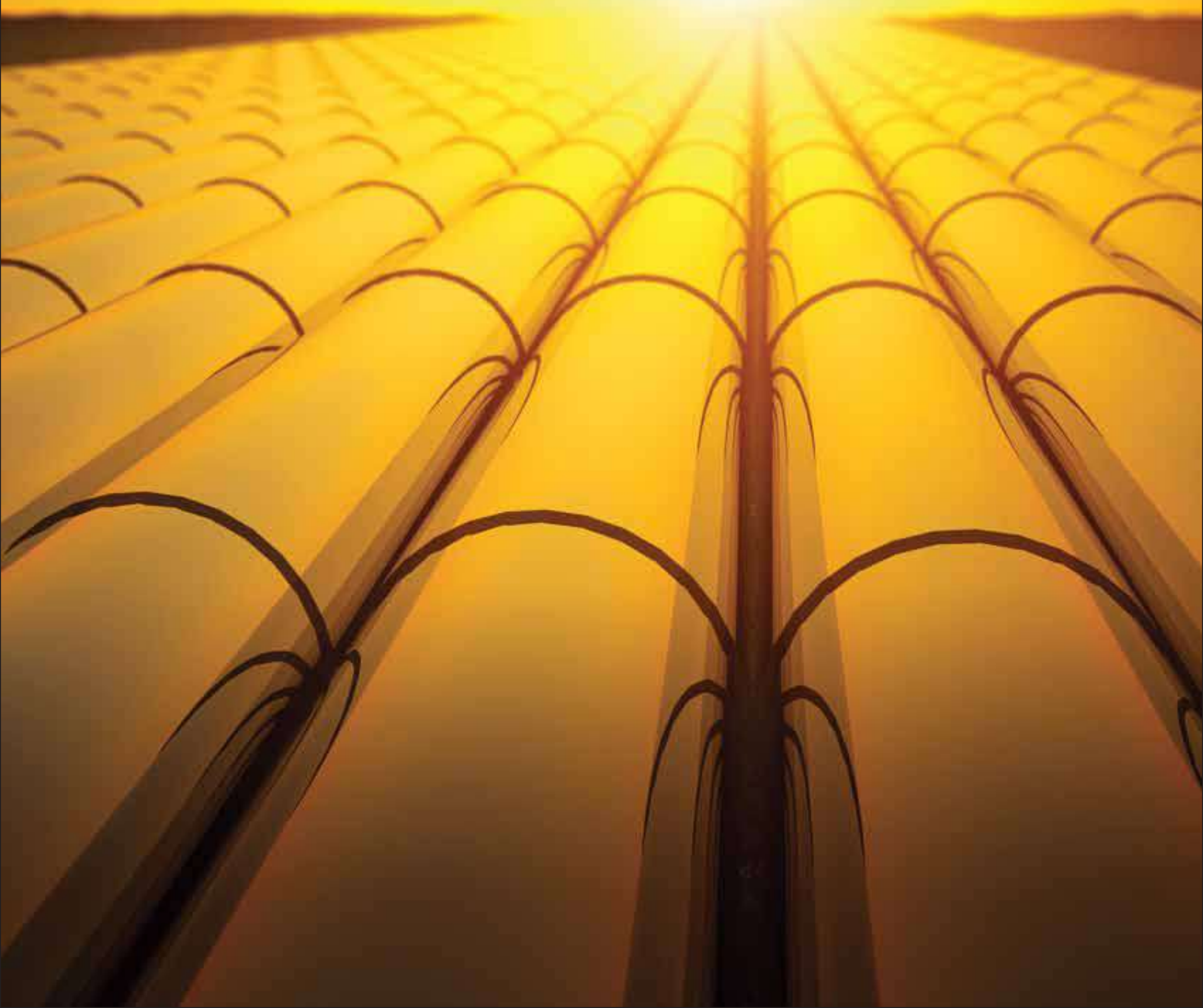
The last several years have been taxing for the Company. A number of internal and external factors have been contributing to a negative financial bottom line. The good news is that the Company and its people did not let tough times get in its way as they persevered relentlessly to rejuvenate and recuperate. The cover page reflects just that – relentless commitment to do the right thing, not just for the Company itself, but for its more than 3 million customers across Sindh and Balochistan.

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 business professionally, efficiently, ethically and with responsibility to all our stakeholders, community and the nation.



COMPANY INFORMATION

BOARD OF DIRECTORS

AS ON JUNE 30, 2021

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

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

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

Ms. Nida Rizwan Farid
Director (Independent, Non-Executive Director)

Mr. Mathar Niaz Rana
Director (Non-Executive Director)

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

Dr. Ahmed Mujtaba Memon
Director (Non-Executive Director)

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

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

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

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

Managing Director (Executive Director)
Mr. Imran Maniar

Company Secretary
Mr. Shoaib Ahmed

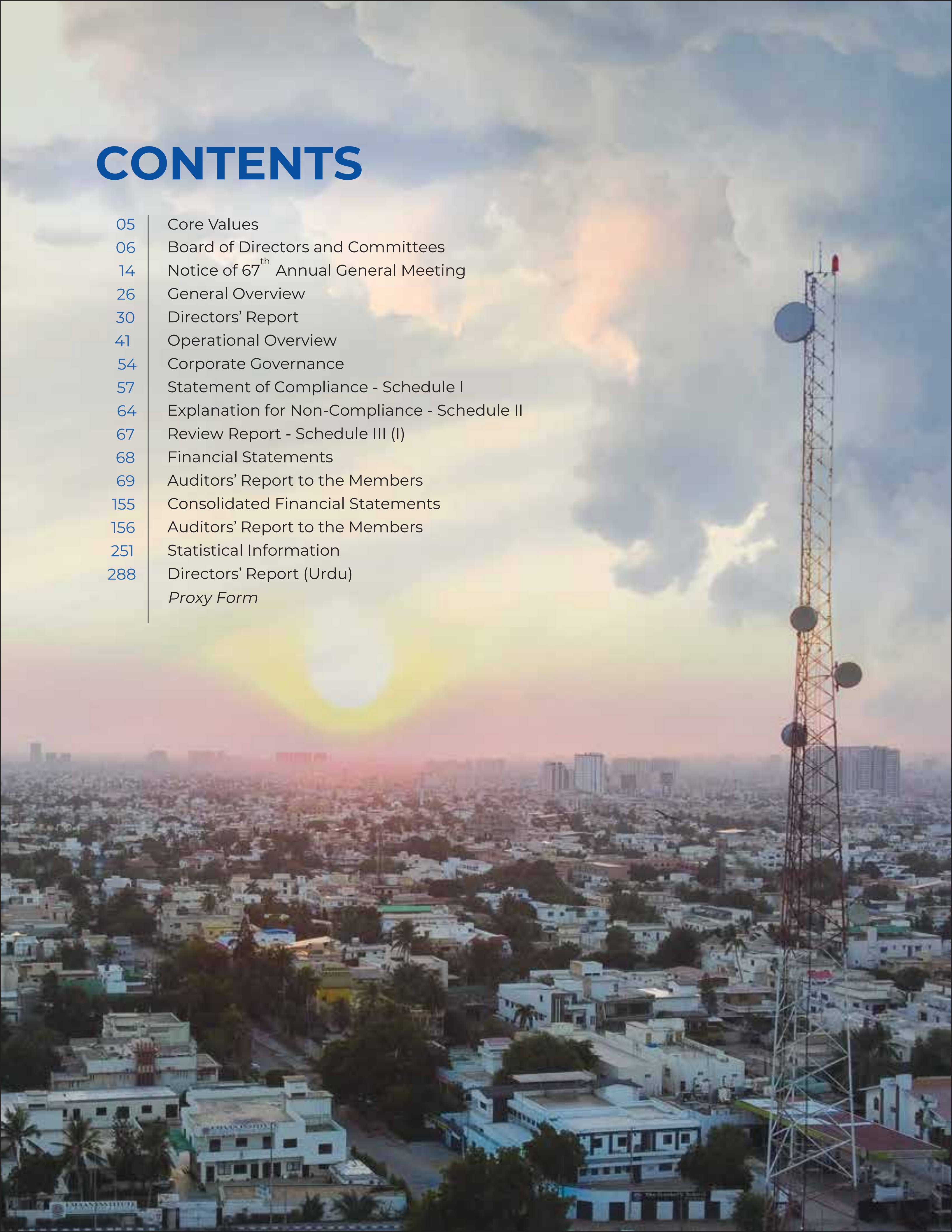
Auditors
M/s. BDO Ebrahim & Co., Chartered Accountants

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

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

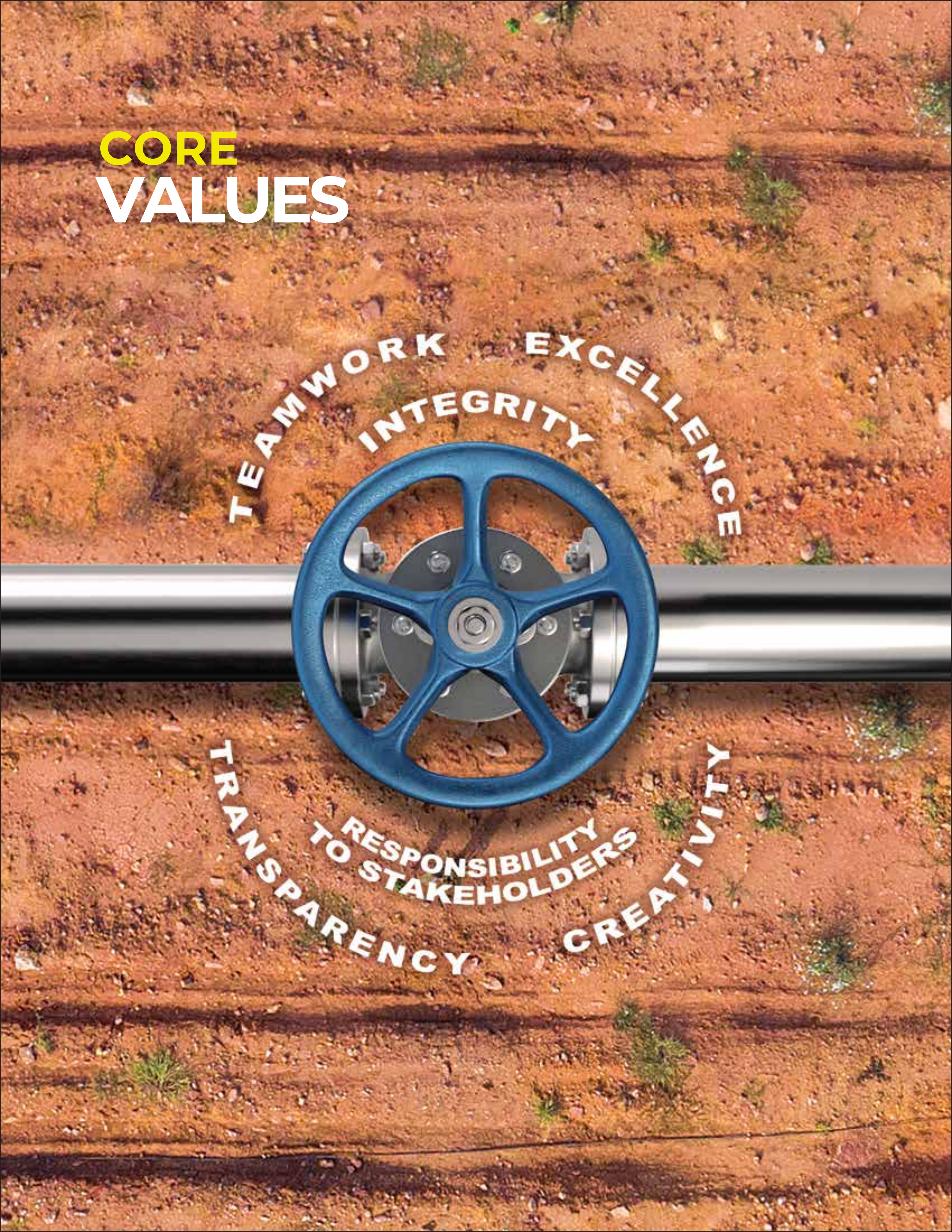
Share Registrar
CDC Share Registrar Services Limited,
CDC House, 99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi, Pakistan.
Ph.: 021-111-111-500 | **Fax:** 021-34326034

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



CONTENTS

CORE VALUES


TEAMWORK
EXCELLENCE
INTEGRITY
TRANSPARENCY
RESPONSIBILITY TO STAKEHOLDERS
CREATIVITY

BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS

AS ON JUNE 30, 2021

Dr. Shamshad Akhtar
Chairperson

Mr. Muhammad Raziuddin Monem
Director

Mr. Faisal Bengali
Director

Ms. Nida Rizwan Farid
Director

Mr. Mathar Niaz Rana
Director

Mr. Hassan Mehmood Yousufzai
Director

Dr. Ahmed Mujtaba Memon
Director

Dr. Sohail Razi Khan
Director

Mr. Manzoor Ali Shaikh
Director

Mr. Zuhair Siddiqui
Director

Mr. Ayaz Dawood
Director

Mr. Imran Maniar
Managing Director
(Executive Director)

SSGC

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 39 years. She served as the Governor of State Bank of Pakistan from 2006 to 2009, Under Secretary General of the Economic and Social Commission of the Asia and Pacific (UNESCAP), Senior Special Advisor on Economics and Finance and Assistant Secretary General UN, the UN Secretary General's G20 Sherpa and Vice President, Middle East and North Africa (MENA) at The World Bank. She was also Senior Special Advisor to the President of Asian Development Bank (ADB). In 2018, Dr. Shamshad Akhtar served as Federal Minister of Finance, Revenue, Economic Affairs, Statistics Division, Planning and Development as well as Industry and Commerce areas in Pakistan's caretaker government. Dr. Shamshad has advised various governments and the private sector in specific areas of development, governance, poverty, privatization, and public-private partnerships in numerous sectors. As Governor of State Bank of Pakistan, she was nominated Asia's Best Central Bank Governor by the Emerging Markets Group in 2006 and Bankers Trust in 2007. She was also amongst Asian Wall Street Journal's top ten Women Business Leaders in 2008. Dr. Shamshad is 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 U.S Fullbright Scholar at Department of Economics, Harvard University. The learned Doctor is also a PhD Economics from University of Paisley, UK, Masters of Arts with Degree in Development Economics from the University of Sussex, UK and MSc (Economics) from the University of Islamabad and Bachelor of Arts (Economics) from the University of Punjab.

Mr. Imran Maniar
Managing Director

Mr. Imran Maniar is an accomplished professional with more than 31 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. His early schooling was from Karachi Grammar School. Mr. Maniar is a Certified Public Accountant from the State of California.

Mr. Muhammad Raziuddin Monem
Director

M. R. Monem is a seasoned, goal-oriented professional with over 40 years of experience in Oilfield Systematic Performance Management including emphasis on QHSE and Team Building. He started his career in 1974 with M-I Drilling Fluids / M-I Overseas Ltd. (later a division of Schlumberger) and worked there until 2014, when he retired as the Country Manager and CEO for Pakistan and Area Operations Manager Middle East. During his tenure, he managed 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. His forte was Management Efficiencies, Product and Service Delivery Optimization and New Oilfield Technologies. He was a valuable asset for the company through his consistent display of sound business acumen, good people skills resulting in Internationally Leading EBITDA and ROI & QHSE Ranking. He attended 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. Mr. Monem is a member of, and Certified Board Director from PICG which is in collaboration with IFC. His rich corporate background includes serving on the Board of Directors of listed companies including Pak Suzuki Motor Company and Ghandara Nissan. He is a prolific social service volunteer and has served as Chairman of The Patients' Behbud Society for AKUH for 13 years. Since 2006 he has been the Co-Chairman of the 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.

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. Prior to his posting in SLIC, he has served the Federal and Provincial Government of Sindh 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 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 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. Manzoor Ali Shaikh has a Professional Degree in Civil Engineering, and has attained a Bachelor's Degree in Economics.

Mr. Ayaz Dawood
Director

Mr. Ayaz Dawood is serving in 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, Manager of First Dawood Mutual Fund, Dawood Money Market Fund and Dawood Islamic Fund. Mr. Dawood has also served Modaraba Association of Pakistan as its Chairman. He is a Director of Systems Limited and Chairman of its Audit Committee. A member of Young Presidents Organization, Mr. Dawood is a graduate in Economics from McGill University, Montreal and completed his MBA in Finance and Money and Financial Markets with distinction from Colombia Business School, New York.

Abdul Aziz Uqaili
Director

Abdul Aziz Uqaili is an officer of the 1992 batch of Pakistan Administrative Service (20th CTP). He has served the nation for over 28 years in all three tiers of the Government (National, Sub-National and Local / Municipal) within Pakistan in Punjab and Sindh provinces and in Islamabad. He also represented Pakistan for 8 years in Australia, Malaysia and Saudi Arabia, on important diplomatic / consular positions. Prior to his elevation as 33rd Chief Secretary to the Government of Balochistan, Mr. Uqaili worked as Secretary and Additional Secretary (Development and Special Initiatives), Ministry of Planning, Development and Special Initiatives (2020-22). In the Ministry of Interior, Mr. Uqaili served as Additional Secretary and Joint Secretary for 2½ years (2018-20). In the Government of Sindh, Mr Uqaili worked as Secretary School Education and Literacy Department (2017) and Secretary, Culture and Archaeology Department (2011-13). He had successful tenures as District Coordination Officer and Administrator in Larkana (2008)andGhotki and Mirpur Mathelo Districts (2010), where he proved his mettle as a "doer", especially in Ghotki during 2010 super floods, and received accolades from local, national and international audience. Other important assignments in Sindh included Additional Finance Secretary (Resource) (2006-08), Deputy Secretary (Staff) to Chief Secretary Sindh (2000-01) and Assistant Commissioner and SDM, Civil Lines (1998). Mr. Uqaili started his public service career in 1994 as Assistant Commissioner in Government of Punjab and worked in Bahawalpur, Rahim Yar Khan and Jhelum districts. While posted in Pakistan's Missions abroad, he worked as Consul General and Trade Commissioner for Australia in Sydney (2013-16) and as Community Welfare Attaché in Jeddah and Kuala Lumpur (2001-05). In Malaysia, he also held the position of First Secretary and Commercial Counsellor. Mr. Uqaili holds a Masters' Degree (MSc in Development Management) from London School of Economics, UK (2006). He is a Civil Engineer from NEDUET, Karachi (1993) and also a law graduate from Sindh Muslim Law College Karachi (2001). Mr. Uqaili maintained his academic distinctions by standing 8th in Pakistan in 1991 CSS Competitive Examination in the first attempt, at the age of 22. Earlier he held the honor of consecutively securing three Gold Medals in Bachelor's Programs (1991) from University of Sindh, and topped in HSSC (1987) and SSC Examinations (1985), held by BISE Hyderabad.

Dr. Sohail Razi Khan
Director

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

Mr. Zuhair Siddiqui
Director

Mr. Zuhair Siddiqui served as Managing Director of SSGC and retired from the Company after a service tenure of 12 years. Thereafter, he was hired on a two-year contract by SSGC based on his skills and competencies to assist the Board with technical matters relating to gas distribution and LNG projects. 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 AMD 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.

Mr. Sajid Mehmood Qazi
Director

Mr. Sajid Mehmood Qazi, Additional Secretary (Policy), Ministry of Energy Petroleum Division, joined the Office Management Group of the Civil Service of Pakistan in 1995. At the start of his career, he was exposed to the working of Ministries of Economic Affairs, Commerce and Textile and Narcotics Control. Mr. Qazi has extensive understanding of regulatory and governance challenges of the country as he subsequently worked in the Supreme Court of Pakistan and National Accountability Bureau. Mr. Qazi performed the duties of a Diplomat in the Pakistani Consulate in Manchester, UK as Counsellor Community Affairs. Mr. Qazi worked as Joint Secretary Petroleum Division from 2018 to 2021. Before re-joining the Ministry of Petroleum, he was working as Senior Joint Secretary, Corporate Finance, Ministry of Finance. He has extensive knowledge of the energy challenges of Pakistan as he managed the corporate matters of leading Oil and Gas companies in terms of restructuring of their Boards, hiring of competent MDs and evolving their business models including introduction of innovation in processes and procedures to achieve better corporate results. As Member Board of Director of leading E&P Companies PPL and MPCL, Mr. Qazi made sure that company resources are reinvested into drilling of new wells. Mr. Qazi also played a leading role in controlling the UFG while he served as member UFG Control Committee of the BOD of SNGPL. As Member BoD of PSO, he was instrumental in signing a long-term LNG procurement contract from Qatar on Ci-to-G basis in 2021. All in all, Mr. Qazi has complete understanding of the entire value chain of Petroleum Sector starting from upstream E&P activities to midstream refining business and downstream distribution of oil and gas in the country. Currently, Mr. Qazi is dealing with policy matters of Oil and Gas in the Petroleum Division. He is also representing the Ministry on the Boards of OGDCL and SNGPL. Mr. Qazi has strong interest in Economics, Public Administration and Law. He earned LLM from Warwickshire University as the Chevening Scholar.

Dr. Imran Ullah Khan
Director

Dr. Imran Ullah Khan, presently working as Joint Secretary, Finance Division, Government of Pakistan, completed his PhD in International Development Studies in 2008 from National Graduate Institute for Policy Studies, Tokyo, Japan, with majors in Micro and Macro Economics, Econometrics and Development Economics. His thesis was entitled 'The impact of Policy Reforms on Pakistan's Trade Performance – An Econometric Analysis.' Earlier he completed his Master's in International Development Studies from National Graduate Institute for Policy Studies, Tokyo in 2005. Dr. Khan has also attended many important courses including the 27th Common Training Program from Civil Services Academy, Lahore, 31st Specialized Training Program for OMG, 13th Mid-Career Management Course, both from National Institute of Management, Islamabad and 20th Senior Management Course from National Institute of Management, Karachi. He also holds Certifications, namely PRINCE-2 Practitioner from APG (UK) and Royal Institute of Public Administration, London along with Project and Program Management (UK) and The Complete Project Management Cycle from Royal Institute of Public Administration, London. His present assignments include handling all financial matters of corporate entities under Power and Petroleum Divisions and PIA, examination of subsidy proposals and payments, examination of summaries for ECC and CCoE pertaining to Power and Petroleum Divisions along with representing Finance Division at various forums including Standing Committees, Cabinet Committees and Inter-Ministerial Committees. Prior to his current position Dr. Khan served as Deputy Secretary (Corporate Finance) in Finance Division, as Deputy Secretary (Skill Development and Training) in Ministry of Textile Industry and as Deputy Secretary in Ministry of Education, Trainings and Standards in Higher Education. Dr. Khan's research work includes Khan, Imran Ullah and Kalirajan, Kaliappa 2011, 'The Impact of Trade Costs on Exports: an Empirical Modelling', Economic Modelling, 'Export Growth Decomposition; an Alternate Methodology of Measurement', Mimeo, Foundation for Advanced Studies in International Development, Tokyo, 'Developing an Approach for Targeted Intervention in Education Sector in Uganda', Term Paper, National Graduate Institute for Policy Studies, Tokyo and 'Measuring the Threshold Level of Inflation in Pakistan', Applied Development Research Report in partial fulfilment of the requirements of MS (IDS).

NOTICE OF
67th ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Sui Southern Gas Company Limited will be held at the SSGC Head Office, located at SSGC House, Sir Shah Suleman Road, Block-14, Gulshan-e-Iqbal, Karachi on Friday, February 10, 2023 at 11.00 a.m., as well as through electronic means / video link facility to transact the following business:

Ordinary Business

1) To review the minutes of the 66th Annual General Meeting (AGM) held on Friday, June 03, 2022.

2) To consider the Audited Financial Statements of the Company for the year ended June 30, 2021 together with the Directors' and Auditors' Report, thereon.

3) To appoint Auditors for the year ended June 30, 2022 and fix their remuneration.

Any Other Business

4) To transact such other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board

Mateen Sadiq
(Company Secretary)

January 06, 2023
Karachi

NOTES:

1) BOOK CLOSURE

The Share Transfer Books of the Company will remain closed from Friday, February 03, 2023 to Friday, February 10, 2023 (both days inclusive). Transfers received in order at CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi - 74400, Pakistan, by the close of business hours on Thursday, February 2, 2023 will be treated in time, for the purpose of attending the AGM.

2) PARTICIPATION IN AGM THROUGH ELECTRONIC MEANS

Shareholders interested in attending the AGM through Zoom application are hereby requested to get themselves registered with CDC Share Registrar Services Limited latest by Wednesday, February 8, 2023 at 11:00 a.m. by sending an email with subject 'Registration for SSGC AGM' at cdcsr@cdcsrsl.com or send a message via WhatsApp on +92 321 820 0864 along with a valid scanned copy of the applicant's CNIC. While participating through electronic means, members are advised to provide the following mandatory information:

Name of Shareholder	CNIC #	Folio / CDS Account #	Cell No.	Email Address

Members will be registered after necessary verification as per the above required information and will be provided with a video link at their provided email address. The login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process.

3) FOR PERSONAL ATTENDANCE

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

4) APPOINTMENT OF PROXY

- A Member entitled to attend and vote at the Meeting may appoint a proxy in writing to attend the Meeting and vote on the Member's behalf. A proxy must be a member of the Company, except for corporate entities. Duly completed Forms of Proxy must be deposited at SSGC Head Office, SSGC House, Sir Shah Suleman Road, Block -14, Gulshan-e-Iqbal, Karachi no later than 48 hours before the time fixed for the Meeting. Please note that any Form of Proxy received after the stated time will be considered invalid.

- Shareholders (Non-CDC) are requested to promptly notify to the Share Registrar of the Company, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi of any change in their addresses. All shareholders holding their shares through CDC are requested to please update their addresses with their participants / Investor Account Services.

- CDC account holders will further have to follow the undermentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

- In case of individuals, the account holders or sub-account holders, whose registration details are uploaded as per the Regulations, shall submit the Proxy Form as per the below requirements:

▶ Attested copies of valid CNIC or the passport of the beneficial owner(s) and the proxy shall be furnished with the Form of Proxy.

▶ The proxy shall produce his / her valid original CNIC or original passport at the time of the Meeting.

▶ In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with Form of Proxy to the Company.

- The Form of Proxy must be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on that Form.
- If a member appoints more than one proxy, and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

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

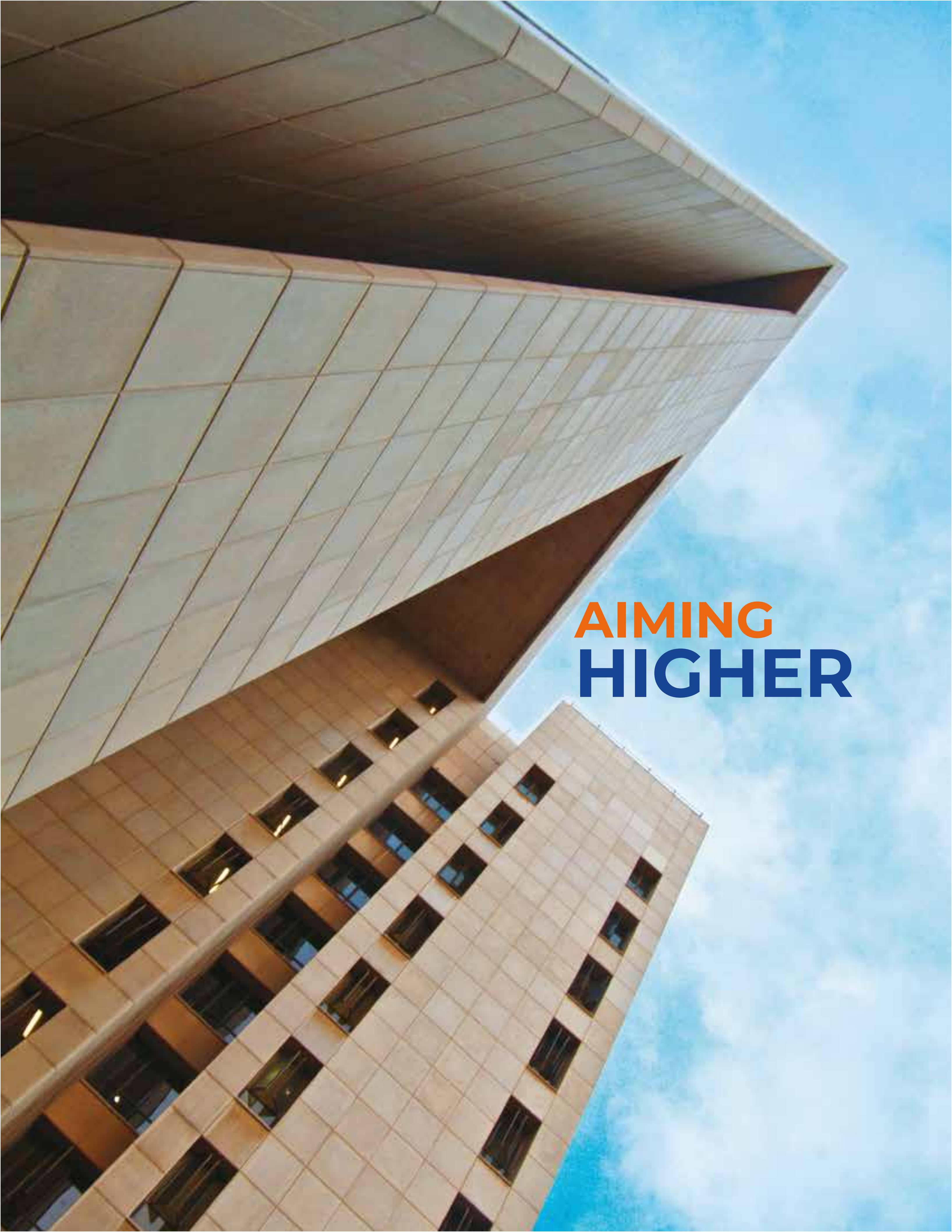
6) SUBMISSION OF COPY OF CNIC / NTN CERTIFICATE (MANDATORY)

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

7) MANDATORY REGISTRATION DETAILS OF PHYSICAL SHAREHOLDERS

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

Glimpses from the 66th Annual General Meeting


AIMING
HIGHER

BOARD / COMMITTEE MEETINGS

JULY 01, 2020 TO JUNE 30, 2021

BOARD OF DIRECTORS' MEETINGS		
Name of Directors	**Total Number of Board Meetings***	**Number of Meeting(s) Attended**
Dr. Shamshad Akhtar	12	12
Mr. Muhammad Raziuddin Monem	12	12
Mr. Faisal Bengali	12	12
Ms. Nida Rizwan Farid	12	10
Capt. (Retd.) Fazeel Asghar	10	7
Mr. Imran Ahmed	10	9
Dr. Ahmed Mujtaba Memon	12	12
Dr. Sohail Razi Khan	12	12
Mr. Manzoor Ali Shaikh	12	12
Mr. Zuhair Siddiqui	12	12
Mr. Ayaz Dawood	12	12
Mr. Mathar Niaz Rana	2	2
Mr. Hassan Mehmood Yousufzai	2	2
Mr. Amin Rajput**	8	7
Mr. Imran Maniar***	4	4

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE		
Name of Directors	**Total Number of Board Meetings***	**Number of Meeting(s) Attended**
Dr. Shamshad Akhtar	5	5
Mr. Muhammad Raziuddin Monem	5	5
Capt. (Retd.) Fazeel Asghar	3	1
Mr. Imran Ahmed	4	4
Dr. Ahmed Mujtaba Memon	5	5
Dr. Sohail Razi Khan	5	5
Mr. Manzoor Ali Shaikh	5	5
Mr. Mathar Niaz Rana	2	2
Mr. Hassan Mehmood Yousufzai	1	1
Mr. Amin Rajput**	2	2
Mr. Imran Maniar***	3	3

BOARD AUDIT COMMITTEE		
Name of Directors	Total Number of Board Meetings*	Number of Meeting(s) Attended
Mr. Faisal Bengali	9	9
Mr. Imran Ahmed	1	1
Dr. Ahmed Mujtaba Memon	9	9
Dr. Sohail Razi Khan	9	9
Mr. Manzoor Ali Shaikh	9	9
Mr. Ayaz Dawood	9	9

BOARD FINANCE AND PROCUREMENT COMMITTEE		
Name of Directors	Total Number of Board Meetings*	Number of Meeting(s) Attended
Dr. Ahmed Mujtaba Memon	8	8
Ms. Nida Rizwan Farid	8	8
Mr. Imran Ahmed	6	5
Dr. Sohail Razi Khan	8	8
Mr. Zuhair Siddiqui	8	8
Mr. Ayaz Dawood	8	8
Mr. Hassan Mehmood Yousufzai	2	2
Mr. Amin Rajput**	5	5
Mr. Imran Maniar***	3	3

BOARD SPECIAL COMMITTEE ON UFG		
Name of Directors	Total Number of Board Meetings*	Number of Meeting(s) Attended
Dr. Shamshad Akhtar	6	6
Mr. Faisal Bengali	6	5
Ms. Nida Rizwan Farid	6	6
Capt. (Retd.) Fazeel Asghar	4	3
Mr. Imran Ahmed	5	5
Dr. Sohail Razi Khan	6	6
Mr. Zuhair Siddiqui	6	6
Mr. Mathar Niaz Rana	2	2
Mr. Hassan Mehmood Yousufzai	1	1
Mr. Amin Rajput**	3	3
Mr. Imran Maniar***	3	3

BOARD RISK MANAGEMENT, LITIGATION AND HSE&QA COMMITTEE		
Name of Directors	**Total Number of Board Meetings***	**Number of Meeting(s) Attended**
Mr. Muhammad Raziuddin Monem	2	2
Ms. Nida Rizwan Farid	2	2
Capt. (Retd.) Fazeel Asghar	1	0
Mr. Manzoor Ali Shaikh	2	2
Mr. Zuhair Siddiqui	2	2
Mr. Ayaz Dawood	2	2
Mr. Mathar Niaz Rana	1	1
Mr. Amin Rajput**	1	0
Mr. Imran Maniar***	1	1

BOARD NOMINATION COMMITTEE		
Name of Directors	**Total Number of Board Meetings***	**Number of Meeting(s) Attended**
Dr. Shamshad Akhtar	4	4
Mr. Muhammad Raziuddin Monem	4	4
Mr. Faisal Bengali	4	4
Mr. Imran Ahmed	4	4
Dr. Ahmed Mujtaba Memon	4	4
Mr. Manzoor Ali Shaikh	4	4

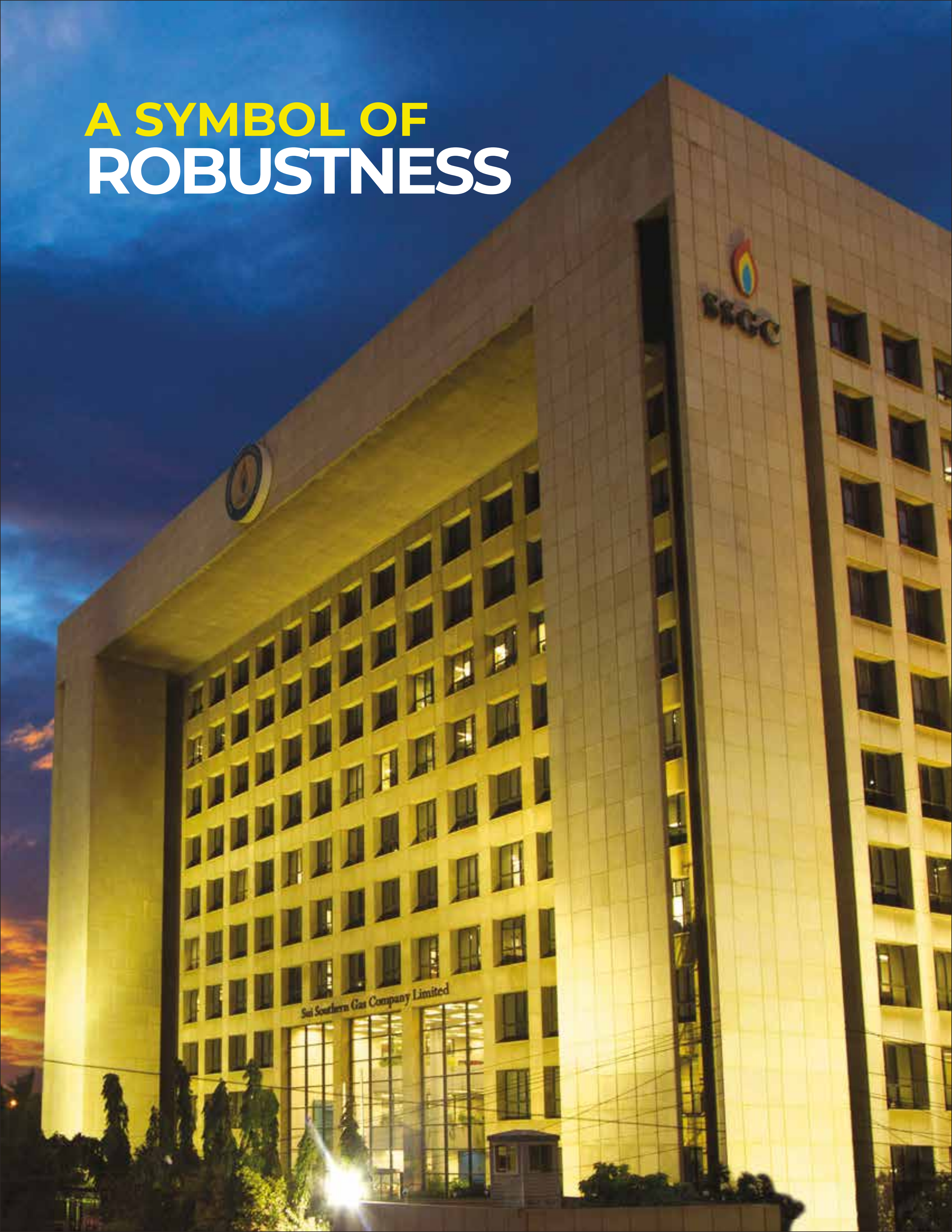
BOARD CORPORATE GOVERNANCE AND ETHICS COMMITTEE		
Name of Directors	**Total Number of Board Meetings***	**Number of Meeting(s) Attended**
Mr. Muhammad Raziuddin Monem	1	1
Mr. Faisal Bengali	1	1
Mr. Ayaz Dawood	1	1
Mr. Amin Rajput**	1	1

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

**Acting Charge of MD assigned to Mr. Amin Rajput.

***Mr. Imran Maniar was appointed as the MD, effective from February 4, 2021.

A SYMBOL OF ROBUSTNESS



TERMS OF REFERENCE (ToRs) 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 Committee, 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 manners of significant importance for the 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 the 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 the 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 Human Resource Management.
- To consider and recommend to the Board, policy matters relating to harassment at the workplace, employment of persons with special needs / disability, etc.

BOARD FINANCE AND PROCUREMENT COMMITTEE

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

- To recommend to the Board of Directors the appointment of external auditors by the Company's shareholders.
- To ensure the independence of the 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 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 the Board Risk Management, Litigation and HSE&QA Committee include the following:

- To promote international best practices in respect of Enterprise Risk Management (ERM) and to assist the Board in oversight of overall risks in achievement of the 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 the Board UFG Committee include the following:

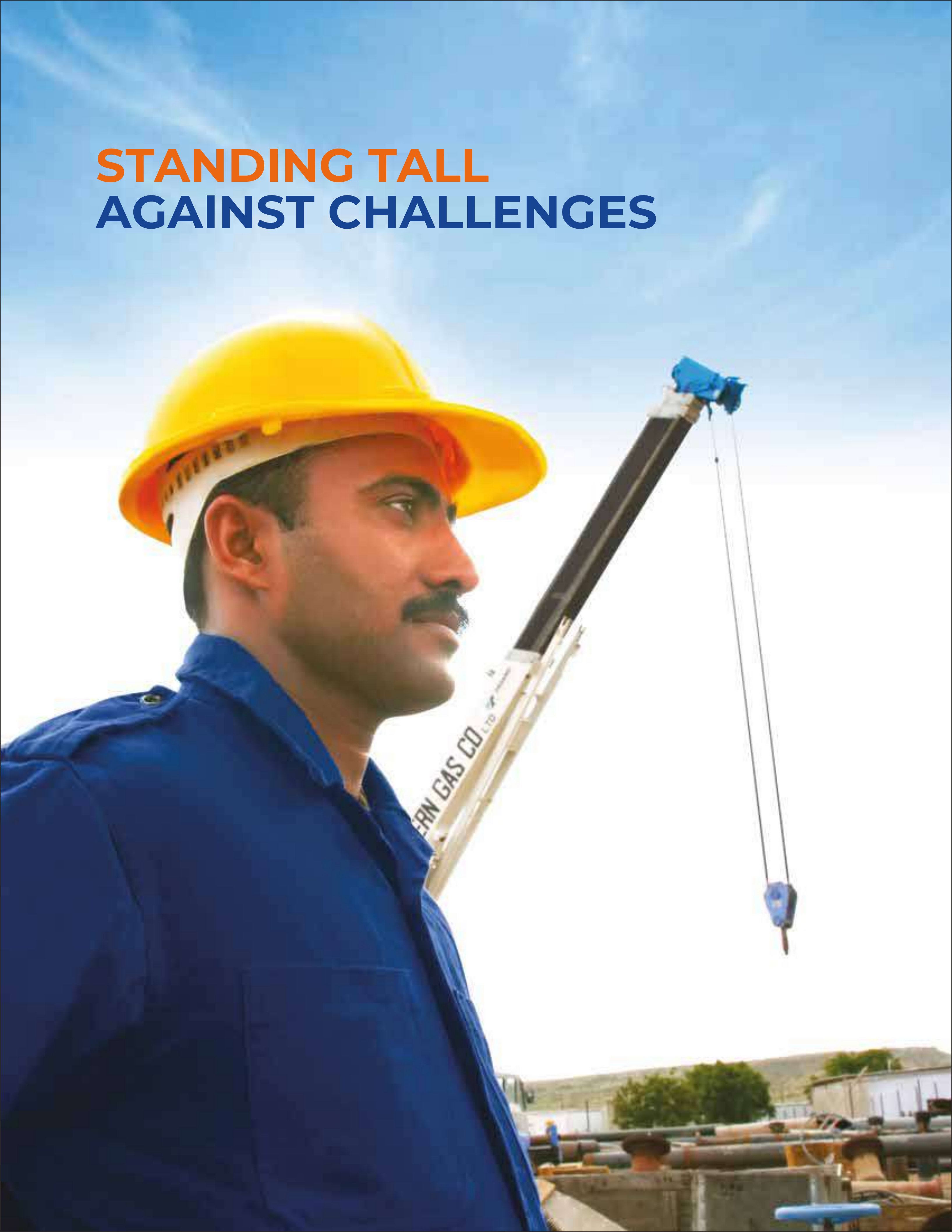
- To review the management's plans to minimize UFG and for demand management on periodic basis, and present the same to the Board for approval along with its recommendations.
- To monitor the performance of management in reduction of UFG.
- To monitor the performance of management in reducing wastage 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 demand management.

BOARD CORPORATE GOVERNANCE AND ETHICS COMMITTEE

The purpose of the Board Corporate Governance and Ethics Committee is to:

- To assist the Board in the establishment, embedding and oversight of the values, the governance and ethical policy framework.
- To monitor the overall ethical health of the Organization and compliance with professional and ethical standards whenever applicable.

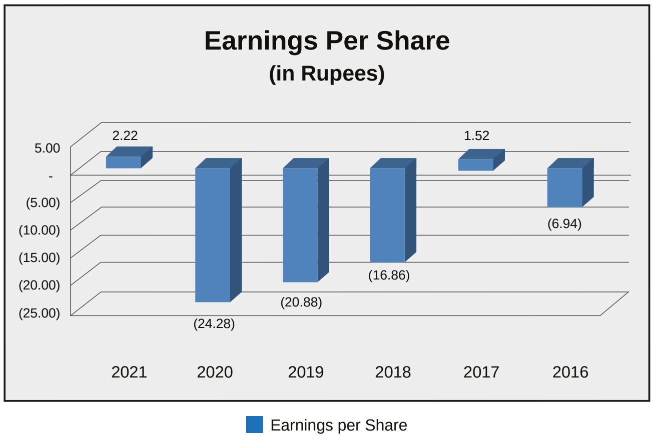
STANDING TALL
AGAINST CHALLENGES

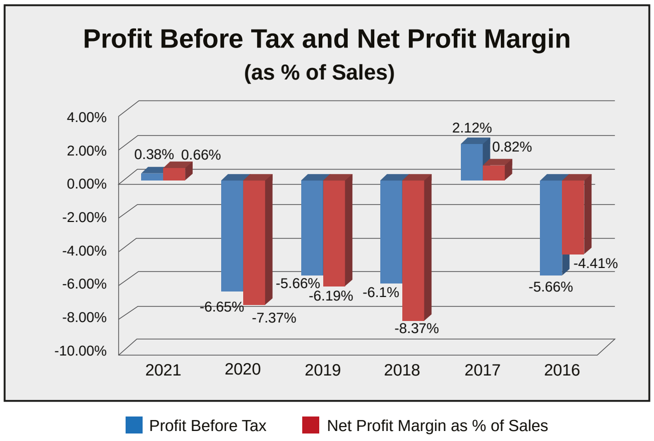


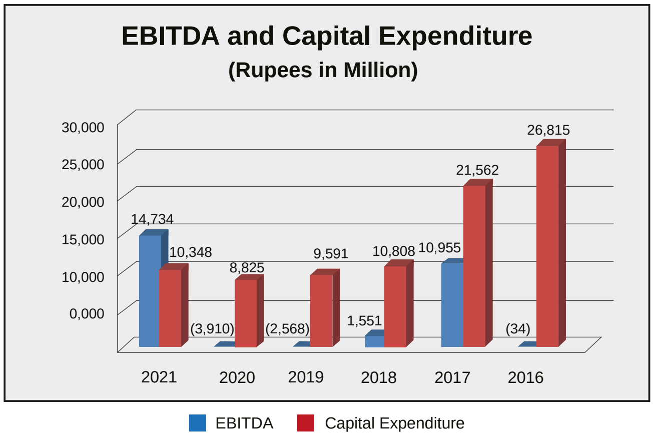
GENERAL OVERVIEW

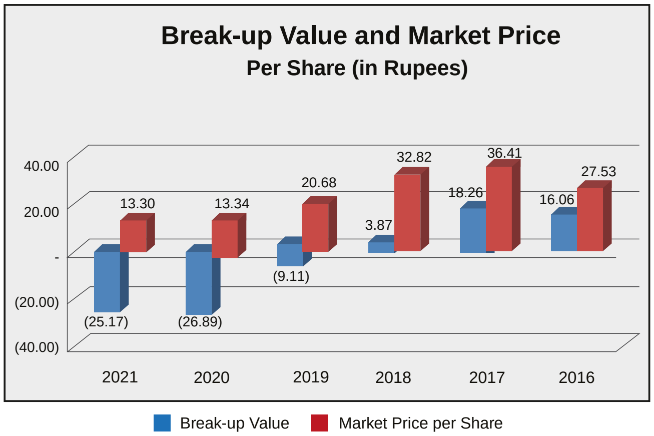
This section outlines Performance Indicators in the form of graphical representations and tables of financial data and provides details of the Distribution Network and Six-year Financial Highlights.

PERFORMANCE INDICATORS









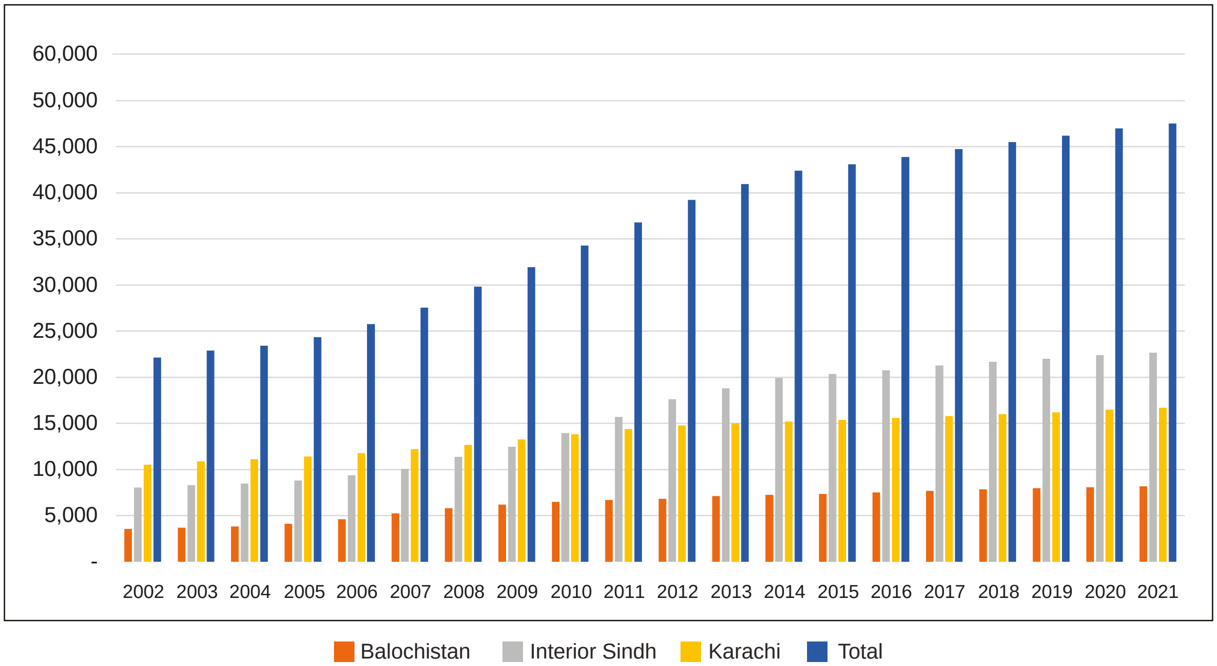
DETAILS OF DISTRIBUTION NETWORK
IN KILOMETERS

LEGEND # 1 (2002 to 2011)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Balochistan	3,699	3,817	4,109	4,619	5,250	5,796	6,193	6,505	6,690	6,841
Interior Sindh	8,310	8,478	8,809	9,361	10,077	11,375	12,484	13,951	15,697	17,626
Karachi	10,881	11,121	11,422	11,784	12,215	12,659	13,253	13,826	14,398	14,786
Total	**22,890**	**23,416**	**24,340**	**25,764**	**27,542**	**29,830**	**31,930**	**34,282**	**36,785**	**39,253**

LEGEND # 2 (2012 to 2021)

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Balochistan	7,117	7,263	7,368	7,518	7,685	7,838	7,988	8,101	8,168	8,293
Interior Sindh	18,826	19,937	20,347	20,757	21,280	21,672	22,014	22,395	22,667	23,197
Karachi	15,019	15,217	15,374	15,615	15,796	16,009	16,207	16,497	16,685	16,959
Total	**40,962**	**42,417**	**43,089**	**43,890**	**44,761**	**45,519**	**46,209**	**46,993**	**47,520**	**48,449**



SIX-YEAR
FINANCIAL HIGHLIGHTS
KEY INDICATORS

		2021	2020	2019	2018	2017	2016
Trading Results	Rs. Million						
Sales (excluding Gas Development Surcharge)		296,129	290,240	297,167	177,404	156,673	138,616
Gross profit / (loss)		(5,750)	(17,051)	2,046	(9,777)	(839)	(24,824)
Profit before tax		1,135	(19,049)	(16,820)	(10,826)	3,316	(7,840)
Profit after tax		1,956	(21,393)	(18,395)	(14,848)	1,336	(6,115)
Operating Ratios	%						
Gross margin		-1.94%	-5.87%	0.69%	-5.51%	-0.54%	-17.91%
Pre tax margin		0.38%	-6.56%	-5.66%	-6.10%	2.12%	-5.66%
Net margin		0.66%	-7.37%	-6.19%	-8.37%	0.85%	-4.41%
Financial position	Rs. Million						
Shareholders' equity*		(22,172)	(23,691)	(8,022)	3,406	16,082	14,146
Property, plant & equipment		135,988	134,346	129,720	120,524	114,993	96,711
Net current assets		(98,192)	(90,551)	(65,870)	(43,029)	(27,102)	(39,333)
Long term assets		6,100	1,734	1,649	1,870	4,601	4,470
Long term liabilities		66,067	69,220	73,522	75,959	76,409	47,702
Capital employed*		7,169	13,483	38,735	59,702	71,917	42,475
Performance	Rs. Million						
Capital expenditure		10,348	8,825	9,591	10,808	21,562	26,815
Asset turnover ratio		0.48	0.51	0.65	0.51	0.53	0.50
Fixed assets turnover ratio		2.19	2.20	2.38	1.51	1.48	1.62
Inventory Turnover	Days	2.39	2.49	1.93	2.45	2.52	2.06
Return on equity*	%	NA*	NA*	NA*	-152.37%	8.82%	-37.09%
Return on capital employed*	%	18.94%	-81.94%	-37.37%	-22.56%	2.34%	-14.07%
Valuation and other Ratios							
Earnings per share	Rs.	2.22	(24.28)	(20.88)	(16.86)	1.52	(6.94)
Net assets per share (break-up value)*		(25.17)	(26.89)	(9.11)	3.87	18.26	16.06
Market value per share at 30 June	%	13.30	13.34	20.68	32.82	36.41	27.53
Price earnings ratio	Rs.	5.99	(0.55)	(0.99)	(1.95)	24.01	(3.97)
Debt: Equity ratio*	Rs.	NA*	NA*	NA*	94:06	72:22	67:33
Current ratio		0.83	0.84	0.86	0.86	0.88	0.82
Debt service coverage ratio	%	1.13	(0.22)	(0.16)	0.11	1.30	(0.00)

*Not applicable as equity is negative

DIRECTORS' REPORT

Dear Shareholders,

The Board had approved for circulation to the shareholders, the 67th Annual Report and Audited Financial Statements for the financial year ending June 30, 2021, together with the Auditors' Report thereon.

After a lapse of four challenging years, the Company's Financial Statements again showing profit for the year of Rs. 1.955 billion and has earning per share (EPS) of Rs. 2.22. One of the main reasons for losses in previous years was absorption of losses of Rs. 36.7 billion pertaining for periods from FY 2011 to FY 2015 as a consequence of dismissal of Sind High Court stay against decision on account of UFG Benchmark and certain Non-Operating Incomes in November 2016.

SSGC operates in a highly regulated environment and the Financial Statements are based on OGRA's decision on Final Revenue requirement. Major reasons for Profit in FY 2020-21 are the reduction of UFG at 15.31% compared to 17.25% in FY 2019-20, having a positive impact of Rs. 7.1 billion and finance cost was efficiently managed at the level of Rs. 4.6 billion compared to Rs. 7.2 billion in FY 2019-20. In addition, a number of minor pending claims were allowed by OGRA during FY 2020-21. However, in OGRA determination, a significant claim remained unaddressed related to the implementation of the Policy Guidelines issued by the ECC of the Federal Cabinet to OGRA vide its decision dated May 11, 2018 on Case No. ECC-37/09/2018 that advises OGRA to allow settlement of Unaccounted-for-Gas (UFG) on volume handled basis. The financial impact of the delayed OGRA decision on UFG volume handled basis has been substantial and communicated to the Government at highest policy platforms including ECC, CCOE and Federal Cabinet. Non-implementation of these Policy Guidelines has had serious consequences on the financial health of the Company as well as detrimental to the socio-economic agenda of the Government and well-being of the Company. The aggregate RLNG Volume Handling benefit claimed in the FRR petition from OGRA, but not allowed up to June 30, 2021, stands at Rs. 52.4 billion.

One of the major issues being faced by SSGC that has negatively impacted its operations, is the undue delay by the Government to increase the Gas Sales Prices. Due to this inordinate delay, the difference between Sales Price and Prescribed Price has been accumulated and reflected in the Balance Sheet as GDS Receivable to the tune of Rs. 208 billion.

During 2021, the Federal Government made amendments in the OGRA Ordinance to include the cost of imported gases (RLNG) in the revenue requirement of gas utilities.

These amendments have also authorized OGRA to decide on gas prices without public hearing in cases where the prescribed price is required to be revised only due to revision in well-head gas prices and cost of imported gases. These amendments have implications on gas utility companies; however, the implementation of these changes is still awaited.

To make operations of SSGC sustainable in the depleting indigenous gas reserves scenario, the Board directed the management for austerity and business diversity seeking opportunities for additional investment and partnerships.

With the objective of diversifying its business areas, the Company is studying business feasibilities of various energy sector projects/ initiatives through its subsidiaries i.e. SSGC Alternate Energy (Pvt.) Limited (SSGC-AE) and SSGC LPG (Pvt.) Limited (SLL). Details of the same are as follows:

SSGC-AE

1. BRINGING UNALLOCATED GASES TO MARKET

A number of gas fields in the Country remained unallocated to any of the gas utilities (i.e. SSGC and SNGPL) primarily due to the non-viability of production at the prices prescribed by relevant E&P policies. SSGC-AE is working to facilitate the delivery of natural gas from unallocated fields to the end consumers through third party access arrangement(s). The Company has formalized gas purchase agreement of ~10 MMCFD natural gas with one of the E&P operators and is working to secure another ~190 MMCFD of unallocated natural gas through similar arrangements, which will be available in the system after performing necessary purification/ processing.

2. OPTIMIZATION OF GAS QUALITY

SSGC-AE is in close coordination with the OGRA for implementation of project for natural gas quality optimization through inert gas injection. The project offers sparing of 8-10 MMCFD natural gas which will be beneficial for both SSGC and SSGC-AE as well as natural gas consumers across the southern franchise areas.

3. CAPITALIZING ON BIO-GAS POTENTIAL

SSGC is driving the development of Pakistan's first-ever Bio-gas Bio-methane supply chain which will be on Built-Own-Operate basis and will be connected to utility network on commercial terms. SSGC is working closely with the consultant for expedited development of adequate tendering requisites as well as the Front End Engineering Design and Draft Policy Framework. Target publication of tender is first week of February 2023.

4. DRIVING SYNTHETIC GAS REVOLUTION THROUGH COAL-TO-GAS

SSGC-AE has engaged a number of relevant stakeholders such as prospective investors, technology providers and business entities in order to move towards development of a sustainable business on the basis of utilization of Thar coal reserves for the generation of synthetic gas. Memorandum of Understandings has been inked for further development in this regard.

SSGC-LPG

Diligent efforts are being undertaken for the enhancement of business through terminal and related downstream operations. During 2022, SSGC-LPG brought in the largest LPG vessel in Pakistan and increased its terminal utilization to 80% which was a new high. SSGC-LPG developed new outlets throughout its franchise areas and supplied LPG to SNGPL for the first time. Plans are afoot to enhance storage facilities at the terminal to support the increased volumes. The Company also has plans to diversify its terminal operations into other commodities to reduce the cyclicality of its current business.

SSGC owns and maintains one-of-its-kind Meter Manufacturing Plant (MMP) which is the only domestic gas meter (G-1.6 and G-4) manufacturing plant in the entire South East Asia.

For local manufacturing of international quality gas meters, the Company has negotiated and finalized a new Technology Transfer and License Agreement along with satisfactory compliance to all due-diligence and regulatory requirements. The new agreement enabled SSGC to produce gas meters as designated 'Company Meters', thereby completing the localization of gas meter and enhancing indigenized contents from the current 53% to 97%. Through import substitution, SSGC is set to achieve substantial foreign exchange savings. The Meter Manufacturing Plant of SSGC has been upgraded after new Technology Transfer and License Agreement and production processes have been improved that will provide additional business and employment opportunities for Pakistani citizens.

STRENGTHENING OF SSGC'S OPERATIONAL AND FINANCIAL PERFORMANCE

Since taking over in November 2019, the Board has addressed multiple challenges and has safeguarded the interest of the Company. Besides taking measures to strengthen its internal governance, the Board has issued directives to the Management to fast track network upgradation and enhance business. The Board has encouraged implementation of HR reforms and called for streamlined functions through organizational reforms to improve corporate effectiveness and efficiency. The Board encouraged fresh review of corporate strategy and action plans in almost all critical areas of SSGC's operations to make them financially and operationally sustainable.

MAJOR REFORMS

Subsequent to its institutionalization through BoD's directives, the dedicated UFG Division (headed by Deputy Managing Director and Senior General Manager) has been diligently steering UFG reduction efforts. Stringent UFG reduction targets are being pursued. As a result, Company-wide UFG figures have shown a reduction i.e. 13 BCF in FY 2020-21. Moreover, the Company has been successful in restraining UFG at almost the similar level despite emerging challenges in gas distribution control. A reduction of 15 BCF in UFG generated savings of around Rs. 11 billion over the last three years.

Nevertheless, UFG figures in Balochistan Region remain at unacceptably high levels and continue to inflict adverse impact on the Company's bottom line. UFG reduction to acceptable level is yet to be achieved but the losses for now are progressively being reduced.

- The Board has advised the Management for a fast-track implementation of the UFG reduction strategy with special emphasis on:

  a. A more targeted approach for the reduction of UFG for Karachi. The Board reassigned responsibility for UFG to the senior management and dividing the oversight at DMD level.

b. Zonal-level management has been introduced in Karachi Region and as a result effectiveness of UFG efforts has been increased. Special attention has been given to network segmentation and re-alignment projects besides implementation of adequate solutions with respect to several untapped areas causing UFG.

c. Launching of an investment program for UFG reduction whereby the old network with high incidence of leakage will be upgraded substantially, while regulatory action will be enhanced against meter tampering and theft especially in Balochistan and Interior Sindh. Moreover, a special framework has been developed through extensive collaborative efforts to raise gas claims from unauthorized users concentrated mainly in Karachi.

d. Curbing, on top priority, UFG in 14 Sales Meter Stations (SMSs) that account for a sizeable share of UFG. Initiative has been taken to completely automate 50 Town Border Stations (TBSs) as a pilot project in Karachi with the objective of enhancing control and reducing costs through effective operational management.

e. Enhanced focus has been placed on reducing UFG in Balochistan Region. Detailed business study has been performed and six (06) viable solutions have been devised and presented before the concerned governments (Provincial and Federal. The Company is seeking Provincial as well as the Federal Government's support for the implementation of the solution approved by SSGC.

- The Management has agreed to hold itself accountable against set KPIs for UFG reduction though effective implementation of the UFG reduction strategy.

- The organizational chart of the Company has been revamped with an objective to bring in efficiencies in the operations and raising the standards of accountability in the organization.

- Amongst other things, a separate Quality Assurance Department is being established and the Head of Quality Assurance Department will report directly to the Managing Director.

- The Management is tasked to make SSGC lean, efficient and effective organization using resources to maximize stakeholder value and to enhance the cost efficiency and effectiveness. The Management has achieved tighter budget targets set for FY 2021-22.

- As a matter of policy, budgetary expenditures were curtailed through cost cutting measures and tight scrutiny of capital expenditures based on proper feasibility work over the past three years was insured. Also budget was kept within OGRA Limits to avoid disallowances because of over spending.

- The savings achieved through rationalization of the budget will help to allocate budget for rehabilitation of transmission and distribution system in compliance with ASME standards and UFG reduction activities.

- For maintaining integrity of existing pipeline network, the Management is tasked to submit plan for full implementation of Pipeline Integrity Management System in compliance to ASME B31.8S standard within 3 years including a plan to cater for training and development aspect of staff involved. Progress so far in this regard is as per target.

- With the objective of facilitating the development of alternate energy resources, SSGC is undertaking 'Bio-Gas Initiative' whereby detailed feasibilities regarding the same have been performed. To facilitate the launch of operations at a commercial scale, process has been initiated to hire an expert consultant to assist on technical, logistical, commercial as well as regulatory aspect related to bio-gas/ bio-methane.

- In order to identify on real-time basis, areas with highest impact on UFG reduction are tagged on GIS system. UFG reduction activities focused on rehabilitation, over/ underground leak detection and theft detection will be tagged to the GIS system to ensure effective monitoring of these activities. Through effective implementation of continuous improvement efforts, a special application tool has been developed to merge real-time distribution monitoring software on the existing GIS platform.

- Adequacy and modernization of SSGC's measurement infrastructure has been reviewed by globally recognized consultant with satisfactory results. The Consultant has verified that SSGC's gas measurement infrastructure i.e. from POD to CMS (as well as small scale consumers) fully conforms to the stipulations of all international applicable standards pertaining to natural gas measurement. Some minor level recommendations have been issued for system improvement, most of which have been adopted.

- The management is working to reduce lead times for new connections to discourage theft. The CGTO Department is also directed to enhance and publicize anti-theft activities through media coverage to create necessary theft deterrence.

- 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 paperless environment through use of electronic process automation systems.

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

- The Risk Management Function has been strengthened through development of Enterprise Risk Management (ERM) and Governance Structure:

  a. Risk Management Process: Risk Identification, Assessment and its criteria and Mitigation Methodology.

  b. A Risk Management Steering Committee and Risk Dashboard has been developed.

  c. The Information Security Management Systems (ISMS) function has been developed and ERM Software has been procured.

- Overall monitoring mechanism is improving and producing results:

  a. Off-specification Discounts from Gas Suppliers and recovery of Discounts.

  b. Improved Recovery overdue obligations of domestic customers along with disconnection.

  c. During the last two financial years, old outstanding jobs were capitalized.

  d. Streamlining of the Inventory Management Process specifically controls on over-procurement, reordering, carrying cost and timely write off.

  e. Highlighted unrecorded Pipeline of Leftover Projects.

  f. Reorganization of Legal Services Department.

  g. Digitalization of Land Records.

  h. Development of IT Strategy and constitution of IT Steering Committee.

- HSEQC Passport has been developed and staff training is being fast tracked.

HUMAN RESOURCE REFORMS

Since its formation, the Board has relentlessly pursued an HR and institutional reforms agenda as it is the key to the transformation of SSGC. High quality performance assessment and results-based accountability are being institutionalized to achieve better outcomes per the expectations of the stakeholders.

To achieve this, the Management is in the process of implementing new performance-based assessment criteria backed by rigorous KPIs. The Job Descriptions of DMD and SGM levels positions have been developed and to strategize the performance system KPIs of MD, DMDs and SGMs have also been developed which will be cascade down to lower level of management.

New Employment Handbook has been approved and being implemented to align policies and regulations with best practices including by;

- Allowing for competitive, merit-based, market-base recruitment swiftly and transparently.
- Empowering the management to rationalize staff, equip teams with new skills and ethics and values.
- Adopting new HR incentive framework to reward performance based on KPIs, introduce open and transparent recruitment and promotion and succession planning.
- Removing labor market rigidities by revising rules pertaining to early retirement and leave benefits etc.,
- Introducing flexibility to rationalize excess work force and review the Third-Party contractual practices.

The Company is evaluating its HR function according to the requirements of New Employment Handbook and required change in in the HR function will be introduced during the current year.

ENERGY OVERVIEW

Pakistan is the sixth largest country in the world with a population of 215 million people in 2020 and an area of 827,268 square kilometers. Total primary energy supply stands at 83.8 mmtoe, a reduction of 2.8% from 86.3 mmtoe from the previous year. The reduced energy supply is attributed to a decrease in energy demand in the country due to slowing down of the country's economic growth.

Primary energy supply mix of Pakistan contains natural gas, coal, oil, renewables and hydroelectricity. While indigenous gas has a higher portion of 35% in energy mix, oil, coals and LNG constitute 25.7%, 15.4% and 10.6% of the mix. Natural gas is the largest source of energy in the country with 45% (39 mmtoe) share of the total supply mix. Pakistan's energy sector comprises of upstream sector, oil downstream sector, gas downstream sector and power sector. The upstream sector consists of 24 exploration and production (E&P) companies that supply the country with indigenous oil and gas.

FINANCIAL OVERVIEW

During the period under review, the Company recorded a Net Profit after Tax of Rs. 1.9 billion after incorporating major disallowances and financial costs.

The summary of financial highlights is given below:

	2020-21	2019-20	Variation
	(Rupees in Million)		
Profit / Loss before taxation	1,135	(19,049)	20,184
Taxation	821	(2,344)	3,165
Profit / Loss after taxation	1,956	(21,393)	23,349
Earnings Per Share (Rs.)	2.22	(24.28)	26.5

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

In FY 2020-21, SSGC was allowed a Return of Rs. 15.6 billion. However, OGRA has made disallowance on account of UFG for Rs. 15.2 billion, Rs. 1.3 billion on account of Provision made against expected credit loss in compliance of IFRS 9, Financial Instruments and allowed gain in HR Cost over benchmark of Rs. 2.6 billion.

OGRA also allowed SSGC prior year claims to the extent of GIC, line pack and UFG on account of RLNG of Rs. 1.34 billion and Rs. 0.16 billion on account of IFRS 16: Right of Use Assets.

As compared to FY 2019-20 where Loss After Tax of Rs. 21.4 billion was reported, there is a significant improvement in bottom line of current year and reported Profit After Tax is Rs. 1.9 billion.

Improvement in bottom line is attributed to complete absorption of staggered losses in June 2020 to the extent of Rs. 7.3 billion and recognition of deferred tax asset to the extent of current tax liability and deferred tax lability arising on re-measurement gain on retirement benefit obligations, having an impact of Rs. 3.2 billion. Remaining Rs. 12.8 billion reflects operational efficiency due to the reasons given in the following pages.

Acceptance of UFG Allowance on RLNG Business

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

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

Had this benefit been allowed to SSGC, the net UFG disallowance for the year would have been reduced by around Rs. 14.2 billion.

Provision against impaired debts

OGRA allows provision against impaired debts as operating expense related to disconnected customers only. However, on adoption of IFRS-9, provision is being made on Expected Credit loss basis i. e. forward looking approach which also requires provisioning against Live Customers, resultantly, bottom-line of the Company was significantly affected in previous periods.

In the current period, to mitigate our expected losses on this account, the management has planned rigorous recovery drive. In view of this initiative, ECL provisioning for FY 2020-21 was reassessed thus provisioning requirement has been reduced to Rs. 2.2 billion as compared to Rs. 3.6 billion last year. Consequently, impact of disallowance has been reduced to Rs. 1.3 billion as compared to Rs. 2.7 billion last year.

Absorption of Past Staggered Losses

Another positive impact on SSGC financials is attributed to the absorption of last tranche of staggered losses in June 2020 of Rs. 7.3 billion pertaining to Sindh High Court decision dated November 25, 2016 wherein SSGC's Stay on account of UFG Benchmark and certain Non-Operating Incomes was dismissed. Total impact of Court Order was Rs. 36.7 Billion which was staggered over 5 years. 50% was absorbed in FY 2015-16, 10% each year absorbed from FY 2016-17 to FY 2018-19 and finally 20% was absorbed in FY 2019-20.

Financial Cost

SSGC has to bear financial charges for Rs. 4.6 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, for delivering the RLNG volumes to SNGPL network in order to meet the energy requirements of the North.

However, Finance Cost on Short Term Borrowing being incurred due to awaited consumer price increase accumulating in Gas Development Surcharge is now being allowed by OGRA. Accordingly, in the current year Rs. 1.4 billion has been allowed.

Modification in the External Auditor's Report

The External Auditors, M/s. BDO Ebrahim and Co., Chartered Accountants had expressed qualified opinion in their Audit Report for the financial year ended June 30, 2021 for amount due from KE and PSML, late payment surcharge (LPS) receivable from SNGPL and WAPDA and Receivable from Habibullah Coastal Power Company (Private) Limited (HCPCL).

Receivables from KE and PSML

During FY 2020-21, defaulted receivable situation of K-Electric (KE) and Pakistan Steel Mills Limited (PSML) remained the same as in previous years. The management is vigorously pursuing recovery suit filed against KE and PSML. At the same time, the Management is in constant liaison with the concerned ministries to expedite the recovery of outstanding dues from KE and PSML. It is expected that as soon as the matter is permanently resolved by the Government of Pakistan, the overall financial position of the Company will improve. The claim of the Company including LPS against KE and PSML, as of June 30, 2021 is Rs. 132 billion and Rs. 74 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

SSGC had an agreement with M/s Habibullah Coastal Power Company (Private) Limited (HCPCL) inter alia containing the clauses of Firm Commitment / Liquidated Damages (LDs). HCPCL filed an 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 ICC issued decision in favor of HCPCL and the Company required to pay to HCPCL as a final reward in the form of indemnity, LDs, interest and legal and professional charges.

Since the LDs claimed by HCPCL from the Company was a consequence of LDs 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

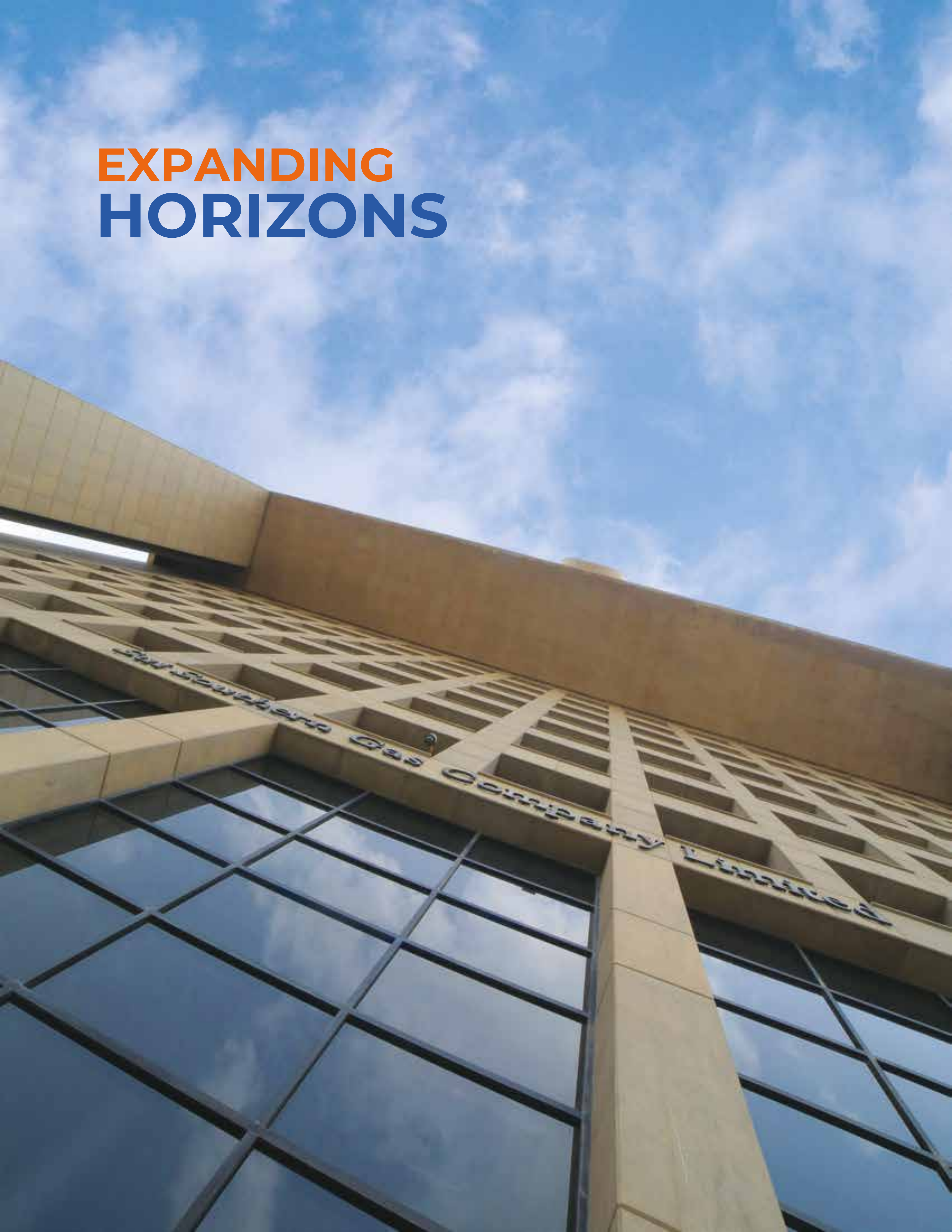
In addition to the above, the External Auditors, M/s. BDO Ebrahim and Co., Chartered Accountants had drawn attention on certain issues in their audit report for financial year ended June 30, 2021. Comments on these matters are as under:

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

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

- SSGC has discontinued recognition of LPS expenses payable to the Government controlled E & P companies (OGDCL, PPL and GHPL) effective from July 1, 2012 till the time SSGC receives LPS income from PSML and KE.

EXPANDING
HORIZONS



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 to play a pivotal role in ensuring a financial turnaround for the Company after several years of lacklustre perfomance. 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 respected 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

January 06, 2023

OPERATIONAL OVERVIEW

SSGC is guided by its core values of Integrity, excellence, team work, transparency, creativity and responsibility to stakeholders. In alignment with the Company's mission, SSGC endeavors to provide natural gas facilities to continuously expand its customer base. Divisional and department-wise details of projects and achievements during FY 2020-21 are as under:

TECHNICAL SERVICES

During the year under review, the Technical Services (TS) Division performed the following activities:

30" DIA. X 17-KMs PIPELINE FROM CTS BIN QASIM TO SMS PAKLAND

This project was carried out in order to receive additional RLNG volumes up to 600 MMCFD at SMS Pakland and meet the natural gas demand during peak winter season. It was successfully commissioned in December 2020.

INSTALLATION OF NEW TURBO COMPRESSOR UNIT AT HQ-SHIKARPUR

The installation of 200 MMCFD capacity compressor unit was successfully commissioned in November 2020 to ensure sustainability of supply in Balochistan region.

FUTURE PLAN

Following are the future plans of TS Division:

- 12" dia. x 09-Kms Pipeline from SMS Pakland to New SMS at Dhabeji
- 12" dia. x 3.5-Kms Pipeline Project for supply of gas to Bin Qasim Industrial Park
- 16" dia x 8.78-Kms Bostan Pipeline Project

The above pipeline projects are planned for the regasification of Industrial Parks and SEZ which will result in industrial production, GDP improvement, positive balance of payment through exports, thereby bringing about a reduction in unemployment and improving financial wealth of the local people. These projects are completely financed by the Government of Pakistan (GoP) through Ministry of Energy (Petroleum Division) and covered under PSDP Schemes.

REVAMPING AND INSTALLATION OF NEW COMPRESSOR UNITS AT HQ-SIBI AND HQ-2 NAWABSHAH

For HQ-2 Nawabshah compression enhancement, one new additional compressor of 200 MMCFD capacity will be required. Moreover, revamping of two existing machines and installation of one new compressor unit at HQ-Sibi will be carried out.

30" DIA. X 125-KMs LOOPLINE FROM SMS SINDH UNIVERSITY TO SMS PAKLAND

This project is planned in order to enhance the pipeline capacity and flexibility of operation of SSGC's Indus Left Bank Pipeline System.

12" DIA. QPL REHABILITATION AND INTELLIGENT PIGGING FOR INTEGRITY CHECK OF QPL

Modification work on 14 piping set-ups at main valve assemblies is under way.

UPGRADATION OF SMS THATTA

Upgradation is required to fulfill future load requirements as existing SMS set-up at Thatta is 30 years old and running on maximum capacity.

24" DIA. X 31-KMs PIPELINE PROJECT FROM SMS KATHORE TO SMS SURJANI

This project is proposed to improve the operational efficiency and to enhance the gas distribution capacity up to 269 MMCFD of the western region of Karachi.

DISTRIBUTION PROJECTS

- 16" dia. x 5-Kms Pipeline from Surjani Step-down to Madinat-ul-Hikmat
- 16" dia. x 6.2-Kms Pipeline from PSM Main Gate to Yousuf Goth
- 16" dia. x 10-Kms Pipeline from KT to TBS Maymar CNG
- 20" dia. x 9-Kms Pipeline from Azeempura to Jam Sadiq Bridge
- 20" dia. x 11-Kms Pipeline from SMS Sheedi Goth to Future Colony.

These projects are planned for augmentation of Karachi Distribution network for enhancing operational flexibility and continuous supply.

DISTRIBUTION

During FY 2020-21, the Company's Distribution Division took a number of initiatives that are given below.

Interior Sindh: During the year under review, Distribution Department performed the following activities in Interior Sindh:

Achievements			
Activities	**Lower Sindh**	**Upper Sindh**	**Total Interior Sindh**
Segments	30	14	44
U/G Leak Rectification (Kms)	7,739	43,871	51,610
U/G Leak Repairs (Nos)	18,514	6,668	25,182
O / H Leak Rectification (Nos)	121,289	48,351	169,640
Rehabilitation (Kms)	98	31	129
Theft Detected (Nos)	17,221	6,352	23, 573

Source: Distribution Division

- To uplift socio-economic condition of the remote / rural areas, as per Supreme Court order, in 96 villages located around 5 km radius of gas fields, 281-kms of gas pipeline network has been laid.
- Efforts were taken to control the gas purchases and reduction in UFG volume.
- Strict actions were taken against gas thieves and 23,573 gas theft cases were disconnected in interior Sindh and 5 FIRs were lodged against gas thieves.
- Preliminary survey of 1,400 villages in interior Sindh was arranged on the recommendation of Prime Minister's Secretariat, Chief Minister Sindh's Secretariat, MNAs, MPAs and other notables, following complaints received through Pakistan Citizen's Portal.

Interior Sindh-UFG Control and Network Expansion Activities		
UFG Control		
Segmentation	Nos	44
Rehabilitation	Kms.	129
Underground Leak Survey	Kms	51,610
Underground Leak Rectification	Kms	25,182
Overhead Leak Survey	Nos	473,840
Overhead Leak Rectification	Nos	169,640
Disconnection of theft	Nos	23,288
Meter Replacement	Nos	9,206
Network Expansion		
Reinforcement	Kms	52
Minor and Main extension	Kms	186
Village gasification	Kms	281
Additional TBSs	Nos	17
Additional PRSs	Nos	19
New Connections (Industrial / Domestic / Commercial)	Nos	37,827

Source: Distribution Division

Distribution - Karachi (Sindh)

During FY 2020-21, the Distribution Division in Karachi carried out following activities:

Infrastructure Expansion		
Normal Expansion in Pipeline Network	Km.	170
Pipeline laid to Reinforce the Existing Network	Km.	13
New Customers added in the system	Nos.	76,609
New Town Border Stations (TBSs)	Nos.	6
Modification of Town Border Stations (TBSs)	Nos.	5

UFG Reduction Activities		
Rehabilitation of Old Network	Km.	99
Underground Leak Survey	Km.	2,822
Underground Leak Rectification	Nos.	4,447
Overhead Leak Survey	Nos.	69,890
Overhead Leak Rectification	Nos.	65,224
Creation of Segments	Nos.	24

Source: Distribution Division

Major Projects

- 20" dia. x 1.5-Kms Interlink of Shershah Main and SITE Gas Turbine Main to increase the system pressure of the tail end customers.
- 12" dia. x 3.3-Kms extension from SMS-KT to Al-Asif Square to increase the system pressure of the tail end customers.

TRANSMISSION

During the year under review, Transmission Division performed the following activities:

- Fabrication, welding and installation of new SMS Mastung in HQ-Quetta Section.
- Fabrication, welding and installation of up-graded SMS Kot Diji in HQ-1 Section.
- 6" Control Valves replacement with 8" Control Valves (02Nos.) at SMS Karachi Terminal.
- Hot tapping of 6” dia. off-take on 16” ILBP pipeline for the installation of upgraded SMS Kot Diji in HQ-I section.
- Cold cutting and welding for replacement of 06” dia. class 600 dia. discharge valve with 6” dia. class 900 dia. discharge valve at HQ-3 Compressor Unit B.
- Cold cut on 24” dia. & 30” dia. pipelines at MVA Pakland and CTS Bin Qasim for hook up arrangements during FOTCO terminal shut down for 30” dia. x 17-kms additional RLNG pipeline.
- Commissioning of 30” dia. x 17-kms additional RLNG pipeline from CTS Bin Qasim to MVA Pakland.
- Repairing and lowering of 16”/18”/20” dia. ILBP pipeline at Lutt Nala and Sukhan Nadi in Section-IV .
- Cold cut and welding for piping modification at HQ Shikarpur with the installation of pig launcher at MVA Shikarpur and pig receiver at MVA Jacobabad.
- Cold Cutting of 20” dia. IRBP Pipeline and Tie-in with HDD submerged pipeline at Bukhshoo Canal, Warah Canal, Ghar Canal, Badah Canal, Dhamrah Canal and Sehar Wah Canal in HQ-SKP Section.
- Fabrication and Welding of 3 Plidco leak clamps on 24” dia. KPD pipeline in HQ-3 section.
- 19116 Rft of Coating refurbishment was carried out.
- 409 Kms of Coating Integrity survey undertaking.
- 12 CP solar systems upgraded.
- 08 Ground bed renewal / installations carried out.
- 18” dia. pipeline coating repair work carried out in Sui section.
- Zarghun Pipeline protection work carried out in Quetta Section.

METER MANUFACTURING PLANT

SSGC's Meter Manufacturing Plant (MPP) has maintained its position as the only vertically integrated, full-scale facility for the manufacturing of domestic gas meters in the entire South-East Asia. The Plant continues to support the distribution operations of the two gas utility companies in the country through timely manufacturing of domestic gas meters of European standards. During FY 2020-21, MMP produced 222,390 G-1.6 and 230,624 G-4 gas meters.

In view of the expiry of the technology license agreement with ITRON (France), SSGC undertook active efforts with the technology provider to enable localization of the imported component (i.e. the measuring unit of the G-4 gas meter). Simultaneously, extensive analysis was performed to explore other options for acquisition of technology. Through diligent and focused efforts by the Company management, the technology licensor has agreed to enable local production of G-4 measuring unit and has also agreed to reduce costs thereof. Negotiation of the new license agreement has commenced and it is expected that the price of G-4 gas meter would be substantially reduced through local production which will pave the way for enhanced profits and market capitalization for the Meter Plant.

UNACCOUNTED-FOR-GAS

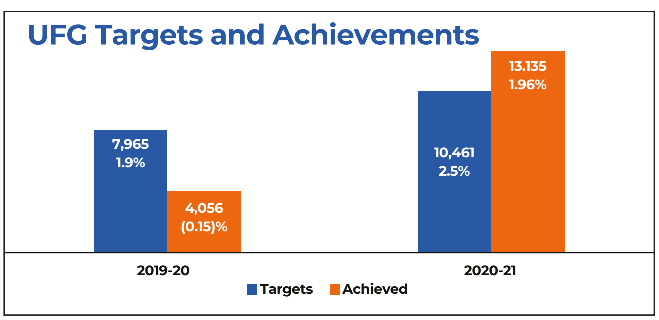
Keeping in view the adverse impact of 'Unaccounted-for-Gas (UFG) on the financial performance of the Company, the management and Board of Directors have maintained continuous emphasis on UFG reduction efforts.

At the onset of FY 2020-21, the Company's Board of Directors and management have rolled out a comprehensive UFG reduction strategy to swiftly implement the identified actions pertaining to areas requiring improvement. Accordingly, a new division was established headed by DMD-level executive along with full time support of a SGM and resourced with high-performing executives across franchise areas, having diversified experience and expertise related to core operations. A substantial number of far-reaching measures were implemented during the fiscal year including:

- Expedited achievement of external permission for the construction of delayed 20" and 12" diameter pipeline projects to help lower operating pressures on existing pipelines thereby reducing UFG in Karachi city.
- Major drive initiated for separating industrial customers from the domestic networks, especially in Site and Korangi industrial areas. Around 90% and 70% of segmentation have been completed in Korangi and Site areas, respectively. Operating pressures have been optimized thereby enabling UFG savings.
- Network Leak monitoring and survey carried out at unprecedented scale through enhanced focus and use of state-of-the-art GIS software and vehicle mounted gas leak detectors.
- Highest Rehabilitation of Distribution pipeline achieved.
- Special focus has been placed upon improving the measurement accuracy through:
  - > Replacement of 500 Old EVCs installed with the latest models having enhanced anti-theft and anti-tampering capabilities.
  - > Monitoring and resolution of under / over load meters.
  - > Replacement of Top 50 high consumption Industrial customer meters in addition to the replacement of record number of meters in the 'general industry' segment.
  - > Engagement of world renowned measurement consultant (i.e. M/s. Kelton, UK) to review SSGC's Point of Delivery (POD), Sales Meter Stations (SMS) and Customer Meter Stations (CMS).
  - > Enhancement in Capacity of Meter Repair shop.

- Unauthorized usage of natural gas in Karachi has been estimated at 10 BCF (per annum) through extensive study and system analysis. A specialized framework to handle this problem has been developed and presented before OGRA for approval.
- UFG in Balochistan has been studied extensively and multiple viable options have been developed six (06) options of which have been shortlisted to be presented before MoE-PD for their review and implementation.
- Integration of remote monitoring system (of M/s. Mazik Global) with GIS.
- Vigilance and pressure optimization on SMS and TBS level to maintain balance between purchase and sale of gas.
- Ensure completion of all planned physical activities in a timely and systematic manner.
- Effective field operations to recover gas theft (industrial and commercial)
- Constant monitoring of industrial customers to ensure registering of delivered / consumed gas volumes.

As a result of above and a number of other actions and substantial completion of KPIs with a disciplined approach, unprecedented UFG savings quantified at 13 BCF has been recorded.



Source: UFG Department

UFG	2019-20		2020-21	
	Target	Achieved	Target	Achieved
MMCF	7,965	4,056	10,461	13,135
%	1.9%	(0.15)%	2.5%	2.0%

LIQUEFIED NATURAL GAS (LNG)

LNG Department is principally responsible to manage EETPL LNG import terminal operations in accordance with the valid LSA (LNG operations and services Agreement). FY 2020-2021 was quite challenging due to unprecedented and unplanned dry dock of FSRU Exquisite by EETPL. With the support and collective efforts from internal stakeholders concerned, the Company's LNG Department successfully managed the issues of unplanned dry dock with minute impact on LNG value chain. Throughout the fiscal year, LNG Department managed EETPL terminal operations effectively and efficiently in line with the contract and served our Customer, SNGPL, with uninterrupted RLNG services.

LNG Department effectually managed the contract throughout the fiscal year to achieve efficient terminal operations with a high level of compliance. We ensured that the adequate inventory level is maintained at floating storage and re-gasification unit (FSRU) to avoid any lay time demurrage on LNG Cargoes. There is no single event recorded in FY 2020-21 with regards to lay time demurrage due to SSGC.

To plan LNG cargoes, volumetric flow profile and terminal outages, LNG Department finalized the annual delivery program for year 2021 in conjunction with relevant stakeholders. LNG Department actively managed Inventory profile through critical decision making and analytical approach. The Department implemented the decisions in timely manner with regards to the rescheduling of (1) LNG Cargoes, (2) Variation in Regasification rates etc. due to restricted RLNG off-take by customer, SNGPL or any other issue caused including late or advance berthing of LNG vessel, technical difficulties in terminal etc. to avoid any untoward situation whilst protecting the interest of SSGC.

In this fiscal year, LNG Department generated revenue of approximately USD 5.7 Million (0.025 $US per MMBTU) in terms of LSA Margin. Further, fuel consumption by FSRU (retainage) is within allowable limit in this year too, as it was computed through retainage audit (contract year 5) of the terminal which was conducted by the LNG Department through an independent third party Consultant. There was not a single molecule of the product wasted by the terminal.

LNG Department also conducted technical and safety audit of LNG infrastructure facility Engro Elengy Terminal to validate the safe terminal operations. There was no major incident recorded at EETPL LNG Import terminal.

LNG Department has successfully managed the following commodity supplies (with zero Loss Time Injury (LTI)) during FY 2020-21;

No. of LNG Cargoes received at Terminal	71
LNG Quantity off-loaded	4.4 Million Metric Tons
Regasified Volume (LNG to RLNG)	217 BCF

Source: LNG Department

Since the inception of the LNG Import Terminal-1 till the end of FY 2020-21, there was approximately 386 LNG cargoes safely offloaded at the EETPL terminal with quantity of approximately 24 Million Metric Tons which translates to regasification (LNG to RLNG) of approximately 1149 BCF.

Future Plan

The primary focus of LNG Department in the upcoming fiscal year is to deal and manage post dry dock issues through analytical approach so that it will have minimum impact on regasification operations. Apart from this, LNG Department will ensure to track the contract throughout the duration to achieve terminal operations efficacy and ensure that every aspect of the contract is duly monitored in order to avoid any dispute, demurrage or risk loss.

12” Dia. x 9-km long pipeline from MVA Pakland to Special Economic Zone, Dhabeji

CUSTOMER SERVICES

CUSTOMER RELATIONS DEPARTMENT

The main activity of Customer Relations Department (CRD) is to provide services to its valued customers. Our CFCs, 1199 contact centres and Emergency Section were partially operational for customers' complaints during the COVID-19 pandemic situation.

Annual Targets of FY2020-21 were effected throughout the franchise areas. Each year CRD contributes 1 to 2 BCF volume against UFG, PUG and Schedule (aging base) Meter Replacement activities but due to the lockdown situation and shortage of staff, CRD was unable to meet its targets.

A snapshot of CRD activities is as under:

- Contact Center (1199) agents received approximately 745,000 telephone calls.
- CFC representatives dealt with approximately 963,000 customers for installments, queries, duplicate bills, reconnection and unlocking activities and resolution of other queries etc.
- CRD's Risk Register was updated on monthly basis.
- Physically re-checking of Leak Survey and Rubber pipe removal cases was carried out on daily basis.

Presently CRD's Theft Control Section employees are utilized for theft complaints received from PMDU, Wafaqi Mohtasib, 1199, written complaints received from area residents or consumers, through email or forwarded from Billing and CGTO Departments. Besides raids and disconnection of illegal connections, the Theft Control teams are also utilized for surveillance and monitoring of disconnected consumers.

CRD surveyed and identified 154,000 unauthorized users at 308 locations during the year 2019-20. From (13-04-2021 to 01-06-2021) 1,872 non-customers were attended and payment received of Rs. 6.5 Million and during (2020-21) 11,500 domestic registerd / unregistered customers were disconnected.

In the past, overhead leak surveys were not carried out by any department. CRD was rectifying overhead leakage against complaints. However, for past few months, HSE&QA has been sharing data on overhead commercial / domestic leakages after their survey and CRD teams have been rectifying the leakage.

BILLING

Billing Department remained fully focused to identify ways to reduce UFG during FY2020-21. The department is committed to play its role under approved KMIs for the same year.

Customer survey was an integral strategy initiative of the Billing Department, utilized to detect the UFG and theft cases for all customer categories.

All commercial consumers were surveyed on quarterly basis to identify irregularities cases during the year. Approximately 385,000 domestic cases and 20,000 commercial consumers were surveyed on quarterly basis for verification of Minimum / Nil consumption customers to identify out of order meters and vacant premises.

A survey of disconnected customers was conducted and approximately 61,129 domestic and 7,050 commercial cases were identified for unauthorized gas usage and disconnected accordingly .

Meter tampering and direct pipeline tapping are the major contributors in UFG. Billing Department continued its operations and efforts to identify tampered and faulty meters and as a result around 190,000 customer meters were identified as Passing Unregistered Gas (PUG) and volume of 2.5 BCF was accounted for as PUG claim. Additionally, a volume of 3 BCF was recovered against tampered claims.

In addition to above, a total 139,292 cases were identified as theft and 125,650 cases were identified for rehabilitation activities.

INITIATIVES (BILLING):

- Special reading / survey for commercial customers on quarterly basis.
- E-bill facility is implemented for customers on their registered email addresses.
- SIM based handheld meter reading devices have been implemented to capture GPS locations along with Meter Reading Snapshot.
- Instant Surveys are carried out during meter reading to identify out of order meters.
- Initiated recovery of unauthorized claims from apartment buildings utilizing gas through illegal methods without proper / official gas connection.
- The Billing Department facilitated its valued customers during the pandemic situation. Following arrangements were made:
  - An easy installments facility was given to all customer during pandemic situation.
  - E-Katcheris were conducted to take live complaints from customers.
  - WhatsApp facility was introduced to handle customer complaints.
  - Prime Minister's Delivery Unit (PMDU) complaints were timely acknowledged.

RECOVERY OF DUES

The basic task of Recovery Department is to take necessary steps for recoveries of maximum possible amount due against gas bills. In FY2020-21 the TARGET given to Recovery team was 337,578 defaulters of different classes which includes Domestic, Government, Bulk and Commercial customers. Recovery Team successfully targeted 218,808 defaulters through company-wide rigorous disconnection campaign and others tools and techniques. Details are as under:

- **Issuance of Notices / Reminders:** 815,165 notices / reminders were issued to defaulting customers in order to remind them of their moral / legal responsibility against a target of 600,000 customers.
- **Media Campaign:** Aggressive media campaign was conducted through print, electronic and social media.
- **Persuasion of High Value Defaulters:** High value defaulters of government / bulk / domestic users were personally contacted by the Department in order to convince them to make payments.
- **Disconnection of Defaulters:** 218,808 defaulting domestic and commercial customers were targeted who owed Rs. 5,743 million to the Company against which amount Rs. 1,578 million were recovered and Rs. 2,036 million were engaged.

Customer Class	Unit / Region	# of Action	Action Amount (Rs. in Million)	# of Action Reconnections	Reconnections Amount (Rs. in Million)	Engaged Amount (Rs. in Million)
Domestic	Unit-A Karachi	84,194	1,790	37,931	476	489
	Unit-B Interior Sindh	113,476	2,097	66,943	595	1,037
	Unit-Q Balochistan	15,973	1,234	8,315	222	314
Total Domestic		**213,643**	**5,121**	**113,189**	**1,293**	**1,840**
Commercial	Unit-A Karachi	3,190	395	1,460	199	120
	Unit-B Interior Sindh	1,311	139	586	45	35
	Unit-Q Balochistan	664	88	399	41	41
Total Commercial		**5,165**	**622**	**2,445**	**285**	**196**
Total Domestic and Commercial		**218,808**	**5,743**	**115,634**	**1,578**	**2,036**

Source: Recovery Department

Customers who have not settled their outstanding dues still remain disconnected. These customers will be reconnected in the next year on settlement of outstanding dues.

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

SSGC-LPG (Pvt.) Ltd. (SLL) maintained profitable operations and earned historic Operating Profit of Rs. 550 million (2020: Rs. 398 million). The Company earned a net profit after taxation of Rs. 308 million (2020: Rs. 124 million). There has been a significant improvement in turnover of LPG sales which increased by more than double to Rs. 3,356 million (FY20: Rs.2,648 million) whereas Terminal sales were also increased to Rs. 695 million (FY20: 546 M). The increase in LPG Sales is mainly due to the substantial increase in sales volume in FY21: 42,780 MT (FY20: 31,389 MT) including increase in market share in Packed and Bulk Sales to Marketing Companies.

The Company also gained its market share in Terminal Sales during the year which remained 50% (FY20: 46%). The Company continued to import its own LPG cargos and imported about 14,170 MT (FY 20: 4,730 MT). Own imports by SLL not only increased its market share in LPG business but also the profitability of SLL along with its share in Sea Imports. The Company restructured its Term Loan with the Holding Company and paid off Rs. 835 million to bring the principal amount down to Rs. 700 million from Rs. 1,535 million.

Future Plan

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year in review, the Company continued to take initiatives across its franchise areas of Sindh and Balochistan, under its vigorous CSR program by executing projects that supported worthy causes such as education, healthcare, environment while concentrating to improve the lives of lesser privileged communities.

Area of educational support continued to spearhead SSGC's CSR program as it not only provided scholarships on merit and need basis to deserving students but also supported lesser privileged school students through provision of their annual academic expenses including the differently-abled, orphans, blind, deaf and mute children. The Company gave a new dimension to its academic support by joining hands with many reliable partners in setting up many computer laboratories even in remote areas of interior Sindh and Balochistan to promote vocational trainings specially amongst the school children coming from lesser-privileged backgrounds. SSGC reached out to the low-income teachers employed with government schools to enhance their competencies by enrolling them in a year-long customized training program on Early Childhood Education and Development. The Company also supported education in the deserts of Tharparkar by absorbing entire annual expenses of some Chownra schools.

SSGC continued to support the yearly treatment expenses of Thalassemic children, along with eye cancer treatment of poor children, cataract surgeries, Hepatitis C vaccine and provision of artificial limbs for the handicapped persons. SSGC also provided medical equipment for eye treatment, dialysis, and dialyzer re-processor machines. Two major achievements in healthcare were setting up of a free dialysis center in collaboration with a leading NGO and provision of three brand new rooms (6-beded) in a newly constructed medical ward in a free hospital run by a notable NGO. During the period under review, the country continued to fight COVID-19 and SSGC like in the previous year once again provided financial assistance to few hospitals and health-care institutions in its franchise provinces that were offering free of charge COVID testing and isolation facilities for patients mostly belonging to the lesser privileged communities.

Living up to its reputation of an environment friendly organization, SSGC provided solar panels along with air-conditioners for a rehabilitation center in interior Sindh besides supporting household solar powered systems in a Tharparkar village, whereas in a remote village of Balochistan SSGC provided solar water pump and household solar powered systems.


SSGC

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

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

APPOINTMENT OF MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

During FY 2020-21 period, the process of appointment of regular MD / CEO was completed. The Board in its meeting held on December 30, 2020 approved the name of Mr. Imran Maniar as Chief Executive Officer (CEO) / Managing Director (MD) of Sui Southern Gas Company Limited (SSGCL) as notified by the Federal Government. Subsequently, Mr. Maniar took charge as CEO / MD on February 4, 2021.

CASUAL VACANCY ON THE BOARD

- Mr. Mather Niaz Rana replaced Capt. (R.) Fazeel Asghar on March 12, 2021.
- Mr. Hasan Mehmood Yousufzai replaced Mr. Imran Ahmed on April 30, 2021.

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 provided below.

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 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 141 of the Annual Report 2021.

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, 2021 are given in the table on the next page .

Rs. in Million	2021	2020
Pension Fund - Executives	1,156,270	854,208
Gratuity Fund - Executives	5,419,904	4,850,241
Pension Fund - Non-Executives	249,129	72,855
Gratuity Fund - Non-Executives	3,503,365	3,190,419
Provident Fund - Executives	4,789,145	4,412,916
Provident Fund - Non-Executives	4,376,621	4,135,876
Benevolent Fund – Executives	250,382	222,575

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, 2021 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 254 of the Annual Report.

AUDITORS

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

DIVIDENDS

Despite the fact, the Company made profits for the fiscal year, yet due to negative equity, the Board of Directors did not recommend any dividend.

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

SCHEDULE I

Name of company: Sui Southern Gas Company Limited
Name of the line ministry: Ministry of Energy (Petroleum Division)
For the year ended: June 30, 2021

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

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

<table>
<tr><th rowspan="2">Sr. #</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule #</th><th>Y</th><th>N</th></tr>
<tr><th colspan="2">Tick the relevant box</th></tr>
<tr><td>1.</td><td>The independent directors meet the criteria of independence, as defined under the Rules.</td><td>2(d)</td><td>✓</td><td></td></tr>
<tr><td>2.</td><td>The Board has at least one-third of its total members as independent directors. At present the Board includes:
<table>
<tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr>
<tr><td rowspan="7">Independent Directors</td><td>1. Dr. Shamshad Akhtar</td><td>23-Apr-19</td></tr>
<tr><td>2. Mr. Muhammad Raziuddin Monem</td><td>23-Apr-19</td></tr>
<tr><td>3. Mr. Faisal Bengali</td><td>23-Apr-19</td></tr>
<tr><td>4. Ms. Nida Rizwan Farid</td><td>23-Apr-19</td></tr>
<tr><td>5. Dr. Sohail Razi Khan</td><td>28-Oct-19</td></tr>
<tr><td>6. Mr. Zuhair Siddiqui</td><td>28-Oct-19</td></tr>
<tr><td>7. Mr. Ayaz Dawood</td><td>28-Oct-19</td></tr>
</table></td><td>3(2)</td><td>✓</td><td></td></tr>
</table>

	Non-Executive Directors: 8. Mr. Hassan Mehmood Yousufzai — 30-Apr-21 9. Mr. Mather Niaz Rana — 12-Mar-21 10. Mr. Manzoor Ali Shaikh — 7-Jan-19 11. Dr. Ahmed Mujtaba Memon — 23-Apr-18 Executive Director (s): 12. Mr. Imran Maniar — 04-Feb-21			
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.	**5(2)**	✓	
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 with its supporting policies and procedures, including posting the same on the company's website **www.ssgc.com.pk** (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	**5(4)**	✓ ✓ ✓	

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 or mission statement and corporate strategy of the Company.	**5(6)**	✓	
15.	The Board has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates, on which they were approved or amended, has been maintained.	**5(7)**	✓	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and have submitted its request for appropriate compensation to the Government for consideration.	**5(8)**	N/A	
17.	The Board has ensured compliance with policy directions requirements received from the Government.	**5(11)**	✓	
18.	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	**6(1)** **6(2)** **6(3)**	✓ ✓ ✓	
19.	The performance evaluation of members of the Board including the Chairperson and the chief executive shall be undertaken annually by the Government for which the Government shall enter into performance contract with each member of the Board at the time of his / her appointment.	**8(1)**		✓

<table>
<tr><td>20.</td><td>The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.</td><td>8(2)</td><td>✓</td><td></td></tr>
<tr><td>21.</td><td>The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.</td><td>9</td><td>✓</td><td></td></tr>
<tr><td>22.</td><td>(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.

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

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

✓

✓</td><td>✓</td></tr>
<tr><td>23.</td><td>All Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.</td><td>11</td><td>✓</td><td></td></tr>
<tr><td>24.</td><td>(a) The Board has formed the requisite committees, as specified in the Rules.
(b) The committees were provided with written term of reference (ToR) 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>Board Audit Committee</td><td>5</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>Board Human Resource and Remuneration Committee</td><td>7</td><td>Dr. Shamshad Akhtar</td></tr>
<tr><td>Board Finance and Procurement Committee</td><td>6</td><td>Dr. Ahmed Mujtaba Memon</td></tr>
<tr><td>Board Nomination Committee</td><td>6</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</td><td>✓
✓
✓
✓</td><td></td></tr>
</table>

25.	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	✓	
26.	The chief financial officer and the company secretary have requisite qualification prescribed in the Rules.	14	✓	
27.	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	✓	
28.	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	✓	
29.	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	✓	
30.	(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	✓ ✓	
31.	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>32.</td>
<td>The Board has formed an audit committee, with defined and written terms of reference, and having the following members:
<table>
<tr><th>Name of Member</th><th>Category</th><th>Professional Background</th></tr>
<tr><td>Mr. Faisal Bengali</td><td>Independent Director</td><td>MBA</td></tr>
<tr><td>Dr. Ahmed Mujtaba Memon</td><td>Non-Executive Director</td><td>MBBS</td></tr>
<tr><td>Dr. Sohail Razi Khan</td><td>Independent Director</td><td>PhD</td></tr>
<tr><td>Mr. Ayaz Dawood</td><td>Independent Director</td><td>MBA</td></tr>
<tr><td>Mr. Manzoor Ali Shaikh</td><td>Non-Executive Director</td><td>B.E (Civil)</td></tr>
</table>
The chief executive and chairperson of the Board are not members of the audit committee.</td>
<td>21(1)
and
21(2)</td>
<td>✓
✓</td>
<td></td>
</tr>
<tr>
<td>33.</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.
(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.
(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.</td>
<td>21(3)</td>
<td>✓
✓
✓</td>
<td></td>
</tr>
<tr>
<td>34.</td>
<td>(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.</td>
<td>22</td>
<td>✓
✓
✓</td>
<td></td>
</tr>
<tr>
<td>35.</td>
<td>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.</td>
<td>23(4)</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>36.</td>
<td>The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.</td>
<td>23(5)</td>
<td>✓</td>
<td></td>
</tr>
</table>

STURDY
INFRASTRUCTURE

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 #	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

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

a. The Total number of directors is 12 including chief executive officer 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 met at least once in every quarter of the financial year as per the requirement of CCG 2019.

e. The meetings of the Board were presided over by the Chairperson and, in 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 HSEQA COMMITTEE	BOARD FINANCE AND PROCUREMENT COMMITTEE	BOARD AUDIT COMMITTEE	BOARD NOMINATION COMMITTEE
Dr. Shamshad Akhtar	Dr. Shamshad Akhtar	Mr. Muhammad Raziuddin Monem	Dr. Ahmed Mujtaba Memon	Mr. Faisal Bengali	Dr. Shamshad Akhtar
Mr. Muhammad Raziuddin Monem	Mr. Faisal Bengali	Ms. Nida Rizwan Farid	Ms. Nida Rizwan Farid	Dr. Ahmed Mujtaba Memon	Mr. Muhammad Raziuddin Monem
Dr. Ahmed Mujtaba Memon	Ms. Nida Rizwan Farid	Mr. Mather Niaz Rana	Mr. Ayaz Dawood	Dr. Sohail Razi Khan	Dr. Ahmed Mujtaba Memon
Dr. Sohail Razi Khan	Mr. Mather Niaz Rana	Mr. Ayaz Dawood	Dr. Sohail Razi Khan	Mr. Ayaz Dawood	Mr. Manzoor Ali Shaikh
Mr. Manzoor Ali Shaikh	Mr. Hassan Mehmood Yousufzai	Mr. Manzoor Ali Shaikh	Mr. Zuhair Siddiqui	Mr. Manzoor Ali Shaikh	Mr. Faisal Bengali
Mr. Mather Niaz Rana	Dr. Sohail Razi Khan	Mr. Zuhair Siddiqui	Mr. Hassan Mehmood Yousufzai		Mr. Imran Ahmed
Mr. Hassan Mehmood Yousufzai	Mr. Zuhair Siddiqui				

g. The frequency of meetings (yearly) of the Committees was as per following:

COMMITTEE'S NAME	FREQUENCY OF MEETINGS (YEARLY)
Board Human Resource and Remuneration Committee	05
Board Special Committee on UFG	06
Board Risk Management, Litigation and HSE&QA Committee	02
Board Finance and Procurement Committee	08
Board Audit Committee	09
Board Nomination Committee	04

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

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

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

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director / CEO

SCHEDULE III (I)

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as "Codes') prepared by the Board of Directors of Sui Southern Gas Company Limited for the year ended June 30, 2021 to comply with the requirements of Listing Regulation No. 36 of the Pakistan Stock Exchange Limited where the company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended June 30, 2021.

Further, we highlight below instances of non-compliance with the requirement of the Codes as reflected in the note / paragraph reference where it / these is / are stated in the Statement of Compliance:

Sr. #	Rule / Regulation	Description
1.	8 (1)	No performance evaluation was carried out by the Government of the Board members including the Chairperson and chief executive.
2.	10 (1)	The quarterly and half yearly financials were not approved within the stipulated time period.

BDO Ebrahim & Co

January 09, 2023
Karachi

CHARTERED ACCOUNTANTS
Engagement Partner: Tariq Feroz

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, 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for qualified opinion

1. As disclosed in notes 31.1 and 31.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 30,931 million and Rs. 24,699 million from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML), respectively. Significant portion of such receivables include overdue amounts, which have been considered good by management and classified as current assets in the unconsolidated financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances due to which management has decided to recognise LPS on receipt basis from the aforesaid entities effective from July 01, 2012.

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

2. As disclosed in note 34 to the unconsolidated financial statements, interest accrued includes interest receivable of Rs. 9,821 million and Rs. 4,718 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 SNGPL, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered and the timeframe over which such recovery will be made.

3. On April 30, 2018, The International Court of Arbitration decided against the Company the case of Habibullah Coastal Power Company (Private) 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 from HCPCL as disclosed in note 35 to the unconsolidated financial statements. However, no agreement has been finalized to date 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.

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

Emphasis of Matter

We draw attention to the following:

1. note 20 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;

2. note 1.3 to the unconsolidated financial statements which states that in view of the financial position of the Company, the Government of Pakistan (Finance Division) has confirmed vide its letter dated July 6, 2020 to extend necessary financial support to the Company for the foreseeable future to maintain its going concern status. Thus, the sustainability of the future operations of the Company is supported through the said letter; and

3. note 19.1 to the unconsolidated financial statements which describes that the Company has not recognized the accrued markup up to June 30, 2021 amounting to Rs. 104,067 million relating to Government Controlled E&P Companies based on government advise and a legal opinion.

   Our opinion is not modified in respect of above matters.

Key Audit Matters

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

Following are the key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1	**REVENUE**	
	The Company's total revenue amounts to Rs. 317,401 million, which is predominantly generated from sales of indigenous gas, representing a significant element of the unconsolidated financial statements as disclosed in notes 38 and 39. Revenue includes sales of indigenous gas to the customers under an agreement based on single performance obligation satisfied over time, whereas progress of the performance obligation is measured using the output method, by an amount representing volume of natural gas delivered as metered monthly in arrears, that may include estimates for provisional billing and passing-unregistered-gas, at the various rates prescribed by the OGRA and Tariff adjustments which are calculated as per OGRA Ordinance, 2002 and Final Revenue Requirement issued by the OGRA. The risk of material misstatement was considered significant due to high control risk on completeness and accuracy of revenue and high inherent risk of fraud on existence of revenue. In view of the significance of revenue and high assessed risk of material misstatement, revenue is considered as key audit matter.	We performed a range of audit procedures in relation to revenue including the following: • Obtained understanding of the process for recognition of revenue and considered the appropriateness of the Company's revenue recognition accounting policies as per applicable financial reporting framework; • Tested the design and operating effectiveness of key controls in relation to the recognition of revenue; • Performed test of details on revenue recognized during the year, on a sample basis, inspected meter reading documents, sales agreement, gas bills and rates from OGRA Notification; • Obtained and examined the Final Revenue Requirement issued by the OGRA and checked that Tariff adjustments are as per the revenue requirement; and • Assessed the adequacy of the disclosures made in respect of revenue in accordance with applicable financial reporting standards.
2	**IT SYSTEM AND CONTROLS**	
	We focused on this area because the Company's billing system i.e. Oracle Customer Care & Billing (CC&B) and financial accounting and reporting system i.e. Oracle E-business Suite are having complex configuration and operations with access controls and separation of duties where both applications transfer data though an interface from CC&B system to Oracle General Ledger Module for customers and similarly from CC&B system to Oracle Payable Module for contractors payments and there is a challenge that key automated accounting procedures and related IT enabled and other manual controls are designed appropriately and operating effectively.	Our audit addressed this area as below: • Assessed overall IT control environment of the Company including meetings with IT management department and reviewed governance model as part of review of IT general controls; • Reviewed the IT organization-wide automated and manual controls over program development and changes, access to programs and data and over critical IT operations, including compensating controls where required;

S. No	Key audit matters	How the matter was addressed in our audit
	The financial controls accompanied by relevant IT controls, process and procedures across the Company are focused on ensuring that internal control over financial reporting in place are robust and reliable. The effectiveness of the Company's IT controls was important to our audit since we had planned to apply an audit approach with reliance on IT system and controls	• Reviewed mechanism of data transfer interface and data transfer protocols and procedures to assess the integrity and completeness of such data transfer and controls for reliability of output; • Where necessary, we also carried out direct tests of certain aspects of the security of the Company's IT systems including access management and separation of duties; and • Assessed and tested the design and operating effectiveness of the controls over the integrity and reliability of the IT systems that are relevant to financial reporting. The combination of the tests of the controls and the direct tests that we carried out gave us sufficient evidence to enable us to rely on the continued and proper operation of the Company's IT systems for the purpose of our audit.
3	**CONTINGENCIES IN RESPECT OF CLAIMS AND LITIGATIONS**	
	As disclosed in note 20 of the unconsolidated financial statements, the Company is faced with claims and litigations resulting in contingencies primarily for cases in respect of legal (customers, vendors, employees and with third parties), sales tax and income tax matters, which are pending adjudication at various legal and taxation forums available. Contingencies require management to make judgments and estimates in relation to the interpretation of relevant laws, rules and regulations, probability of outcome and financial impact, if any, for recognition, measurement and disclosure of any related provision or any other element of unconsolidated financial statements. The Company updated the legal position summary and tax position summary with in-house legal and tax counsel and external legal and tax experts where applicable. Due to significance of the amounts involved, inherent subjectivity and uncertainties with respect to the outcome of such cases and positions, use of significant management judgments and estimates to assess the same including related financial impacts hence, we	To cater the significant judgements and uncertainties, we performed a number of procedures, including below: • Assessed and tested the design and operating effectiveness of the controls over the identification and reporting of cases in respect of legal, sales and income tax matters. We determined that we could rely on these controls, and examined provisions in detail and sought additional evidence. • Obtained list of cases and reviewed the details of significant pending cases with respect to legal (customers, vendors, employees and with third parties), sales tax and income tax matters and discussed the same with the management; • Followed up the progress of significant cases and the Company's estimate of the cost to be incurred and judgements in respect of the existence of any potential present obligations; • Reviewed the key elements of the methodology employed by management in challenging reasonableness of the cost estimates; • Considered the impact on future case costs from changes arising in the regulatory environment;

S. No	Key audit matters	How the matter was addressed in our audit
	considered contingencies relating to claims and litigations with respect to legal, sales tax and income tax matters, a key audit matter.	• Obtained confirmations from legal advisors for current status on pending previous cases and any new cases filed during the year; • Reviewed orders by relevant authorities on previous lawsuits / cases appearing in the unconsolidated financial statements; • Obtained advice on above cases with the legal advisors to ensure that the any outflow is possible and not probable. • Assessed the adequacy of the disclosures made in respect of contingencies in accordance with the applicable financial reporting standards.
	EMPLOYEE BENEFITS OBLIGATION	
4	As disclosed in note 10, 18 and 35 to the unconsolidated financial statements, the Company operates various defined benefit plans. The Company's obligation in respect of these plans as at June 30, 2021 aggregated to Rs. 9,273 million. Valuation of these plans require significant level of judgment and technical expertise to select appropriate valuation assumptions. Changes in the key assumptions (discount rates, salary increases and retirement age etc.) may have a material impact on the calculation of these obligations, under the plans. We identified this area as a key audit matter because of significant estimation, uncertainty of management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.	Our audit procedures relating to employee benefits obligation, amongst others, included the following: • Assessed competence and objectivity of actuaries engaged by the Company to value obligations under the plans and reviewed the actuarial valuation report to understand the basis and methodology used in such valuation. • Tested source data provided by the Company to actuaries for the purpose of valuation. • Reviewed the adequacy of the related disclosures in the unconsolidated financial statements in accordance with applicable financial reporting framework.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

BDO Ebrahim & Co

KARACHI
DATED: January 13, 2023

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2021

	Note	2021	2020
		(Rupees in '000)	
EQUITY			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000**	10,000,000
Issued, subscribed and paid-up capital	5	**8,809,163**	8,809,163
Reserves	6	**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI investments		**172,772**	143,490
Surplus on revaluation of property, plant and equipment	7	**24,347,314**	24,347,314
Accumulated losses		**(60,408,205)**	(61,897,994)
		(22,171,555)	(23,690,626)
LIABILITIES			
Non-current liabilities			
Long term financing	8	**21,259,499**	29,087,535
Long term deposits	9	**22,871,737**	20,339,702
Employee benefits	10	**5,603,105**	5,096,484
Payable against transfer of pipeline	11	**755,645**	820,255
Deferred credit	12	**4,592,823**	4,604,521
Contract liabilities	13	**7,786,074**	6,197,498
Lease liability	14	**42,894**	105,235
Long term advances	15	**3,155,496**	2,968,518
Total non-current liabilities		**66,067,273**	69,219,748
Current liabilities			
Current portion of long term financing	16	**8,080,662**	8,086,064
Short term borrowings	17	**23,750,594**	14,979,552
Trade and other payables	18	**540,524,094**	521,363,559
Current portion of payable against transfer of pipeline	11	**64,610**	59,075
Current portion of deferred credit	12	**442,114**	432,236
Current portion of contract liabilities	13	**232,352**	192,203
Current portion lease liability	14	**84,384**	117,409
Unclaimed dividend		**285,426**	285,430
Interest accrued	19	**17,142,960**	17,442,056
Total current liabilities		**590,607,196**	562,957,584
Total liabilities		**656,674,469**	632,177,332
Contingencies and commitments	20		
TOTAL EQUITY AND LIABILITIES		**634,502,914**	608,486,706

The annexed notes 1 to 59 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 FINANCIAL POSITION
As at June 30, 2021

	Note	2021	2020
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	21	**135,987,526**	134,346,216
Intangible assets	22	**110,920**	2,079
Right of use assets	23	**148,634**	221,352
Deferred tax asset	24	**2,592,082**	-
Long term investments	25	**1,458,681**	1,180,018
Net investment in finance lease	26	**73,321**	131,135
Long term loans and advances	27	**1,697,525**	180,062
Long term deposits		**18,733**	19,104
Total non-current assets		**142,087,422**	136,079,966
Current assets			
Stores, spares and loose tools	28	**3,454,702**	2,716,971
Stock-in-trade	29	**1,575,623**	2,105,878
Current portion of net investment in finance lease	26	**57,814**	57,814
Customers' installation work-in-progress	30	**249,578**	241,566
Trade debts	31	**92,133,807**	91,808,904
Loans and advances	32	**508,152**	1,989,598
Advances, deposits, and short term prepayments	33	**1,130,748**	699,192
Interest accrued	34	**15,153,952**	15,112,554
Other receivables	35	**359,967,952**	337,782,168
Taxation - net	36	**17,609,468**	19,192,406
Cash and bank balances	37	**573,696**	699,689
Total current assets		**492,415,492**	472,406,740
TOTAL ASSETS		**634,502,914**	608,486,706

The annexed notes 1 to 59 form an integral part of these unconsolidated financial statements.

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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in '000)	
Sales	38	**317,401,041**	295,722,225
Sales tax	38	**(45,914,371)**	(43,921,954)
		271,486,670	251,800,271
Tariff adjustments	39	**24,642,231**	38,440,095
Net sales		**296,128,901**	290,240,366
Cost of sales	40	**(301,878,844)**	(307,290,936)
Gross loss		**(5,749,943)**	(17,050,570)
Administrative and selling expenses	41	**(4,446,333)**	(4,792,695)
Other operating expenses	42	**(463,520)**	(1,796,242)
Impairment loss against financial assets		**(2,229,028)**	(3,603,933)
		(7,138,881)	(10,192,870)
		(12,888,824)	(27,243,440)
Other income	43	**18,643,222**	15,429,311
Profit / (loss) before interest and taxation		**5,754,398**	(11,814,129)
Finance cost	44	**(4,619,329)**	(7,234,593)
Profit / (loss) before taxation		**1,135,069**	(19,048,722)
Taxation	45	**820,445**	(2,343,869)
Profit / (loss) for the year		**1,955,514**	(21,392,591)
		(Rupees)	
Earning / (loss) per share - basic and diluted	47	**2.22**	(24.28)

The annexed notes 1 to 59 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, 2021

	Note	2021	2020
		(Rupees in '000)	
Profit / (loss) for the year		**1,955,514**	(21,392,591)
Other comprehensive income			
Remeasurement of post retirement benefit obligation - net	24.2	**(465,725)**	2,476,128
Unrealised loss on re-measurement of FVTOCI investments		**29,282**	(56,131)
		(436,443)	2,419,997
Revaluation surplus on property, plant and equipment arising during the year		**-**	3,304,283
Total comprehensive income / (loss) for the year		**1,519,071**	(15,668,311)

The annexed notes 1 to 59 form an integral part of these unconsolidated financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		1,135,069	(19,048,722)
Adjustments for non-cash and other items	48	17,722,572	20,675,832
Working capital changes	49	(5,431,162)	27,050,116
Financial charges paid		(5,294,100)	(8,171,305)
Employee benefits paid		(143,758)	(113,482)
Payment for retirement benefits		(1,337,029)	(1,297,160)
Long term deposits received - net		2,532,035	2,780,341
Deposits paid - net		371	(303)
Loans and advances		900,318	198,496
Interest Income received		367,963	99,483
Income taxes paid		(1,009,851)	(2,000,268)
Net cash flows from operating activities		9,442,428	20,173,028
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(10,347,910)	(8,824,936)
Proceeds from sale of property, plant and equipment		51,918	95,635
Lease rental from net investment in finance lease		84,361	94,064
Payment against transfer of pipeline		(135,733)	(135,733)
Dividend received		4,828	1,849
Net cash used in investing activities		(10,342,536)	(8,769,121)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		60,881	65,110
Repayments of local currency loans		(7,874,999)	(9,625,000)
Repayment of customer finance		(19,318)	(23,859)
Repayment of lease liability		(163,487)	(144,074)
Dividend paid		(4)	(4)
Net cash used in financing activities		(7,996,927)	(9,727,827)
Net (decrease) / increase in cash and cash equivalents		(8,897,035)	1,676,080
Cash and cash equivalents at beginning of the year		(14,279,863)	(15,955,943)
Cash and cash equivalents at end of the year		(23,176,898)	(14,279,863)
Cash and cash equivalent comprises:			
Cash and bank balances		573,696	699,689
Short term borrowings		(23,750,594)	(14,979,552)
		(23,176,898)	(14,279,863)

The annexed notes 1 to 59 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, 2021

	Issued, subscribed and paid-up capital (Note 5)	Capital reserves (Note 6)	Revenue reserves (Note 6)	Surplus on remeasurement of FVTOCI investments	Surplus on revaluation of property, plant and equipment	Accumulated losses	Total
	(Rupees in '000)						
Balance as at July 01, 2019	8,809,163	234,868	4,672,533	199,621	21,043,031	(42,981,531)	(8,022,315)
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(21,392,591)	(21,392,591)
Other comprehensive (loss) / income for the year	-	-	-	(56,131)	3,304,283	2,476,128	5,724,280
Total comprehensive (loss) / income for the year		-	-	(56,131)	3,304,283	(18,916,463)	(15,668,311)
Balance as at June 30, 2020	8,809,163	234,868	4,672,533	143,490	24,347,314	(61,897,994)	(23,690,626)
Total comprehensive income for the year							
Profit for the year	**-**	**-**	**-**	**-**	**-**	**1,955,514**	**1,955,514**
Other comprehensive income / (loss) for the year	**-**	**-**	**-**	**29,282**	**-**	**(465,725)**	**(436,443)**
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**29,282**	**-**	**1,489,789**	**1,519,071**
Balance as at June 30, 2021	**8,809,163**	**234,868**	**4,672,533**	**172,772**	**24,347,314**	**(60,408,205)**	**(22,171,555)**

The annexed notes 1 to 59 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, 2021

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 / business units of the Company are as follows:

Region	Address
Karachi West	SITE Office, Karachi. Plot No. F/36 & F/37 SITE Area Karachi.
Karachi East	Plot # 21/1, Sector 22, Korangi Industrial Area, Karachi.
Karachi Central	SSGC Karachi Terminal opposite Safari Park Main University Road, Karachi
Hyderabad	SSGC Regional Office, 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 with 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).

1.3 Status of the Company's Operations - Financial Performance

During the year, the Company has earned profit after tax of Rs. 1,956 million (2020: Loss after tax of Rs. 21,393 million) resulting in reduction in its accumulated losses by Rs. 1,490 million and improvement in its equity by Rs. 1,519 million. As at reporting date, current liabilities exceeded its current asset by Rs. 98,192 million (2020: Rs. 90,551 million).

To further improve the financial performance, the Company is pursuing actions for reduction in UFG / enhancement of UFG benchmark based on Key Monitoring Indicators (KMI) as well as implementation of Economic Coordination Committee (ECC) decision on RLNG volume handling which will help in significant reduction in UFG disallowances.

Following are the Key points relating to financial sustainability of the Company:

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Company was allowed 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 (FRR) for FY 2017-18 and there after till June 30, 2021, carrying financial impact aggregating to Rs 52,514 million as of the reporting date, 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, thus to sort out this issue, ECC constituted a Committee comprising Secretaries, Petroleum & Finance. In line with Committee recommendations and having an independent view as requested by the Company, OGRA hired the services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of indigenous gas as well as imported RLNG.

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

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

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

Board / management believes that in view of above mentioned steps / plans, the Company's profitability and financial position will further improve in the next few years, hence no material uncertainty exist relating to going concern status of the Company.

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 above mentioned Sindh High Court judgement. However losses caused by Sindh High Court's decision amounting to Rs 36,718 million were staggered with the prior approval of SECP and were fully absorbed in five financial years i.e. from FY 2015-16 to 2019-20. Management has recognised income from tariff adjustments according to Final Revenue Requirement (FRR) issued by OGRA for FY 2021.

1.5 Impact of Covid 19

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

2. BASIS FOR PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the 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.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except for certain investments 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 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.

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

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

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covid - 19 related rent concessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020

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

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

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

Interest Rate Benchmark Reforms - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 1' Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1' Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

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

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

3.3 Exemptions from applicability of certain standards and interpretations to standards

3.3.1 On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises 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 contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to 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 market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would 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.

3.3.2 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. On August 4, 2022 the Company again approached the SECP for the exemption of the same till June 30, 2023 which was then acceded by the SECP through its letter no.SMD/PRDD/Comp/(4)/2021/315 dated September 15, 2022, provided that the Company 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.

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

As per S.R.O. 1480 (I)/2019, the Company is required to implement IFRS 14 from July 01, 2019, however, the Company has obtained exemption from the Securities and Exchange Commission of Pakistan (SECP) who vide its letter SMD/PRDD/2(237) 2021/92 dated November 04, 2021 which states that "the Commission has acceded to the application of the Company regarding exemption from implementation of IFRS14 to the Company for a period of 3 years i.e. up to financial year ended June 30, 2022 subject to the condition that "adequate disclosure" shall be provided in the respective financial statements that clearly explain the impact if IFRS 14 had been adopted by the Company."

	2021	2020
	(Rupees in '000)	
Effect on unconsolidated statement of profit and loss		
Increase in:		
Tariff Adjustments	**(24,642,231)**	(38,440,095)
Net movement in regulatory deferral account balances	**24,642,231**	38,440,095
Loss for the year before net movement in regulatory deferral account would have been	**(22,501,900)**	(59,544,385)
Effect on earning / (loss) per share - (Rs.)		
basic and diluted	**(25.54)**	(67.59)
basic and diluted including net movement in regulatory deferral account	**2.22**	(24.28)
Effect on unconsolidated statement of financial position		
Decrease in:		
Other receivable	**(207,762,067)**	(178,411,641)
Trade and other payable	**18,346,037**	14,430,636
	(189,416,030)	(163,981,005)
Regulatory deferral account	**189,416,030**	163,981,005

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Revenue recognition

The Company recognises revenue 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 recognized on the basis of gas supplied to customers at the rates notified by the Oil and Gas Regulatory Authority (OGRA). Accruals are made to account for the estimated gas supplied between the date of last meter reading and the year end. The revenue for the Company is recognized on point in time basis as the management has determined that there is a single performance obligation i.e. supply of gas.

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

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

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

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

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

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

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

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

4.2 Tariff adjustment - indigenous gas

Under the provisions of license for transmission and distribution of natural gas granted to the Company by OGRA, the Company is required to earn an annual return of not less than the rate of return calculated using Weighted Average Cost of Capital (WACC) (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 OGRA. Any deficit or surplus on account of this is recoverable from or payable to the Government of Pakistan as Tariff adjustments.

4.3 Tariff adjustment - RLNG

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

4.4 IFRS 9 'Financial Instruments'

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

4.4.1 Financial assets

(a) Classification and measurement of financial assets

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

Specifically:

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

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

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

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

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

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

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

4.4.2 Financial liabilities

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

4.4.3 Recognition and measurement

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

4.4.4 Derecognition

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

4.4.5 Derivative financial instruments

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

4.4.6 Off-setting

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

4.4.7 Impairment of financial assets

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

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

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

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

(I) Significant increase in credit risk

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

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

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

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

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

(II) Definition of default

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

(III) Credit-impaired financial assets

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

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

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

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

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

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

(IV) Measurement and recognition of ECL

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

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

4.5 Investment in subsidiary

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

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

4.6 Property, plant and equipment

Initial recognition

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

Measurement

The cost of the property, plant and equipment includes:

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

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

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

Subsequent expenditure (including normal repairs and maintenance)

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

Capital work in progress

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

Depreciation

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

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

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

Intangible assets

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

Definite life

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

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

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

Right-of-use assets and corresponding lease liability

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

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

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

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

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 are taken to unconsolidated statement of profit or loss as finance cost.

4.7 Net investment in finance lease

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

4.8 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 reporting 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.

4.9 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 the reporting date less impairment losses, if any. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 Impairment of non-financial assets

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

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

4.11 Trade debts and other receivables

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

4.12 Trade and other payables

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

4.13 Mark-up bearing borrowings

Long term financing

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

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

4.14 Provisions

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

4.15 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.

4.16 Staff retirement benefits

The Company operates the following retirement schemes for its employees:

- Approved funded pension and gratuity schemes for all employees

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

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

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

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

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

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

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

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

4.17 Compensated absences

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

4.18 Foreign currency translation

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

4.19 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 Baluchistan.

- Meter manufacturing

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

4.20 Cash and cash equivalents

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

4.21 Earnings per share

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

4.22 Dividend and reserves appropriation

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

4.23 Share Capital

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

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		2021	2020
(Numbers of shares)			(Rupees in '000)	
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	**2,195,666**	2,195,666
661,349,755	661,349,755	Bonus shares	**6,613,497**	6,613,497
880,916,309	880,916,309		**8,809,163**	8,809,163

5.1 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders. All shares rank equally with regard to the Company's residual assets. Currently Government of Pakistan (GoP) holds 53.18% (2020: 53.18%) paid up capital of the Company.

6. RESERVES

	Note	2021	2020
		(Rupees in '000)	
Capital reserves			
Share capital restructuring reserve	6.1	**146,868**	146,868
Fixed assets replacement reserve	6.2	**88,000**	88,000
		234,868	234,868
Revenue reserves			
Dividend equalization reserve		**36,000**	36,000
Special reserve I	6.3	**333,141**	333,141
Special reserve II	6.4	**1,800,000**	1,800,000
General reserve	6.5	**2,015,653**	2,015,653
Reserve for interest on sales tax refund	6.6	**487,739**	487,739
		4,672,533	4,672,533
		4,907,401	4,907,401

6.1 Share capital restructuring reserve

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

6.2 Fixed assets replacement reserve

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

6.3 Special reserve I

This represents accumulated balance arising on a price increase of Rs. 4.10 per MCF granted to the Company by the 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.

6.4 Special reserve II

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

6.5 General reserve

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

6.6 Reserve for interest on sales tax refund

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

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book values resulting from the revaluation of the Company’s freehold and leasehold land carried out by an independent valuer K.G. Traders (Private) Limited to determine the fair value as of June 30, 2020. 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. 183,539 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 leasehold and freehold land been measured on historical cost basis, the carrying amount would have been as follows:

	2021	2020
	(Rupees in '000)	
Freehold land	**472,860**	472,860
Leasehold land	**216,963**	216,963
	689,823	689,823

7.1 Details of the Company's freehold and leasehold land and information about fair value hierarchy, as at June 30, 2021 are as follows.

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

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

7.2 Forced sale values of freehold land and leasehold land is Rs. 10,488 million and Rs. 10,793 million respectively.

8. LONG TERM FINANCING

	Note	2021	2020
		(Rupees in '000)	
Secured			
Loans from banking companies	8.1	**20,507,272**	28,335,321
Unsecured			
Front end fee of foreign currency loan	8.2	**23,950**	23,950
Customer finance	8.3	**132,291**	146,208
Government of Sindh loans	8.4	**595,986**	582,056
		752,227	752,214
		21,259,499	29,087,535

8.1 Loans from banking companies

	Installment Repayment	Repayment period	Mark-up rate p.a (above 3 months and 6 months KIBOR)	Note	2021	2020
					(Rupees in '000)	
Habib Bank Limited - Led Consortium	semi annually	2018-2026	1.10%	8.1.1	**23,150,000**	27,425,000
United Bank Limited - Led Consortium	semi annually	2018-2022	0.50%	8.1.3 & 8.1.4	**4,500,000**	7,500,000
Habib Bank Limited	quarterly	2018-2022	0.50%	8.1.2 & 8.1.4	**900,000**	1,500,000
Unamortised transaction cost					**(167,728)**	(214,679)
					28,382,272	36,210,321
Less: Current portion shown under current liabilities				16	**(7,875,000)**	(7,875,000)
					20,507,272	28,335,321

8.1.1 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, 2021, the Company has utilized Rs. 34,200 million out of the total sanctioned amount. During the year, repayment of Rs. 4,275 million has been made. The financial arrangements have been secured by GoP guarantee and first pari passu charge by way of hypothecation over all present and future movable fixed Degasified Liquefied Natural Gas assets of the Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipment.

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

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

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

8.2 Front end fee of foreign currency loan

	Installment payable	Repayment period	Mark-up rate per annum	Note	2021	2020
					(Rupees in '000)	
IBRD LOAN - 81540	Half-yearly	2020 - 2036	11.80%	8.2.1	**23,950**	23,950

8.2.1 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.

8.3 Customer finance

	Note	2021	2020
		(Rupees in '000)	
Customer finance	8.3.1	**151,286**	170,605
Less: Current portion shown under current liabilities	16	**(18,995)**	(24,397)
		132,291	146,208

8.3.1 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 lines. Principal and interest are adjustable in 48 equal installments through credits in the monthly gas bills of the consumers.

8.4 Government of Sindh loans

	Installment payable	Repayment period	Mark-up rate per annum	Note	2021	2020
					(Rupees in '000)	
Government of Sindh loan - III	yearly	2012 - 2021	4%	8.4.1	**80,000**	80,000
Government of Sindh loan - IV	yearly	2014 - 2023	4%	8.4.1	**500,000**	500,000
Government of Sindh loan - V	yearly	2015 - 2024	4%	8.4.1	**360,000**	360,000
Less impact of discounting of Government of Sindh Loan				8.4.2	**(157,347)**	(171,277)
					782,653	768,723
Less: Current portion shown under current liabilities				16	**(186,667)**	(186,667)
					595,986	582,056

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

8.4.2 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 8.4.3. 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 amortized in unconsolidated statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

8.4.3 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 amortizing deferred credit on outstanding loan net of waiver claim.

	Note	2021	2020
		(Rupees in '000)	
9. LONG TERM DEPOSITS			
Security deposits from:			
Gas customers	9.1	**22,777,015**	20,245,707
Gas contractors	9.2	**94,722**	93,995
		22,871,737	20,339,702

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

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

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 consumer, return the security deposits as per the terms and conditions of the contract.

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

	Note	2021	2020
		(Rupees in '000)	
10. EMPLOYEE BENEFITS			
Provision for post retirement medical and free gas supply facilities - executives		**4,627,147**	4,268,139
Provision for compensated absences - executives	10.1	**975,958**	828,345
		5,603,105	5,096,484
10.1 Provision for compensated absences - executives			
Balance as at July 1		**828,345**	828,345
Provision made during the year		**147,613**	-
Balance as at June 30		**975,958**	828,345
11. PAYABLE AGAINST TRANSFER OF PIPELINE			
Principal payable	11.1	**820,255**	879,330
Less: current portion of payable		**(64,610)**	(59,075)
		755,645	820,255

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

12. DEFERRED CREDIT

	Note	2021	2020
		(Rupees in '000)	
Government of Pakistan contributions / grants			
Balance as at July 1		**2,911,647**	3,064,028
Additions / adjustment during the year		**369,294**	139,427
Transferred to unconsolidated statement of profit or loss	12.1	**(312,045)**	(291,808)
Balance as at June 30		**2,968,896**	2,911,647
Government of Sindh (Conversion of loan into grant)			
Balance as at July 01		**1,995,985**	2,025,211
Additions / adjustment during the year		**78,250**	86,808
Transferred to unconsolidated statement of profit or loss		**(121,394)**	(116,034)
Balance as at June 30		**1,952,841**	1,995,985
Government of Sindh grants			
Balance as at July 01		**129,125**	149,967
Transferred to unconsolidated statement of profit or loss	8.4.2	**(15,925)**	(20,842)
Balance as at June 30		**113,200**	129,125
Less: Current portion of deferred credit		**(442,114)**	(432,236)
		4,592,823	4,604,521

12.1 This represents amount received from the Government of Pakistan for supply of gas to new towns and villages and is recognized as grant when the conditions specified by the Government are met and is amortized 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 Company's guaranteed return.

13. CONTRACT LIABILITIES

	Note	2021	2020
		(Rupees in '000)	
Contribution from customers	13.1 & 13.2	**2,508,518**	1,823,259
Advance received from customers for laying of mains, etc.	13.2	**5,277,556**	4,374,239
		7,786,074	6,197,498

13.1 Contribution from customers

	2021	2020
Balance as at July 01	**2,015,462**	1,573,394
Addition during the year	**935,231**	623,385
Transferred to unconsolidated statement of profit or loss	**(209,823)**	(181,317)
	2,740,870	2,015,462
Less: Current portion of contributions from customers	**(232,352)**	(192,203)
Balance as at June 30	**2,508,518**	1,823,259

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

14. LEASE LIABILITIES

	2021	2020
	(Rupees in '000)	
Balance as on July 01	**222,644**	-
Impact on application of IFRS 16	**-**	334,617
Additions during the year	**50,056**	-
Interest expense	**18,065**	32,101
	290,765	366,718
Payments made during the year	**(163,487)**	(144,074)
	127,278	222,644
Less: Current maturity	**(84,384)**	(117,409)
Balance as at June 30	**42,894**	105,235

The expected maturity analysis of undiscounted lease payment is as follows:

within one year	**91,412**	134,676
between 2 to 5 years	**47,868**	115,725
	139,280	250,401

15. LONG TERM ADVANCES

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

	Note	2021	2020
		(Rupees in '000)	
Opening balance		**2,968,518**	3,070,033
Additions during the year		**634,522**	124,720
Transferred to deferred credit		**(447,544)**	(226,235)
Closing Balance		**3,155,496**	2,968,518

16. CURRENT PORTION OF LONG TERM FINANCING

Loan from banking companies	8.1	**7,875,000**	7,875,000
Customer finance	8.3	**18,995**	24,397
Government of Sindh loans	8.4	**186,667**	186,667
		8,080,662	8,086,064

17 SHORT-TERM BORROWINGS

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

17.1 As at June 30, 2021, the aggregate unavailed short term borrowing facilities amounting to Rs. 1,249 million (2020: Rs. 10,021 million).

18. TRADE AND OTHER PAYABLES

	Note	2021	2020
		(Rupees in '000)	
Creditors for:			
Indigenous gas	18.1	**387,937,266**	386,072,492
RLNG	18.2	**112,319,360**	92,860,338
		500,256,626	478,932,830
Tariff adjustment- RLNG payable to GoP	18.3	**18,346,037**	14,430,636
Service charges payable to EETL		**1,776,953**	1,901,685
Accrued liabilities / Bills payable		**5,492,219**	3,794,449
Provision for compensated absences - non executives	18.4	**239,113**	303,441
Payable to gratuity fund	46.1	**3,509,988**	4,076,196
Payable to pension fund	46.1	**-**	129,230
Payable to provident fund		**62,335**	74,872
Deposits / retention money		**659,851**	622,876
Advance for sharing right of way	18.5	**18,088**	18,088
Withholding tax payable		**82,313**	114,457
Sales tax and federal excise duty		**354,379**	456,824
Sindh sales tax		**185,332**	130,433
Processing charges payable to JJVL		**-**	8,528,447
Gas infrastructure development cess payable	18.6	**8,856,769**	7,234,826
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Workers's profit participation fund	18.7	**234,255**	174,515
Others	18.8	**448,036**	437,954
		540,524,094	521,363,559

18.1 Creditors for gas supplies includes Rs. 327,858 million (2020: Rs. 308,399 million) payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (2020: Rs. 15,832 million) on their balances which have been presented in note 19.1 of these unconsolidated financial statements.

18.2 On December 12, 2017, the Ministry of Energy 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 Company has recorded purchases of 73 BCF (2020: 31 BCF) from SNGPL amounting to Rs. 77,651 million (2020: Rs.43,609 million) based on OGRA's decision dated November 20, 2018.

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

		Note	2021	2020
			(Rupees in '000)	
18.3	**Tariff adjustment - RLNG payable to GoP**			
	Balance as at July 01		**14,430,636**	9,305,131
	Recognized during the year	39.2	**3,915,401**	5,125,505
	Balance as at June 30		**18,346,037**	14,430,636
18.4	**Provision for compensated absences - non-executives**			
	Balance as at July 01		**303,441**	303,441
	Reversal during the year		**(64,328)**	-
	Balance as at June 30		**239,113**	303,441

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

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

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

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

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

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

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

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

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

	Note	2021	2020
		(Rupees in '000)	
18.7 Workers' profit participation fund			
Balance as at July 01		**174,515**	174,515
Charge during the year	42	**59,740**	-
Balance as at June 30		**234,255**	174,515

18.8 This includes Rs. 230 million (2020: Rs. 212 million) on account of amount payable to disconnected customers for gas supply deposits.

19. INTEREST ACCRUED

	Note	2021	2020
		(Rupees in '000)	
Long term financing - loans from banking companies		**416,543**	562,364
Long term deposits from customers		**518,980**	481,020
Short term borrowings		**270,917**	123,043
Late payment surcharge on processing charges		**99,283**	438,392
Late payment surcharge on tariff adjustment -indigenous gas		**4,826**	4,826
Late payment surcharge on gas supplies	19.1	**15,832,411**	15,832,411
		17,142,960	17,442,056

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

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

Based on the aforesaid letter and legal opinion, the Company reversed the accrued markup up to June 30, 2021 amounting to Rs. 104,067 million.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

	2021	2020
	(Rupees in '000)	
20.1.1 Guarantees issued on behalf of the Company	**7,386,119**	6,908,524

20.1.2 Jamshoro Power Company Limited (JPCL) has lodged claims against the Company amounting to Rs. 144,120 million (2020: Rs. Rs. 144,120 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Company and JPCL. JPCL has raised another claim of Rs. 5.793 million (2019: Rs. 5.793 million) for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Company. The Ministry of Energy in its letter dated August 12, 2021, has decided that the matter will be referred to the Secretaries' Committee for deliberation and resolution.

Subsequent to the year end, the Company received letter dated 10th June 2022 from the Arbitrator to file its reply against JPCL's claim. The Company vide letter dated 15th June 2022 communicated MoE's letter dated 12th August 2021 and also informed MoE about the Arbitrator's letter. SSGC vide reply letter dated 15th June 2022 shared MoE letter dated 12th August 2022 and informed him that MoE has referred the matter to Secretaries Committee for resolution of issue. In addition, the Company vide letter dated 20th June 2022 requested DG (Gas) to take up the matter with Power Division so that the necessary directions can be communicated to JPCL and Arbitrator. In response DG (Gas) vide letter dated 6th July 2022 requested the Company to provide legal opinion on the claim made by JPCL. Accordingly the Company submitted its opinion to DG (Gas).

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.

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

20.1.4 As disclosed in note 35.5, 35.6, 43.2 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 well within its legal and contractual right to do so and appointed a firm of Chartered Accountant to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the Company. Based on the Court order, the Company shut down the supply of gas to JJVL plant accordingly.

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

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

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

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

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

20.1.5 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 provision of Income Tax Ordinance, 2001.

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

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

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

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

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

All the Orders were contested before Commissioner (Appeals) who decided the cases in Company's favor (except for FY 2019-20 which is currently sub-judice). However, the said Commissioner (Appeals) Orders in SSGC favor have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue.

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

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

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

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

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

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

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

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

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

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

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

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

20.1.11 As disclosed in note 31 to these unconsolidated financial statements – trade debts, interest income from K-Electric (KE) and Pakistan Steel Mills Limited (PSML) is not being recognized in the unconsolidated financial statements, in accordance with requirements of International Accounting Standards as well as Legal and Accounting Opinions obtained by the Company. However, tax authorities have passed orders for FY 2014-15 to 2017-18 on said unrecognized interest income from KE and PSML. Appeal against the said orders have been filed before Commissioner (Appeals), who decided the case against the Company upon which the Company has filed appeal before Appellate Tribunal Inland Revenue.

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

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

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

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

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

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

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

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

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

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

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

On remand back proceedings, Tax Officer has again passed same Order alleging non-charging of Sales Tax on Tariff Adjustments & other observations (without even considering SSGC contentions). Said Order has been challenged before Commissioner (Appeals) and is pending adjudication.

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

20.1.15 The Company is subject to various other claims totaling Rs. 15,766 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

		Note	2021	2020
			(Rupees in '000)	
20.1.16	Claims against the Company not acknowledged as debt		**66,327**	66,327

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

20.2 Commitments

Commitments for capital and other expenditure	**5,921,855**	5,550,445

21. PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
Operating assets	21.1	**124,449,028**	122,483,833
Capital work in progress	21.7	**11,538,498**	11,862,383
		135,987,526	134,346,216

21.1 Operating assets

2021

	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
	As at July 1, 2020	Additions / (deletions) / transfers * Revaluation **	As at June 30, 2021	As at July 1, 2020	Depreciation / (deletions) / transfers *	As at June 30, 2021	As at June 30, 2021	
	-----(Rupees in '000)-----							
Freehold land	12,339,027	- - - * - **	12,339,027	-	- - - * - **	-	12,339,027	
Leasehold land	12,698,111	- - - * - **	12,698,111	-	- - - * - **	-	12,698,111	
Buildings on freehold land	324,492	- - - * - **	324,492	319,862	4,630 - - * - **	324,492	-	20
Buildings on leasehold land	2,771,856	40,920 (3) - * - **	2,812,773	1,758,222	97,798 - - * - **	1,856,020	956,753	20
Roads, pavements and related infrastructures	797,026	- - - * - **	797,026	416,868	29,949 - - * - **	446,817	350,209	20
Gas transmission pipeline	60,277,155	1,456,222 - 305 * - **	61,733,682	18,647,407	1,257,125 - 870 * - **	19,905,402	41,828,280	40
Gas distribution system	92,267,403	7,858,207 (1,685,254) (78) * - **	98,440,278	48,122,375	5,793,469 (1,524,184) (3,734) * - **	52,387,926	46,052,352	10-20
Compressors	10,810,874	1,440,801 - - * - **	12,251,675	4,429,281	783,929 3,223 - * - **	5,216,433	7,035,242	17
Telecommunication	1,037,523	62,166 (16,928) 90 * - **	1,082,851	865,540	61,574 (16,909) 72 * - **	910,277	172,574	2 & 6.67
Plant and machinery	3,997,666	131,491 (7,917) 519 * - **	4,121,759	2,613,295	256,043 (7,646) 1,636 * - **	2,863,328	1,258,431	10
Tools and equipment	498,830	7,127 (6,901) (3,498) * - **	495,558	479,131	13,964 (6,901) (4,366) * - **	481,828	13,730	3
Motor vehicles	3,293,701	53,853 (75,783) 125 * - **	3,271,896	2,163,228	241,902 (51,926) 61 * - **	2,353,265	918,631	5
Furniture and fixture	562,161	2,925 (2,395) (17,904) * - **	544,787	529,289	9,156 (2,395) (16,987) * - **	519,063	25,724	5
Office equipment	590,831	35,842 (4,656) 21,111 * - **	643,128	502,409	47,367 (4,656) 20,052 * - **	565,172	77,956	5
Computer and ancillary equipments	1,296,820	99,274 (27,833) (2) * - **	1,368,259	1,163,663	31,933 (27,833) (227) * - **	1,167,536	200,723	3
Supervisory control and data acquisition system	1,228,136	- - - * - **	1,228,136	959,834	80,167 - - * - **	1,040,001	188,135	6.67
Construction equipment	3,172,231	- (420) (665) * - **	3,171,146	2,509,606	329,409 (420) (599) * - **	2,837,996	333,150	5
	207,963,843	11,188,828 (1,828,087) - * - **	217,324,584	85,480,010	9,038,415 (1,642,870) 1 * - **	92,875,556	124,449,028	

2020

	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
	As at July 1, 2019	Additions / (deletions) / transfers * Revaluation **	As at June 30, 2020	As at July 1, 2019	Depreciation / (deletions) / transfers *	As at June 30, 2020	As at June 30, 2020	
	(Rupees in '000)							
Freehold land	10,512,545	- - - * 1,826,482 **	12,339,027	-	- - - * - **	-	12,339,027	
Leasehold land	11,216,886	3,423 - 1 * 1,477,801 **	12,698,111	-	- - - * - **	-	12,698,111	
Buildings on freehold land	324,492	- - - * - **	324,492	303,637	16,225 - - * - **	319,862	4,630	20
Buildings on leasehold land	2,636,519	135,337 - - * - **	2,771,856	1,682,690	75,532 - - * - **	1,758,222	1,013,634	20
Roads, pavements and related infrastructures	797,026	- - - * - **	797,026	376,934	39,934 - - * - **	416,868	380,158	20
Gas transmission pipelines	57,822,165	2,452,128 (1) 2,863 * - **	60,277,155	17,450,382	1,198,684 - (1,659) * - **	18,647,407	41,629,748	40
Gas distribution system	87,304,051	5,756,262 (792,910) - * - **	92,267,403	43,673,023	5,137,020 (687,668) - * - **	48,122,375	44,145,028	10-20
Compressors	10,178,857	632,017 - * **	10,810,874	3,712,471	716,810 - - * - **	4,429,281	6,381,593	17
Telecommunication	1,186,456	13,603 (163,141) 605 * **	1,037,523	937,770	89,608 (162,443) 605 * - **	865,540	171,983	2 & 6.67
Plant and machinery	3,791,850	244,781 (47,308) 8,343 * **	3,997,666	2,391,032	266,507 (45,912) 1,668 * - **	2,613,295	1,384,371	10
Tools and equipment	499,708	13,150 (13,828) (200) * **	498,830	470,018	23,255 (13,757) (385) * - **	479,131	19,699	3
Motor vehicles	3,239,354	177,994 (123,648) 1 * **	3,293,701	1,988,042	269,596 (94,410) - * - **	2,163,228	1,130,473	5
Furniture and fixture	549,800	24,864 (12,443) (60) * **	562,161	525,555	16,176 (12,443) 1 * - **	529,289	32,872	5
Office equipment	585,335	27,238 (15,321) (6,421) * **	590,831	467,833	49,752 (15,321) 145 * - **	502,409	88,422	5
Computer and ancillary equipments	1,224,835	117,617 (45,633) 1 * **	1,296,820	1,098,570	111,085 (45,616) (376) * - **	1,163,663	133,157	3
Supervisory control and Construction equipment	1,228,136	- - * **	1,228,136	879,667	80,167 - - * - **	959,834	268,302	6.67
Construction equipment	3,218,821	- (42,062) (4,528) * **	3,172,231	2,165,668	385,765 (41,827) - * - **	2,509,606	662,625	5
	196,316,836	9,598,414 (1,256,295) 605 * 3,304,283 **	207,963,843 -	78,123,292	8,476,116 (1,119,397) (1) * - **	85,480,010	122,483,833	

21.2 Details of depreciation for the year are as follows:

	2021	2020
	(Rupees in '000)	
Transmission and distribution costs	**8,573,803**	7,672,333
Administrative expenses	**129,021**	203,027
Selling expenses	**16,042**	10,014
	8,718,866	7,885,374
Meter manufacturing division	**23,882**	24,114
LPG air mix	**93,282**	94,566
Capitalized on projects	**202,385**	472,062
	9,038,415	8,476,116

21.3 Disposal of property, plant and equipment

Details of disposal of operating assets having book value greater than Rs. 500,000 are as follows:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
	-----------------------------------(Rupees in '000)---------------------------------						
Gas Distribution System	365,260	205,565	159,695	-	(159,695)	Gas meters retired	Scrap Sales
Motor Vehicle							
Honda Civic 1.8, VTI	2,288	1,601	686	1,550	864	Auction	Mr. Noman Ahmed
Toyota Corolla 1300 CC	1,716	1,201	515	1,455	940	Auction	Mr. Mohammad Baber Ali
Honda Civic 1.8, VTI	2,298	1,608	689	1,600	911	Auction	Mr. Shafgat Ali
Toyota Corolla 1300 CC	1,756	1,229	527	1,500	973	Auction	Mr. Muhammad Abid
Toyota Corolla 1300 CC	1,756	1,229	527	1,505	978	Auction	Mr. M.Amir Khan
Honda Civic 1.8, VTI	2,572	1,800	772	2,055	1,283	Auction	Mr. Ghulam Nabi
Honda Civic 1.8, VTI	2,571	1,800	771	1,415	644	Auction	M/s. RKF Traders
Honda Civic 1.8, VTI	2,571	1,800	771	1,915	1,144	Auction	M/s. RKF Traders
Toyota Corolla 1300 CC	1,759	1,231	528	1,850	1,322	Auction	Mr. Shabbir Ahmed
Toyota Corolla 1300 CC	1,759	1,231	528	1,580	1,052	Auction	Mr. Muhammad Waqas
Toyota Corolla 1300 CC	1,759	1,231	528	1,600	1,072	Auction	Mr. Shahnawaz
Hiace Van 15 Seaters, 2650 - 3000CC	3,375	2,700	675	1,860	1,185	Auction	Mr. Abdul Samad
Suzuki Cultus VXRi' 1000CC	1,143	603	540	86	(454)	Company policy	Mr. Saleem Iqbal
Toyota Corolla 1300 CC	1,930	968	962	169	(793)	Company policy	Mr. S. Khalid Hassan
Suzuki Cultus VXRi' 1000CC	1,142	602	539	86	(453)	Company policy	Mr.Mumtaz Hussain Sheikh
Suzuki Cultus VXRi' 1000CC	1,391	714	677	90	(587)	Company policy	Mr.Nooruddin Shaikh
Honda Civic 1.8, VTI	2,758	1,254	1,504	532	(972)	Company policy	Syed Muhammad Ziyad
Toyota Corolla 1300 CC	2,373	783	1,590	983	(607)	Company policy	Mr. Shah Ahmed Mujtaba
Suzuki Cultus 1000 CC, AGS	1,545	597	948	1,154	206	Company policy	Mr.Waqar Ali
Suzuki Cultus 1000 CC, AGS	1,545	670	875	350	(526)	Company policy	Mr. Ghazi Amanullah Bugti

21.4 Particulars of Land and Building

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

21.5 As at June 30, 2021, property, plant and equipment having gross carrying amount of Rs. 698.655 million (2020: Rs. 252,150 million) are fully depreciated.

21.6 Borrowing costs capitalized during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 484 million (2020: Rs. 632 million). Borrowing costs related to general borrowings were capitalized at the rate of 8.66% (2020: 13.84%).

21.7 Capital work in progress

	Note	2021	2020
		(Rupees in '000)	
Projects:			
Gas distribution system		**5,285,268**	4,326,675
Gas transmission system		**457,613**	199,292
Cost of buildings under construction and others		**104,387**	46,097
		5,847,268	4,572,064
Stores and spares held for capital projects	21.7.1	**5,733,552**	7,342,880
LPG air mix plant		**410,230**	399,991
		6,143,782	7,742,871
Impairment of capital work in progress		**(452,552)**	(452,552)
		11,538,498	11,862,383

21.7.1 Stores and spares held for capital projects

	2021	2020
Gas distribution and transmission	**6,035,220**	7,603,548
Provision for impaired stores and spares	**(301,668)**	(260,668)
	5,733,552	7,342,880

22. INTANGIBLE ASSETS

(Rupees in '000)

		COST			AMORTISATION			WRITTEN DOWN VALUE	Useful life
		As at July 1,	Additions / (Deletion)	As at June 30,	As at July 1,	For the year	As at June 30,	As at June 30,	(years)
Computer Software	**2021**	**600,736**	**130,600**	**731,336**	**598,657**	**21,759**	**620,416**	**110,920**	**3**
	2020	601,053	(317)	600,736	579,640	19,017	598,657	2,079	3

23. RIGHT-OF-USE ASSETS

	2021	2020
Cost	**346,255**	347,263
Accumulated depreciation	**(197,621)**	(125,911)
Net book value	**148,634**	221,352
Cost		
Balance as at July 01	**347,263**	-
Impact on application of IFRS 16	**-**	347,263
Additions during the year	**50,056**	-
Derecognition during the year	**(51,064)**	-
Balance as at June 30	**346,255**	347,263
Accumulated depreciation		
Balance as at July 01	**125,911**	-
Depreciation charge for the year	**122,774**	125,911
Derecognition during the year	**(51,064)**	-
Balance as at June 30	**197,621**	125,911

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

24. DEFERRED TAX

	Note	2021 Opening	2021 Charge / (reversal) to statement of profit or loss	2021 Charge / (reversal) to OCI	2021 Closing
		----------(Rupees in '000)----------			
Taxable temporary differences					
Accelerated tax depreciation		14,608,538	(2,716,657)	-	11,891,881
Net investment in finance lease		54,795	(16,766)	-	38,029
					-
Deductible temporary differences					-
Provision against employee benefits		(1,515,457)	(574,680)	488,162	(1,601,975)
Provision against impaired debts & other receivables		(6,328,788)	(646,578)	-	(6,975,366)
Provision against impaired store and spares		(115,611)	(12,689)	-	(128,300)
Liability not paid within three years		(13,695,953)	(6,318,739)	-	(20,014,692)
Carry forward of tax losses		(8,849,501)	4,082,577	-	(4,766,924)
Minimum income tax		(5,161,293)	184	-	(5,161,109)
Others		(1,309,719)	(111,538)	332,988	(1,088,269)
Sub total		(22,312,989)	(6,314,886)	821,150	(27,806,725)
Deferred tax asset not recognized	24.1	22,312,989	2,901,652	-	25,214,643
Total		-	(3,413,234)	821,150	(2,592,082)

	2020 Opening	2020 Charge / (reversal) to statement of profit or loss	2020 Charge / (reversal) to OCI	2020 Closing
	----------(Rupees in '000)----------			
Taxable temporary differences				
Accelerated tax depreciation	15,113,498	(504,960)	-	14,608,538
Net investment in finance lease	71,562	(16,766)	-	54,795
Deductible temporary differences				
Provision against employee benefits	(1,695,705)	180,248	-	(1,515,457)
Provision against impaired debts & other receivables	(5,281,579)	(1,047,209)	-	(6,328,788)
Provision against impaired store and spares	(104,169)	(11,442)	-	(115,611)
Liability not paid within three years	(13,102,278)	(593,675)	-	(13,695,953)
Carry forward of tax losses	(4,717,818)	(4,131,683)	-	(8,849,501)
Minimum income tax	(2,813,466)	(2,347,828)	-	(5,161,293)
Others	(1,597,291)	287,572	-	(1,309,719)
Sub total	(14,127,246)	(8,185,744)	-	(22,312,989)
Deferred tax asset not recognized	14,127,246	8,185,744	-	22,312,989
Total	-	-	-	-

24.1 As at June 30, 2021, the Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 39,736 million (2020:Rs. 36,976 million) out of which deferred tax asset amounting to Rs. 14,522 million has been recognized and remaining balance of Rs 25,214 million is unrecognized. As at year end, the Company's minimum tax credit amounted to Rs. 5,161 million (2020: Rs. 5,161 million) having expiry period ranging between 2022 and 2025.

24.2 Includes an amount of Rs. 718 million on account of deferred tax effect on remeasurement of post retirement benefit obligation related to the year ended June 30, 2020.

25. LONG TERM INVESTMENTS

	Note	Percentage of holding (if over 10%)	2021	2020
			(Rupees in '000)	
Investment - at cost	25.1		**1,249,382**	1,000,001
Investment - at fair value through other comprehensive income	25.2		**209,299**	180,017
			1,458,681	1,180,018

25.1 Investment - at cost

	Note	Percentage of holding (if over 10%)	2021	2020
Subsidiary - related parties				
SSGC LPG (Private) Limited				
100,000,000 (2020: 100,000,000) ordinary shares of Rs. 10 each (wholly owned subsidiary)		100%	**1,000,000**	1,000,000
Unwinding effect of interest free loan	25.1.1		**249,382**	-
Sui Southern Gas Provident Fund Trust Company (Private) Limited				
100 (2020: 100) ordinary shares of Rs. 10 each	25.1.2	100%	**-**	1
			1,249,382	1,000,001

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

25.1.2 Sui Southern Fund Trust Company private limited a wholly owned subsidiary of the Company was not operational since many years. The Board of directors of the Company in its 525th meeting dated April 3 2019, decided to voluntarily wind up the subsidiary company. Accordingly, the subsidiary company has been winded up and its bank account has been closed on September 4, 2020.

25.2 Investment - at fair value through other comprehensive income

	Note	2021	2020
		(Rupees in '000)	
Associates - Related parties			
Sui Northern Gas Pipelines Limited (SNGPL)			
2,414,174 (2020: 2,414,174) ordinary shares of Rs. 10 each	25.2.1	**117,281**	131,814
Other investments			
Pakistan Refinery Limited			
3,150,000 (2020: 3,150,000) ordinary shares of Rs. 10 each		**77,522**	35,942
United Bank Limited			
118,628 (2020: 118,628) ordinary shares of Rs. 10 each		**14,496**	12,261
		209,299	180,017

25.2.1 Investments in SNGPL with a shareholding of 0.38% (2020: 0.38%) represent investment in 'associated companies' in terms of provisions of Companies Act 2017. However, the Company has not accounted for this as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company does not have significant influence in the company. This investment is measured at fair value through other comprehensive income under IFRS 9.

26. NET INVESTMENT IN FINANCE LEASE

	Note	2021	2020
		(Rupees in '000)	
Gross investment in finance lease		**142,542**	229,348
Less: unearned finance income		**(11,407)**	(40,399)
Present value of investment in finance lease	26.1	**131,135**	188,949

26.1 Details of investment in finance lease

	2021		2020	
	Gross investment	Present value	Gross investment	Present value
	---Rupees in '000---			
Less than one year	**86,806**	**57,814**	86,806	57,814
One to five years	**55,736**	**73,321**	142,542	131,135
	142,542	**131,135**	229,348	188,949

26.1.1 The Company entered into agreements with Oil and Gas Development Company Limited (OGDCL) and Sui Northern Gas Pipelines Limited (SNGPL) to use the Company's transmission pipelines for distribution of gas. The terms of the agreements entered into are for a substantial portion of the useful economic lives of the related assets. The agreement with OGDCL and SNGPL expired on June 30, 2013 and June 30, 2017 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.

27. LONG-TERM LOANS AND ADVANCES

	Note	2021	2020
		(Rupees in '000)	
Secured			
Due from executives	27.1 & 27.2	**117**	344
Less: receivable within one year	32	**(36)**	(224)
		81	120
Due from other employees	27.1 & 27.2	**216,109**	213,262
Less: receivable within one year	32	**(40,851)**	(33,320)
		175,258	179,942
		175,339	180,062
Unsecured			
Loan to related party	32.1	**700,000**	-
Deferred markup on loan to related party	25.1.1 & 27.4	**936,336**	-
Less: receivable within one year		**(114,150)**	-
		1,697,525	180,062

27.1 Reconciliation of the carrying amount of loans:

	2021		2020	
	Executives	Other employees	Executives	Other employees
	---(Rupees in '000)---			
Balance as at July 01	**344**	**213,262**	560	217,023
Disbursements	**-**	**56,670**	-	49,131
Repayments	**(227)**	**(53,823)**	(216)	(52,892)
Balance as at June 30	**117**	**216,109**	344	213,262

27.2 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.

27.3 The maximum aggregate amount of long term loans due from the executives at the end of any month during the year was Rs. 0.34 million (2020: Rs. 0.56 million).

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

28. STORES, SPARES AND LOOSE TOOLS

	2021	2020
	(Rupees in '000)	
Stores	**490,733**	464,471
Spares	**2,644,628**	2,006,908
Stores and spares in transit	**725,319**	604,856
Loose tools	**877**	853
	3,861,557	3,077,088
Provision against impairment		
Balance as at July 1	**(360,117)**	(323,244)
Provision made during the year	**(46,738)**	(36,873)
	(406,855)	(360,117)
Balance as at June 30	**3,454,702**	2,716,971

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

	2021	2020
Transmission	**3,081,624**	2,409,597
Distribution	**373,078**	307,374
	3,454,702	2,716,971

29. STOCK-IN-TRADE

	2021	2020
Gas		
Gas in pipelines	**1,105,596**	1,248,028
Stock of synthetic natural gas	**12,301**	14,336
Stock of Gas condensate	**63,154**	-
	1,181,051	1,262,364
Gas meters		
Components	**369,418**	757,168
Work-in-process	**39,700**	29,006
Finished meters	**21,015**	95,883
	430,133	882,057
Provision against impaired inventory		
Balance as at July 1	**(38,543)**	(35,960)
Provision made / (reversed) during the year	**2,982**	(2,583)
Balance as at June 30	**(35,561)**	(38,543)
	1,575,623	2,105,878

30. CUSTOMERS' INSTALLATION WORK IN PROGRESS

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

31. TRADE DEBTS

	Note	2021	2020
		(Rupees in '000)	
Considered good			
Secured		**31,104,435**	32,655,739
Unsecured		**82,494,935**	78,389,700
	31.1 & 31.2	**113,599,370**	111,045,439
Provision against financial assets	31.3	**(21,465,563)**	(19,236,535)
		92,133,807	91,808,904

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 30,931 million (2020: Rs. 33,415 million) as at June 30, 2021 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,652 million (2020: Rs. 29,652 million) as at June 30, 2021 are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 132,424 million (2020: Rs. 116,743 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

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

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

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

Management has consulted with its legal counsel, who is of the view that the Company has a strong case for recovery of the outstanding amount, hence, based on that 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 to March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 1, 2016 to March 31, 2017. Currently, management is in a process to negotiate payment plan, which has not been finalized till the filing of these unconsolidated financial statements but the supply of gas and payment is continuing as per old plan.

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

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,699 million (2020: Rs. 24,332 million) including overdue balance of Rs.24,622 million (2020: Rs. 24,253 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 74,417 million (2020: Rs. 67,665 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

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

	Note	2021	2020
31.3 Movement of provision against financial assets		**(Rupees in '000)**	
Balance as at July 1		**19,236,535**	15,632,602
Provision recognised during the year		**2,229,028**	3,603,933
Balance as at June 30		**21,465,563**	19,236,535

32. LOANS AND ADVANCES

	Note	2021	2020
Considered good			
Unsecured			
Loan to related party	32.1	**-**	1,535,103
Secured			
Advances to:			
Executives	32.2	**135,600**	163,679
Other employees	32.2	**217,515**	257,272
		353,115	420,951
Current portion of long term loans and advances			
Executives	27	**36**	224
Other employees	27	**40,851**	33,320
Accrued markup - related party loan	27	**114,150**	-
		155,037	33,544
		508,152	1,989,598

32.1 This amount represents unsecured loan provided to SSGC LPG (Private) Limited (a wholly owned subsidiary), carrying mark-up equivalent to the weighted average bank borrowing rate of the Company. During the year, the Company has received a repayment amounting Rs. 835 million. The Company has finalized the repayment schedule of outstanding loan and signed an agreement with the subsidiary dated June 30, 2021, for restructuring of outstanding balance of short term loan i.e Rs.700 million into long term loan with the term period of eight years. Under this new arrangement principle repayments along with interest thereon shall be made in thirty two equal quarterly installments commencing from 4 October 2022.

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

33. ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2021	2020
		(Rupees in '000)	
Advances for goods and services - unsecured, considered good		**922,742**	582,688
Trade deposits - unsecured, considered good		**10,371**	5,871
Prepayments		**197,635**	110,633
		1,130,748	699,192

34. INTEREST ACCRUED

	Note	2021	2020
Interest accrued on late payment of bills / invoices from			
WAPDA		**4,717,577**	4,390,715
SNGPL		**9,821,347**	8,685,480
JJVL		**239,689**	578,798
		14,778,613	13,654,993
Interest accrued on sales tax refund	6.6	**487,739**	487,739
Interest accrued on loan to related party		**-**	1,082,222
		15,266,352	15,224,954
Provision against financial assets		**(112,400)**	(112,400)
		15,153,952	15,112,554

35. OTHER RECEIVABLES

	Note	2021	2020
Tariff adjustment - indigenous gas receivable from GoP	35.1	**207,762,067**	178,411,641
Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
Receivable from HCPCL	35.2	**4,157,839**	4,157,839
Staff pension fund	46	**79,052**	-
Receivable for sale of gas condensate		**42,949**	46,438
Receivable from Sui Northern Gas Pipelines Limited	35.3	**103,776,821**	99,834,232
Receivable from JJVL	35.5 & 35.6	**2,501,824**	11,427,831
Receivable from SSGC LPG (Private) Limited		**7,463**	19,829
Sales tax receivable	35.4	**39,451,549**	41,588,995
Sindh sales tax		**112,976**	112,976
Receivable against asset contribution	35.7	**348,448**	418,118
Miscellaneous receivables		**29,758**	67,063
		362,554,826	340,369,042
Provision against impaired receivables		**(2,586,874)**	(2,586,874)
		359,967,952	337,782,168

35.1 Tariff adjustment - indigenous gas receivable from GoP

	Note	2021	2020
		(Rupees in '000)	
Balance as at July 01		**178,411,641**	140,160,555
Recognized during the year	39	**28,557,632**	37,600,501
Subsidy for LPG air mix operations		**792,794**	650,585
Balance as at June 30		**207,762,067**	178,411,641

35.1.1 This includes Rs. 390 million (2020: Rs. 390 million) recoverable from the Government of Pakistan (GoP) on account of remission of gas receivables from people of Ziarat under instructions from GoP. Although, management is confident that this amount is fully recoverable, being prudent full provision has already been recorded against the same in these unconsolidated financial statements.

35.2 Receivable from HCPCL

	2021	2020
	(Rupees in '000)	
Amount of LD Charges as per arbitration award	**3,938,382**	3,938,382
Subsequent LDs raised by HCPCL on award principle	**219,457**	219,457
Total receivable	**4,157,839**	4,157,839

35.2.1 HCPCL initiated arbitral proceedings on November 30, 2015 in the International Chamber of Commerce Singapore (ICC) against the Company on account of short / non-supply of contractual gas volumes and disputed compounding of interest i.e. Late Payment Surcharge on gas bills 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 Liquidated Damages (LD) and legal and professional charges.The said final reward was adjusted by HCPCL against running gas bills issued by the Company.

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

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

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

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

	Note	2021	2020
		(Rupees in '000)	
Uniform cost of gas		**15,818,845**	15,818,845
Lease rentals		**922,429**	593,033
Contingent rent		**10,405**	3,535
Capacity and utilization charges of RLNG	35.3.1	**52,247,106**	51,063,909
LSA margins of RLNG		**2,945,502**	2,877,266
RLNG transportation income		**31,832,534**	29,477,644
		103,776,821	99,834,232

35.3.1 At June 30, 2021, the Company has invoiced an amount of Rs. 130,456 million, including Sindh Sales Tax of Rs. 15,151 million, 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, PAFL is making payment directly to the Company according to the payment plan finalized, that requires PAFL to make eight equal monthly instalments of Rs. 201 million per month. The Company has received all eight instalments up to July, 2019.

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

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

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

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

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

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

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

35.6 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, federal excise duty, Sindh sales tax on franchise services, fuel charges receivable against processing charges from JJVL and receivable from JJVL @ 57% value of LPG / NGL extraction as per new agreement signed between the Company and JJVL pursuant to SCP order dated December 04, 2018 amounting to Rs. (10) million (2020: Rs. (35) million), Rs. 160 million (2020: Rs. 6,831 million), Rs. 178 million (2020: Rs. 2,067 million), Rs. 1,070 million (2020: Rs. 1,070 million), Rs. 646 million (2020: Rs. 646 million), Rs. 32 million (2020: 32 million), Rs.6.6 million, Rs. 419 million (2020: 817 million) respectively.

35.7 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 recognized using discounted cash flow technique.

36. TAXATION - NET

	Note	2021	2020
		(Rupees in '000)	
Advance tax		**33,850,330**	32,840,479
Provision for tax		**(16,240,862)**	(13,648,073)
		17,609,468	19,192,406

37. CASH AND BANK BALANCES

	Note	2021	2020
Cash at banks			
deposit accounts	37.2	**2,976**	121,713
current accounts		**563,696**	571,352
		566,672	693,065
Cash in hand	37.1	**7,024**	6,624
		573,696	699,689

37.1 This includes foreign currency cash in hand amounting to Rs. 2.364 million (2020: Rs.2.525 million).

37.2 Rate of return on bank deposits ranges from 4.50% to 5.65% (2020: 3.75% to 11.25%) per annum.

38. SALES

	2021	2020
Sales		
Indigenous gas	**223,076,502**	246,484,348
RLNG	**94,324,539**	49,237,877
	317,401,041	295,722,225
Less: Sales tax		
Indigenous gas	**33,137,629**	36,690,600
RLNG	**12,776,742**	7,231,354
	45,914,371	43,921,954
	271,486,670	251,800,271

39 TARIFF ADJUSTMENTS

	Note	2021	2020
		(Rupees in '000)	
Indigenous gas	39.1	**28,557,632**	37,600,501
RLNG	39.2	**(3,915,401)**	839,594
		24,642,231	38,440,095

39.1 Tariff adjustment - indigenous gas

	Note	2021	2020
Recovered during the year		**32,468,143**	(3,480,425)
Price increase adjustment		**(3,117,717)**	49,075,081
Impact of staggering		**-**	(7,343,570)
Subsidy for LPG air mix operations	43.4	**(792,794)**	(650,585)
		28,557,632	37,600,501

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

OGRA vide its decision dated June 21, 2018 on the Estimated Revenue Requirement ('ERR') of the Company for the year 2019 and in its letter dated June 01, 2018 "Tariff Regime for Regulated Natural Gas Sector" decided in consultation with the Federal Government and other licensees in the natural gas sector to revise the tariff regime including the rate of return which is to be based on Weighted Average Cost of Capital ('WACC') from the year 2019 in place of the existing rate of return of 17% of the average operating assets. Weighted Average Cost of Capital ('WACC') was computed at 17.43% for year 2019 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 OGRA. All prudently incurred expenses in the operation of the licensed regulated activities excluding financial charges on loans and debt servicing charges, taxes and dividend shall be treated as operating expenses.

39.2 Tariff adjustment - RLNG

	Note	2021	2020
		(Rupees in '000)	
RLNG - OGRA	4.3	**(3,915,401)**	(5,125,505)
RLNG - SNGPL	39.2.1	**-**	5,965,099
		(3,915,401)	839,594

39.2.1 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. Consequently, 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.

40 COST OF SALES

	Note	2021	2020
		(Rupees in '000)	
Cost of gas	40.1	**280,595,393**	284,344,157
Transmission and distribution costs	40.2	**21,283,451**	22,946,779
		301,878,844	307,290,936

40.1 Cost of gas

	Note	2021	2020
		(Rupees in '000)	
Gas in pipelines as at July 1		**1,248,029**	1,214,410
RLNG purchases	40.1.1	**77,651,482**	43,609,212
Indigenous gas purchases		**203,792,893**	246,776,815
		282,692,404	291,600,437
Gas consumed internally		**(991,412)**	(6,008,251)
Gas in pipelines as at June 30		**(1,105,599)**	(1,248,029)
		(2,097,011)	(7,256,280)
		280,595,393	284,344,157

40.1.1 During the year 2015, the Company started swapping of natural gas in lieu of RLNG, which it received from Engro Elengy Terminal Limited (EETL) and Pakistan Gasport Consortium Limited (PGPCL) transferred to SNGPL. However, the gas transferred to SNGPL in lieu of RLNG is not in accordance with the gas received from EETL due to the difference of Gas Colorific Value (GCV) in the gas volume received and transmitted to SNGPL. From March 2015 till June 30, 2021, the Company received 1,730,640,222 Million Metric British Thermal Units (MMBTUs) from EETL and PGPCL and supplied 1,584,507,225 MMBTUs to SNGPL with a short supply of 146,132,997 MMBTU.

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

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

During the year, the Company has recorded purchases of 65 BCF (2020: 31 BCF) from SNGPL amounting to Rs.77,651 million (2020: Rs.43,609 million) based on OGRA's decision dated November 20, 2018.

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

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

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

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

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

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

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

OGRA has determined UFG at 15.31% without considering RLNG volume handled. Although, the Company had claimed UFG at 7.37% 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 Bench mark with KMI achievement at 6.92% [5% + (1.92% based on KMI achievement)] as against the claim of the Company at 7.46% [5% + (2.46% based on KMI achievement)].

40.2 Transmission and distribution costs

	Note	2021	2020
		(Rupees in '000)	
Salaries, wages and benefits		**8,932,312**	9,970,715
Contribution / accruals in respect of staff retirement benefit schemes	40.2.1	**1,528,995**	2,264,136
Depreciation on operating assets	21.2	**8,573,803**	7,672,333
Depreciation - right of use assets		**58,482**	58,788
Repairs and maintenance		**1,477,775**	1,796,342
Stores, spares and supplies consumed		**586,682**	519,956
Gas consumed internally		**861,762**	826,229
Legal and professional charges		**107,947**	93,336
Software maintenance		**66,792**	59,687
Electricity		**134,002**	121,006
Security expenses		**758,939**	740,859
Insurance and royalty		**108,361**	99,975
Travelling		**55,859**	60,550
Material and labor used on consumers' installation		**8,727**	9,217
Postage and revenue stamps		**2,122**	2,037
Rent, rates and taxes		**57,160**	55,624
Others		**295,973**	1,044,514
		23,615,693	25,395,304
Recoveries / allocations to:			
Gas distribution system capital expenditure		**(1,927,199)**	(2,014,495)
Installation costs recovered from customers	30	**(39,103)**	(44,882)
		(1,966,302)	(2,059,377)
Recoveries of service cost from			
Sui Northern Gas Pipeline Limited - related party	40.2.2	**(350,621)**	(372,879)
Allocation to sale of gas condensate		**(15,319)**	(16,269)
		21,283,451	22,946,779

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

	2021	2020
Contributions to the provident fund	**267,644**	278,093
Charge in respect of pension funds:		
executives	**(19,084)**	432,519
non executives	**(69,886)**	342,135
Charge in respect of gratuity funds:		
executives	**403,337**	211,706
non executives	**382,450**	124,393
Accrual in respect of unfunded post retirement	**481,247**	875,290
Medical facility:		
Accrual / (Reversal) in respect of compensated absences		
Executives	**147,614**	
Other employees	**(64,327)**	-
	1,528,995	2,264,136

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

41. ADMINISTRATIVE AND SELLING EXPENSES

	Note	2021	2020
		(Rupees in '000)	
Administrative expenses	41.1	**2,524,997**	2,848,969
Selling expenses	41.2	**1,921,336**	1,943,726
		4,446,333	4,792,695

41.1 ADMINISTRATIVE EXPENSES

	Note	2021	2020
Salaries, wages and benefits		**1,622,793**	1,845,380
Contribution / accruals in respect of staff retirement benefit schemes	41.1.1	**158,391**	204,675
Depreciation on operating assets	21.2	**129,021**	203,027
Depreciation - right of use assets		**24,881**	24,953
Amortization of intangible assets	22	**21,759**	19,017
Repairs and maintenance		**161,668**	141,686
Stores, spares and supplies consumed		**47,584**	30,748
Legal and professional		**78,804**	105,607
Software maintenance		**91,713**	76,191
Electricity		**4,712**	4,388
Security expenses		**15,524**	15,412
Insurance and royalty		**13,129**	12,822
Travelling		**28,618**	48,665
Postage and revenue stamps		**8,394**	7,144
Rent, rates and taxes		**7,394**	8,907
Others		**135,420**	138,823
		2,549,805	2,887,445
Allocation to meter manufacturing division	43.3	**(24,808)**	(38,476)
		2,524,997	2,848,969

41.1.1 Contribution / accrual in respect of staff retirement benefit schemes

	2021	2020
Contribution to the provident fund	**53,547**	55,381
Charge in respect of pension funds:		
executives	**48,705**	57,434
non-executives	**9,577**	6,114
Charge in respect of gratuity funds:		
executives	**40,428**	37,837
non-executives	**5,490**	4,182
(Reversal) / Accrual in respect of unfunded post retirement:		
gas facility	**(19,408)**	36,470
medical facility	**20,052**	7,257
	158,391	204,675

41.2 SELLING EXPENSES

	Note	2021	2020
		(Rupees in '000)	
Salaries, wages and benefits		**1,081,875**	1,099,629
Contribution / accruals in respect of staff retirement benefit schemes	41.2.1	**136,280**	124,654
Depreciation on operating assets	21.2	**16,042**	10,014
Depreciation - right of use assets		**39,411**	42,170
Repairs and maintenance		**2,673**	2,047
Stores, spares and supplies consumed		**16,322**	14,471
Electricity		**109,467**	155,700
Insurance and royalty		**899**	852
Travelling		**683**	991
Gas bill and collection charges		**504,877**	477,904
Postage and revenue stamps		**506**	397
Rent, rates and taxes		**1,219**	499
Others		**11,082**	14,398
		1,921,336	1,943,726

41.2.1 Contribution / accrual in respect of staff retirement benefit schemes

	2021	2020
Contribution to the provident fund	**36,826**	38,210
Charge in respect of pension funds:		
executives	**22,424**	28,192
non-executives	**37,949**	23,590
Charge in respect of gratuity funds:		
executives	**18,556**	18,552
non-executives	**20,525**	16,110
	136,280	124,654

42. OTHER OPERATING EXPENSES

	2021	2020
Auditors' remuneration		
Statutory audit	**4,329**	5,022
Fee for other audit related services	**945**	1,267
Out of pocket expenses	**507**	588
	5,781	6,877
Workers' profit participation fund	**59,740**	-
Sports expenses	**107,120**	130,653
Corporate social responsibility	**69,767**	54,896
Provision against impaired stores and spares	**87,738**	31,737
Loss on disposal of property, plant and equipment	**133,374**	41,533
Exchange loss	**-**	1,530,546
	463,520	1,796,242

43. OTHER INCOME

	Note	2021	2020
		(Rupees in '000)	
Income from financial assets			
Income for receivable against asset contribution		**37,186**	42,972
Interest income on loan to related party		**103,495**	213,812
Income from net investment in finance lease from SNGPL		**26,547**	36,250
Return on saving bank account		**28,854**	99,483
		196,082	392,517
Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)		**326,862**	649,348
Dividend income		**4,828**	1,849
		527,772	1,043,714
Income from other than financial assets			
Late payment surcharge		**1,935,745**	1,696,811
Interest income on late payment of gas bills from - SNGPL - Related Party		**1,135,867**	1,138,979
Sale of gas condensate - net		**(57,903)**	(16,019)
Income from LPG NGL - net	43.1 & 43.2	**-**	257,975
Meter manufacturing division profit - net	43.3	**14,460**	13,988
Meter rentals		**1,377,415**	799,764
RLNG transportation income		**8,533,000**	8,353,000
Recognition of income against deferred credit and contract liabilities		**610,771**	549,302
Income from LPG air mix distribution - net	43.4	**129,937**	112,273
Recoveries from customers		**84,078**	58,377
Liquidated damages recovered		**84,472**	29,430
Income from sale of tender documents		**5,489**	3,787
Amortization of Government grant		**15,925**	20,842
Rental income from SSGC LPG (Private) Limited		**1,223**	770
Exchange gain		**3,199,083**	-
Income against LNG service agreement		**919,628**	895,868
Miscellaneous		**126,260**	470,450
		18,643,222	15,429,311

43.1 The gross income from LPG and NGL amounted Rs.4,683 million and total related shrinkage amounted Rs.4,425 million in FY 2020.

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

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the termination by the Company and stated that the termination was validly done and the Company was within its legal and contractual right to do so and appointed a firm of Chartered Accountant to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the Company. Subsequently, JJVL paid Rs. 1.5 billion as per SCP Order dated November 16, 2018 based on the report submitted by Chartered Accountant firm.

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

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

43.3 Meter manufacturing division profit - net

	Note	2021	2020
		(Rupees in '000)	
Gross Sale of gas meters:			
Company's consumption		**2,033,136**	2,029,605
Outside sales		**20,910**	31,702
		2,054,046	2,061,307
Sales tax		**(325,218)**	(297,430)
Net sales		**1,728,828**	1,763,877
Raw material consumed		**1,222,246**	1,152,855
Stores and spares		**8,250**	4,203
Fuel, power and electricity		**20,890**	18,486
Salaries wages and other benefits	43.3.2	**410,703**	505,614
Insurance		**858**	821
Repairs and maintenance		**9,882**	7,345
Depreciation	21.2	**23,882**	24,114
Transportation		**3**	2
Other expenses		**1,022**	691
Less: Cost of goods sold		**1,697,736**	1,714,131
Gross profit		**31,092**	49,746
Administrative expenses	41.1	**(24,808)**	(38,476)
Operating profit		**6,284**	11,270
Other income		**8,176**	2,718
Net profit		**14,460**	13,988

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

43.3.2

	2021	2020
Salaries, wages and other benefits	**394,332**	489,243
Provident fund contribution	**6,592**	6,592
Pension fund	**5,818**	5,818
Gratuity	**3,961**	3,961
	410,703	505,614

43.4 Income from LPG air mix distribution - net

	Note	2021	2020
Sales		**66,231**	66,953
Cross subsidy		**792,794**	650,585
Cost of sales		**(518,096)**	(410,522)
Gross profit		**340,929**	307,016
Distribution, selling and administrative expenses			
Salaries, wages and other benefits		**(57,058)**	(61,041)
Depreciation expenses	21.2	**(93,283)**	(94,566)
Other operating expenses		**(100,849)**	(85,121)
		(251,190)	(240,728)
Amortization of deferred credit		**32,578**	39,909
Other income		**7,620**	6,076
Profit for the year		**129,937**	112,273

44. FINANCE COST

	2021	2020
	(Rupees in '000)	
Mark-up on:		
loan from banking companies	**3,031,788**	5,822,103
short term borrowings	**1,386,695**	1,421,794
customer deposits	**540,385**	457,436
customer finance	**1,208**	1,849
Government of Sindh loans	**29,866**	32,615
payable against transfer of pipeline	**76,657**	81,718
finance cost of lease liability	**18,065**	32,101
others	**18,766**	16,981
	5,103,430	7,866,597
Less: Finance cost capitalized during the year	**(484,101)**	(632,004)
	4,619,329	7,234,593

45. TAXATION

Current tax	**(2,592,789)**	(2,341,883)
Prior year	**-**	(1,986)
Deferred tax	**3,413,234**	-
	820,445	(2,343,869)

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

Accounting profit / (loss) for the year	**1,135,069**	(19,048,722)
Tax rate	**29%**	29%
Tax charge	**(329,170)**	5,524,129
Effect of lower tax rate on dividend income	**(676)**	(259)
Effect of prior year tax	**-**	(1,986)
Effect of deferred tax not recognized	**(2,901,654)**	(8,170,207)
Minimum income tax u/s 153 (1) (b)	**(2,129)**	(833)
Others	**4,054,074**	305,287
	820,445	(2,343,869)

46. STAFF RETIREMENT BENEFITS

46.1 Funded post retirement pension and gratuity schemes

As mentioned in note 4.16 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, 2021 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:

(Asset) / liability in unconsolidated statement of financial position

	2021			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Fair value of plan assets	**(1,137,931)**	**(5,352,923)**	**(254,205)**	**(3,412,945)**
Present value of defined benefit obligation	**1,409,118**	**6,622,845**	**15,354**	**5,621,826**
	271,187	**1,269,922**	**(238,851)**	**2,208,881**

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

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

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

Expense recognized in the unconsolidated statement profit or loss

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

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

	2021			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Composition / fair value of plan assets used by the fund				
Quoted Shares	**6.61%**	**1.44%**	**18.20%**	**3.15%**
Debt instruments	**51.79%**	**81.32%**	**29.71%**	**70.53%**
Mutual funds	**11.10%**	**2.67%**	**0.00%**	**10.30%**
Others including cash & cash equivalents	**30.50%**	**14.57%**	**52.09%**	**16.02%**
Total	**100%**	**100%**	**100%**	**100%**
Quoted Shares	**76,429**	**77,906**	**45,334**	**110,459**
Debt instruments	**598,836**	**4,407,358**	**74,015**	**2,470,980**
Mutual funds	**128,302**	**144,924**	**-**	**360,849**
Others including cash & cash equivalents	**352,701**	**789,713**	**129,768**	**561,074**
Total	**1,156,268**	**5,419,901**	**249,117**	**3,503,362**

Detail of employees valued

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

Total number of employees	**2,325**	**2,325**	**-**	**4,430**
Total monthly salaries	**254,622**	**254,622**	**-**	**130,337**
Total number of pensioner	**146**	**-**	**23**	**-**
Total monthly pension	**3,030**	**-**	**169**	**-**

	2020			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
(Asset) / liability in unconsolidated statement of financial position				
Fair value of plan assets	(868,076)	(4,706,318)	(77,945)	(3,082,206)
Present value of defined benefit obligation	1,296,098	6,752,619	14,787	5,192,580
	428,022	2,046,301	(63,158)	2,110,374
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2019	1,283,366	6,596,505	19,402	5,433,108
Current service cost	45,216	358,747	-	256,055
Interest cost	184,876	931,095	2,574	760,722
Remeasurement	(155,910)	(604,318)	(4,819)	(501,424)
Benefits paid	(61,450)	(529,410)	(2,370)	(755,881)
Obligation as at June 30, 2020	1,296,098	6,752,619	14,787	5,192,580
Movement in fair value of plan assets				
Fair value as at July 01, 2019	1,110,520	3,718,709	199,381	3,219,240
Expected return on plan assets	161,832	547,435	26,568	465,575
Remeasurement	(116,261)	464,611	(42,782)	(121,783)
Benefits paid	(61,450)	(529,410)	(2,370)	(755,881)
Contribution to the fund	238,046	570,799	76,648	95,555
Amount transferred in / (out)	(464,611)	(65,826)	(179,500)	179,500
Fair value as at June 30, 2020	868,076	4,706,318	77,945	3,082,206
Movement in (asset) / liability in unconsolidated statement of financial position				
(Asset) / liability as at July 01, 2019	172,846	2,877,796	(179,979)	2,213,868
Expense recognized for the year	532,871	277,796	378,161	149,047
Remeasurement	(39,649)	(538,492)	(184,692)	(156,986)
Contribution to the fund	(238,046)	(570,799)	(76,648)	(95,555)
(Asset) / liability as at June 30, 2020	428,022	2,046,301	(63,158)	2,110,374

	2020			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			

Expense recognized in the unconsolidated statement of profit or loss

Expense recognized in the unconsolidated statement of profit or loss in respect of the above scheme were as follows:

	Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
Current service cost	45,216	358,747	-	256,055
Interest cost	184,876	931,095	2,574	760,722
Interest income	(161,832)	(547,435)	(26,568)	(465,575)
Amount transferred out / (in)	464,611	(464,611)	402,155	(402,155)
	532,871	277,796	378,161	149,047

Total remeasurements recognized in unconsolidated statement of comprehensive income

Remeasurement on obligation arising on

	Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
Financial assumptions	4,483	671,781	294	523,421
Experience adjustments	151,427	(67,463)	4,525	(21,997)
	155,910	604,318	4,819	501,424

Remeasurement on plan assets arising on

	Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
Actual return on plan assets	40,045	479,460	(18,331)	300,473
Expected return on plan assets	(161,832)	(547,435)	(26,568)	(465,575)
Net return on plan assets over interest income	(121,787)	(67,975)	(44,899)	(165,102)
Difference in opening fair value of assets after audit	5,526	2,149	2,117	43,319
Adjustment for previous amount	-	-	222,655	(222,655)
	(116,261)	(65,826)	179,873	(344,438)
	39,649	538,492	184,692	156,986

Composition / fair value of plan assets used by the fund

	Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
Quoted Shares	8.83%	1.67%	58.35%	3.60%
Debt instruments	81.47%	95.47%	34.48%	86.62%
Mutual funds	7.96%	2.25%	0.00%	6.60%
Others including cash & cash equivalents	1.74%	0.62%	7.17%	3.17%
Total	100.00%	100.00%	100.00%	100.00%
Quoted Shares	76,659	78,456	45,481	111,081
Debt instruments	707,228	4,492,924	26,872	2,669,938
Mutual funds	69,126	105,930	-	203,380
Others including cash & cash equivalents	15,063	29,008	5,592	97,807
Total	868,076	4,706,318	77,945	3,082,206

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2020.

	Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
Total number of employees	2,361	2,361	-	4,167
Total monthly salaries	269,835	269,835	-	134,522
Total number of pensioner	127	-	23	-
Total monthly pension	2,559	-	169	-

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

	Executives and Non-executives	
	2021 (%)	2020 (%)
Discount rate	**10.00**	8.50
Salary increase rate in the first year	**0.00**	0.00
Expected rate of increase in salary level	**8.00**	6.50
Increase in pension	**5.00**	2.50
Mortality rates	**SLIC (2001-05)**	SLIC (2001-05)-1
Rates of employee turnover	**Moderate**	Ultra-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:

	Change in assumption		Impact of change in assumptions in present value of defined benefit obligation			
			Executives		Non-executives	
			Pension	Gratuity	Pension	Gratuity
			-----------------------------(Rupees in '000)-------------------------------			
Discount rate	**1%**	Increase in assumption	**1,284,380**	**6,327,615**	**14,475**	**5,305,969**
Salary increase rate	**1%**		**1,463,179**	**6,985,542**	**-**	**5,998,724**
Pension rate	**1%**		**1,510,160**	**-**	**16,385**	**-**
Discount rate	**1%**	Decrease in assumption	**1,557,374**	**6,945,230**	**16,346**	**5,968,801**
Salary growth rate	**1%**		**1,367,850**	**6,285,667**	**-**	**5,273,839**
Pension rate	**1%**		**1,322,025**	**-**	**14,427**	**-**

The expected pension and gratuity expense for the next one year from July 01, 2021 is as follows:

	2021			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	-----------------------------(Rupees in '000)-------------------------------			
Current service cost	**45,545**	**357,210**	**-**	**262,966**
Interest cost	**(3,436)**	**114,266**	**(23,885)**	**213,722**
Interest income on plan assets		**-**		
Interest cost	**(3,436)**	**114,266**	**(23,885)**	**213,722**
Expected return on plan assets				
Amount transferred out / (in)				
	42,109	**471,476**	**(23,885)**	**476,688**

46.2 Unfunded post retirement medical benefit and gas supply facilities

The Company provides free medical and gas supply facilities to its retired executive employees. The free gas supply facility has been discontinued for employees who had retired after December 31, 2000. The latest actuarial valuations of the liability under these schemes were carried out as at June 30, 2020 under the projected unit credit method, results of which are as follows:

	2021		
	Post retirement medical facility	Post retirement gas facility	Total
	------------------(Rupees in '000)--------------------		
Liability in unconsolidated statement of financial position			
Present value of defined benefit obligation	**4,591,004**	**32,444**	**4,623,448**
Movement in present value of defined benefit obligation			
Liability as at July 01, 2020	**4,215,314**	**52,959**	**4,268,273**
Expense / (income) recognized for the year	**501,299**	**(19,409)**	**481,890**
Payments during the year	**(145,006)**	**(2,585)**	**(147,591)**
Remeasurement	**19,397**	**1,479**	**20,876**
Liability as at June 30, 2021	**4,591,004**	**32,444**	**4,623,448**
Expense recognized in the unconsolidated statement of profit or loss			
Current service cost	**149,160**	**-**	**149,160**
Interest cost	**352,139**	**4,392**	**356,531**
Curtailment gain	**-**	**(23,801)**	
	501,299	**(19,409)**	**481,890**
Total remeasurements recognized in unconsolidated statement of comprehensive income			
Remeasurement on obligation arising on			
financial assumptions	**-**	**-**	**-**
experience adjustments	**19,397**	**1,479**	**20,876**
	19,397	**1,479**	**20,876**

Detail of employee valued

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

Total number of actives	**2,216**	**-**
Total number of beneficiaries	**2,682**	**103**

	2020		
	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	4,215,314	52,959	4,268,273
Movement in present value of defined benefit obligation			
Liability as at July 01, 2019	4,965,955	52,959	5,018,914
Expense recognized for the year	911,760	7,257	919,017
Payments during the year	(109,170)	(4,179)	(113,349)
Remeasurement	(1,553,231)	(3,078)	(1,556,309)
Liability as at June 30, 2020	4,215,314	52,959	4,268,273
Expense recognized in the unconsolidated statement of profit or loss			
Current service cost	198,734	-	198,734
Interest cost	713,026	7,257	720,283
	911,760	7,257	919,017

	2020		
	Post retirement medical facility	Post retirement gas facility	Total
	-------------(Rupees in '000)-------------		
Total remeasurements recognized in unconsolidated statement of comprehensive income			
Remeasurement on obligation arising on			
financial assumptions	(697,121)	-	(697,121)
experience adjustments	(856,110)	(3,078)	(859,188)
	(1,553,231)	(3,078)	(1,556,309)

Detail of employee valued

Detail of employee valued related to above scheme are as follows for the year ended June 30, 2020

Total number of active employees	2,272	-
Total number of beneficiaries	2,306	153

46.3 Number of employees under the scheme

The number of employees covered under the following defined benefit plans are 2,216 (2020: 2,272) and 103 (2020: 153) for medical and gas facility respectively.

46.4 Significant actuarial assumptions

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

	Executives	
	2021	2020
Discount rate	**10.00%**	8.50%
Medical inflation rate - (Post-Retirement)	**8.00%**	6.50%
Medical inflation rate - (Pre-Retirement)	**8.00%**	6.50%
Gas inflation rate	**10.00%**	8.50%
Benefit limit - Gas	**25,100**	27,500
Expected medical expense for adult - retires and deceased staff	**53,100**	50,500
Expected medical expense for adult - active (family of two)	**106,200**	101,000
Expected medical expense for children	**10,000**	10,000
Mortality rates (for death in service & post retirement mortality)	**SLIC (2001-05)**	SLIC (2001-05)
Rate of employees turnover	**Moderate**	Ultra 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:

			Impact of change in assumptions in present value of defined benefit obligation	
			Post retirement medical facility	Post retirement gas facility
			------(Rupees in '000)------	
Change in assumption				
Discount rate	1%	Increase in assumption	**4,010,092**	**30,134**
Medical inflation rate	1%	Increase in assumption	**5,333,564**	
Gas inflation rate	1%	Increase in assumption	**-**	**35,071**
Discount rate	1%	Decrease in assumption	**5,311,380**	**35,097**
Medical inflation rate	1%	Decrease in assumption	**3,984,985**	
Gas inflation rate	1%	Decrease in assumption	**-**	**30,114**

The expected medical and gas expense for the next one year from July 01, 2021 is as follows:

	Post retirement medical facility	Post retirement gas facility
	--------------------(Rupees in '000)--------------------	
Current service cost	173,584	-
Net interest cost	441,437	3,244
	615,021	3,244

46.5 Defined contribution plan - recognized provident fund

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

	Executives		Non-Executives	
	2021 (Audited)	2020 (Audited)	2021 (Audited)	2020 (Audited)
Size of provident fund	**5,062,876**	4,679,583	**4,581,439**	4,337,053
Cost of investments made	**4,307,868**	4,190,178	**3,819,492**	3,875,219
Percentage of investments made	**85.1%**	89.5%	**83.4%**	89.4%
Fair value of investment	**4,789,145**	4,412,916	**4,376,621**	4,135,876
Break-up of investments:				
- Balance in savings accounts				
Amount of investment	**104,103**	69,799	**102,531**	67,108
Percentage of investment as size of the fund	**2.0%**	1.5%	**2.2%**	1.5%
- Term deposit receipts				
Amount of investment	**789,041**	690,836	**627,595**	557,463
Percentage of investment as size of the fund	**15.6%**	14.7%	**13.7%**	12.9%
- Units of mutual fund				
Amount of investment	**490,871**	344,212	**389,254**	234,801
Percentage of investment as size of the fund	**9.7%**	7.4%	**8.5%**	5.4%
- Special savings certificate				
Amount of investment	**1,884,386**	1,663,819	**2,251,109**	1,987,618
Percentage of investment as size of the fund	**37.2%**	35.6%	**49.1%**	45.8%
- Treasury bills				
Amount of investment	**30,649**	339,142	**-**	464,478
Percentage of investment as size of the fund	**0.6%**	7.2%	**0.0%**	10.7%
- Pakistan Investment Bonds (PIBs)				
Amount of investment	**1,419,498**	1,231,668	**941,995**	758,401
Percentage of investment as size of the fund	**28.0%**	26.3%	**20.6%**	17.5%
- Term Finance Certificates (TFCs)				
Amount of investment	**-**	-	**-**	-
Percentage of investment as size of the fund	**0.0%**	0.0%	**0.0%**	0.0%
- Quoted shares				
Amount of investment	**70,597**	73,440	**64,137**	66,007
Percentage of investment as size of the fund	**1.4%**	1.6%	**1.4%**	1.5%

46.6 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

47. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

		Note	2021	2020
			(Rupees in '000)	
Profit / (loss) for the year			**1,955,514**	(21,392,591)
Average number of ordinary shares	(Number of shares)		**880,916,309**	880,916,309
Earnings / (loss) per share basic and diluted	(Rupees)		**2.22**	(24.28)

48. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

	Note	2021	2020
Provisions	48.1	**3,817,801**	5,895,145
Depreciation on owned assets		**8,836,030**	8,004,054
Depreciation on right of use assets		**122,774**	125,911
Amortization of intangible assets		**21,759**	19,017
Finance cost		**4,477,657**	7,072,301
Amortization of transaction cost		**46,950**	48,473
Recognition of income against deferred credit and contract liability		**(643,262)**	(589,159)
Amortization of Government grant		**(15,925)**	(20,842)
Dividend income		**(4,828)**	(1,849)
Interest income		**(1,595,078)**	(2,101,622)
Income from net investment in finance lease		**(26,547)**	(36,250)
Loss on disposal of property plant and equipment		**133,374**	41,263
Decrease in long term advances		**186,978**	(101,515)
Increase in deferred credit and contract liability		**2,270,167**	2,207,086
Finance cost on lease liability		**18,065**	32,101
Increase in obligation under finance lease		**76,657**	81,718
		17,722,572	20,675,832

48.1 Provisions

	2021	2020
Provision against slow moving / obsolete stores	**84,756**	34,320
Provision against financial assets	**2,229,028**	3,603,933
Provision for compensated absences	**83,286**	-
Provision for post retirement medical and free gas supply facilities	**481,890**	919,017
Provision for retirement benefits	**938,841**	1,337,875
	3,817,801	5,895,145

49. WORKING CAPITAL CHANGES

	2021	2020
Increase in current assets		
Store, spares and loose tools	**(784,469)**	(390,164)
Stock-in-trade	**533,237**	(309,169)
Customers' installation work-in-progress	**(8,012)**	(30,217)
Trade debts	**(2,553,931)**	(11,255,952)
Advances, deposits and short term prepayments	**(431,556)**	(509,397)
Other receivables	**(22,106,732)**	(65,096,191)
	(25,351,463)	(77,591,090)
Increase in current liabilities		
Trade and other payables	**19,920,301**	104,641,206
	(5,431,162)	27,050,116

50. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2021	2020
	(Rupees in '000)	
Balance as at July 01	**37,396,243**	46,757,348
Proceed from long term loan	**60,881**	65,110
Repayment of long term loan	**(7,894,317)**	(9,648,859)
Addition in lease	**50,056**	334,617
Repayment of lease liability	**(163,487)**	(144,074)
Others	**18,065**	32,101
Balance as at June 30	**29,467,441**	37,396,243

51. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

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

	2021		2020	
	Managing Director	Executives	Managing Director	Executives
	-----(Rupees in '000)-----			
Managerial remuneration	**19,592**	**2,268,377**	14,974	2,436,857
Housing	**8,202**	**927,331**	6,253	995,511
Utilities	**1,823**	**206,073**	1,389	221,224
Retirement benefits	**753**	**395,422**	1,309	440,305
	30,370	**3,797,203**	23,925	4,093,897
Number	**2**	**996**	1	1,054

The Chairperson, Managing Director and certain executives are also provided the Company maintained vehicles in accordance with their entitlement. In addition, the Chairperson of the Company was paid Rs. 1.78 million (2020: Rs.1.78 million) as Honorarium. Executives are also provided medical facilities in accordance with their entitlement.

Aggregate amount charged in these unconsolidated financial statements in respect of fee paid to 15 directors was Rs. 33 million (2020: Rs. 40 million for 22 directors).

52. CAPACITY AND ACTUAL PERFORMANCE

52.1 Natural gas transmission

	2021		2020	
	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
Utilization - volume of gas transmitted	**751,112**	**211,617,256**	723,145	203,737,872
Capacity utilization factor (%)	**75.8**	**75.8**	73.0	73.0

52.2 Natural gas distribution

The Company has no control over the rate of utilization of its capacity as the use of available capacity is dependent on off-takes by the customers.

52.3 Meter manufacturing division

During the year meter manufacturing division produced and assembled 453,014 meters (2020: 452,670 meters) against an annual capacity of 356,000 meters on a single shift basis.

53. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalized 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	2021	2020
		(Rupees in '000)	
Government related entities - various			
- Purchase of fuel and lubricant		**79,684**	40,984
- Billable charges		**95,467,069**	85,752,710
- Mark-up expense on short term finance		**57,150**	77,971
- Markup expense on long term finance		**344,741**	685,103
- Income from net investment in finance lease		**26,547**	36,250
- Gas purchases		**186,376,934**	124,511,003
- Sale of gas meters and spare parts		**12,142**	30,311
- Rent of premises		**7,294**	6,830
- Insurance premium		**122,390**	113,650
- Electricity expense		**248,181**	281,093
- Interest income		**1,462,729**	1,788,327
- Professional charges		**40**	17
- RLNG transportation income		**8,533,000**	8,353,000
- LPG purchases		**531,130**	424,557
- Income against LNG service agreement		**919,628**	895,868
Karachi Grammar School	Associate		
- Billable charges		**45**	65
Key management personnel			
- Remuneration		**196,871**	193,398
***Pakistan Refinery Limited**	Associate		
- Billable charges		**94,162**	-
Pakistan Institute of Corporate Governance	Associate		
- Subscription / Trainings		**998**	4,624
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Interest Income on loan		**103,495**	213,812
- Rent on premises		**1,223**	770
Staff Retirement Benefit Plans			
- Contribution to provident fund		**372,282**	386,507
- Contribution to pension fund		**52,175**	911,032
- Contribution to gratuity fund		**886,666**	426,844

*Comparative transactions with PRL has not been disclosed as it was not a related party last year.

Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice. Balance payable to / receivable from these employees benefit plans are disclosed in notes 10, 18, 35 and 46 to these unconsolidated financial statements.

Remuneration to the executive officers of the Company (disclosed in note 51 to these unconsolidated financial statements) and loans and advances to them (disclosed in notes 27 and 32 to these unconsolidated financial statements) are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Company is received at rates prescribed by the Government of Pakistan.

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	2021	2020
		(Rupees in '000)	
Government related entities - various			
- Billable charges		**58,695,306**	63,591,878
- Mark up accrued on borrowings		**(4,782,380)**	(4,221,975)
- Net investment in finance lease		**922,429**	418,118
- Gas purchases		**(445,568,344)**	(316,626,683)
- Gas meters and spare parts		**38,157**	73,432
- Uniform cost of gas		**15,818,845**	15,818,845
- Cash at bank		**6,942**	24,951
- Stock loan		**5,321**	4,912
- Payable to insurance		**(2,244)**	(837)
- Gas supply deposit		**(51,263)**	(51,263)
- Interest expense accrued - late payment surcharge on gas bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**14,538,924**	13,076,195
- Contingent rent		**10,405**	3,535
- Capacity and utilization charges of RLNG		**52,247,106**	51,063,909
- RLNG transportation income		**31,832,534**	29,477,644
- LSA margins		**2,945,502**	2,877,266
- Advance for sharing right of way		**(18,088)**	(18,088)
- Professional charges		**57**	57
- LPG purchases		**(55,190)**	-
Karachi Grammar School	Associate		
- Billable charges		**5**	5
- Gas supply deposit		**(22)**	(22)
***Pakistan Refinery Limited**	Associate		
- Billable charges		**46,648**	-
- Investment		**77,522**	-
- Gas supply deposit		**(6,836)**	-
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Long term investment		**1,249,382**	1,000,000
- Short term loan		**-**	1,535,103
- Interest on loan		**-**	1,082,222
- Long term loan		**700,000**	-
- Deferred markup on loan		**822,186**	-
- Current portion of deferred markup		**114,150**	-
- LPG sales		**5,698**	5,698
- Rent on premises		**358**	1,442
- Receivable against management fees		**1,408**	12,688

*Comparative transactions with PRL has not been disclosed as it was not a related party last year.

53.1 Maximum aggregate outstanding balance from related parties at the end of any month is as below:

		2021	2020
		(Rupees in '000)	
Included in Trade Debts			
Government related entities			
-	K - Electric	**36,487,431**	38,967,687
-	WAPDA	**3,892,001**	5,443,573
-	Pakistan State Oil Co. Ltd	**2,186**	3,550
-	Pakistan International Airlines	**2,146**	3,835
-	Pakistan Steel Mills Corporation Limited	**24,858,461**	24,419,586
-	National Bank Of Pakistan	**7,745**	6,895
-	State Bank Pakistan	**3,097**	5,076
-	State Life Insurance Corporation	**32**	35
-	Pakistan National Shipping Corporation	**2,444**	1,818
-	Pakistan Machine Tools	**18,305**	22,752
-	Pakistan Railway	**2,206**	1,510
-	Pakistan Navy	**224,664**	209,950
-	Pakistan Engineering	**15**	8
-	Pakistan Security Printing Corporation (Pvt) Limited	**19,197**	18,336
-	National Investment Trust Limited	**29**	14
-	Hydrocarbon Development Institute of Pakistan	**335**	916
-	Security Papers Limited	**34,722**	22,783
-	Pakistan Stock Exchange	**10**	16
-	Perac Research & Development	**162**	5
-	Mari Petroleum Company Limited	**26**	43
-	National Insurance Company	**438**	192
Other Associate Companies			
-	Karachi Grammar School	**5**	10
-	Pakistan Refinery Limited	**47,514**	-
Included in Loans and Advances			
-	SSGC LPG (Private) Limited	**2,720,820**	1,535,103

54. FINANCIAL RISK MANAGEMENT

The objective of Company's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work and policies.

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

54.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Credit risk arises from trade debts, net investment in finance lease, loans and advances, trade deposits, bank balances, interest accrued and other receivables. To reduce the exposure toward the credit risk, comprehensive customer category wise credit limits and terms have been established. Gas supply deposits of industrial, commercial and domestic customers equivalent of three months estimated gas consumption as per the OGRA notification are taken to reduce credit exposure. The Company continuously monitors the credit given to customers and interest accrued there on 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:

	2021	2020
	(Rupees in '000)	
Trade debts	**92,133,807**	91,808,904
Net investment in finance lease	**131,135**	188,949
Loans and advances	**2,205,677**	2,169,660
Deposits	**29,104**	24,975
Bank balances	**566,672**	693,065
Interest accrued	**14,666,213**	14,624,815
Other receivables	**108,357,280**	125,288,726
	218,089,888	234,799,094

54.1.1 Collateral and other credit enhancements obtained

Security against supply of gas to industrial, commercial and domestic customers is taken on the basis of average three months gas consumption as per OGRA notification. These collaterals are adjusted / called following on disconnection of gas supply. Details of security held at year end is as follows:

	2021	2020
	(Rupees in '000)	
Cash deposits	**22,777,015**	20,245,707
Bank guarantee / irrevocable letter of credit	**42,276,338**	36,927,002

54.1.2 Credit Quality

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of all financial assets which are neither past due nor impaired are given in the note 54.1.3 to these unconsolidated financial statements.

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

		Rating	
Bank	Rating Agency	Short Term	Long Term
National Bank of Pakistan	PACRA- VIS	A-1+	AAA
Allied Bank Limited	PACRA	A-1+	AAA
Bank Alfalah Limited	PACRA	A-1+	AA+
Dubai Islamic Bank (Pakistan) Limited	VIS	A-1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Faysal Bank Limited	PACRA - VIS	A-1+	AA
MCB Bank Limited	PACRA	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
Habib Bank Limited	VIS	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+
The Bank of Punjab	PACRA	A-1+	AA+
First Women Bank Limited	PACRA	A-2	A-
Summit Bank Limited	VIS	A-3	BBB-
Bank Al-Habib Limited	PACRA	A-1+	AAA
BankIslami Pakistan Limited	PACRA	A-1	A+
Al Baraka Bank (Pakistan) Limited	PACRA-VIS	A-1	A+
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
Meezan Bank Limited	VIS	A-1+	AAA
Samba Bank Limited	VIS	A-1	AA
Silk Bank Limited	VIS	A-2	A-
Soneri Bank Limited	PACRA	A-1+	AA-
Telenor Micro Finance Bank Limited	PACRA- VIS	A-1	A+
Citi Bank N. A.	Moody's	F-1	Aa3
Deutsche Bank A.G,	Moody's - S & P -Fitch	A-2	BBB+
The Bank of Tokyo- Mitsubishi - UFJ, Limited	Moody's - S & P	F-1	A-1

54.1.3 Past due and impaired financial assets

Industrial and commercial customers

The age analysis of trade debt balances relating to industrial and commercial customers at year end is as follows:

	2021		2020	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	-----------------------------(Rupees in '000)------------------------------			
Not due balances	**24,910,210**	**-**	22,307,991	-
Past due but not impaired	**55,472,345**	**-**	52,885,918	-
Past due and impaired	**4,505,191**	**4,170,818**	9,346,192	4,066,411
Disconnected customers	**1,645,425**	**1,645,425**	1,522,403	1,515,524
Total	**86,533,171**	**5,816,243**	86,062,504	5,581,935

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 57,468 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. 53,489 million (2020: Rs. 47,212 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:

	2021		2020	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	-----------------------------(Rupees in '000)------------------------------			
Not due balances	**2,990,607**	**-**	3,096,659	-
Past due but not impaired:				
Past due 1 - 3 month	**2,241,021**	**-**	3,117,904	-
Past due and impaired:				
Past due 4 - 6 months	**3,378,682**	**779,630**	4,295,893	1,004,664
Past due 7 - 9 months	**1,411,531**	**492,000**	1,642,144	1,180,305
Past due 10 - 12 months	**907,466**	**519,000**	1,208,396	789,750
Over 12 months	**5,153,201**	**2,875,000**	3,969,492	3,020,553
	10,850,880	**4,665,630**	11,115,925	5,995,272
Disconnected customers	**10,983,690**	**10,983,690**	7,652,447	7,659,328
Total	**27,066,198**	**15,649,320**	24,982,935	13,654,600

The Company has collateral / security against domestic customers amounting to Rs. 11,564 million (2020: Rs. 9,961 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, 2021, interest accrued net of provision was Rs. 15,154 million (2020: Rs. 15,113 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. 14,539 million (2020: 13,076 million), recovery of which is subject to inter corporate circular debt of Government entities.

Other receivables

As at June 30, 2021, other receivable financial assets amounted to Rs. 108,357 million (2020: Rs. 125,289 million). Past due other receivables amounting to Rs. 76,408 million (2020: Rs. 79,801 million) include over due balances of SNGPL amounting to Rs. 73,899 million (2020: Rs. 68,730 million), JJVL amounting to Rs. 2,502 million (2020: Rs. 11,051 million) and of SSGC LPG amounting to Rs. 7 million (2020: Rs. 20 million).

54.1.4 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. Concentration of credit risk is determined with references to the individual customers / counter parties, type as well as geographical distribution of customers / counterparties. Concentration of credit risk in financial assets of the Company is as follows:

Trade debts

Customer category wise concentration of credit risk in respect of trade debts at year end is as follows:

	2021	2020
	(Rupees in '000)	
Power generation companies	**37,130,000**	39,623,416
Cement industries	**443,796**	7,012
Fertilizer and steel industries	**25,170,830**	24,889,094
Other industries	**16,213,582**	13,828,428
Total industrial customers	**78,958,208**	78,347,950
Commercial customers	**1,758,721**	2,132,636
Domestic customers	**11,416,878**	11,328,318
	92,133,807	91,808,904

At year end the Company's most significant receivable balances were K-Electric, PSML, and WAPDA which amounted to Rs. 32,580 million (2020: Rs. 34,795 million), Rs. 24,699 million (2020: Rs.24,332 million), and Rs. 3,194 million (2020: Rs. 4,242 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:

	2021	2020
	(Rupees in '000)	
Karachi	**75,195,889**	75,554,432
Sindh (excluding Karachi)	**12,255,796**	12,243,559
Balochistan	**4,682,122**	4,010,913
	92,133,807	91,808,904

Net investment in finance lease

The Company's most significant investment in finance lease amounted to Rs. 131,135 million (2020: Rs. 188,949 million) in respect of SNGPL.

Interest accrued

Most significant counter parties of the Company in respect of interest accrued are disclosed in note 34 to these unconsolidated financial statements.

Other receivables

Most significant other receivables of the Company are in respect of lease rental, lease service cost, contingent rent and uniform cost of gas agreement with SNGPL as disclosed in note 35 to these unconsolidated financial statements. These balances are subject to inter circular corporate debt.

54.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation,monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
	---------- (Rupees in '000) ----------					
As at June 30, 2021						
Long term finance	**29,340,161**	**(35,458,411)**	**(5,451,011)**	**(5,296,655)**	**(8,233,379)**	**(16,477,366)**
Payable against transfer of pipeline	**820,255**	**(1,187,654)**	**(67,866)**	**(67,866)**	**(135,732)**	**(916,190)**
Short term borrowings	**23,750,594**	**(23,750,594)**	**(23,750,594)**	**-**	**-**	**-**
Trade and other payables	**508,635,485**	**(508,635,485)**	**(508,635,485)**	**-**	**-**	**-**
Interest accrued	**17,142,960**	**(17,482,069)**	**(17,482,069)**	**-**	**-**	**-**
Deposits	**22,871,737**	**(42,276,338)**	**-**	**-**	**-**	**(42,276,338)**
Lease liability	**127,278**	**(139,280)**	**(45,706)**	**(45,706)**	**(47,868)**	**-**
	602,688,470	**(628,929,831)**	**(555,432,731)**	**(5,410,227)**	**(8,416,979)**	**(59,669,894)**

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
	---------- (Rupees in '000) ----------					
As at June 30, 2020						
Long term finance	37,173,599	(37,918,291)	(4,962,548)	(4,815,776)	(9,778,324)	(18,361,642)
Payable against transfer of pipeline	879,330	(1,323,386)	(67,866)	(67,866)	(135,732)	(1,051,922)
Short term borrowings	14,979,552	(14,979,552)	(14,979,552)	-	-	-
Trade and other payables	494,220,041	(494,505,471)	(494,505,471)	-	-	-
Interest accrued	17,442,056	(17,881,425)	(17,881,425)	-	-	-
Deposits	20,339,702	(36,927,002)	-	-	-	(36,927,002)
Lease liability	222,644	(250,401)	(67,338)	(67,338)	(115,725)	-
	585,256,924	(603,785,528)	(532,464,200)	(4,950,980)	(10,029,781)	(56,340,566)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of latest available market rates. The rates of mark-up have been disclosed in notes 8 and 9 to these unconsolidated financial statements. Contractual cash flows of the long term deposits are determined on the assumption that adjusted / refund of these deposits will not be required before expiry of 40 years from reporting date.

54.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The market risk comprises of currency risk, interest rate risk and other price risk (equity price risk).

54.3.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on creditors for gas that are denominated in a currency other than functional currency of the Company. The currency in which these transactions primarily are denominated is US Dollars. The Company's exposure to foreign currency risk is as follows:

	2021		2020	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Creditors for gas	**40,183,605**	**253,845**	60,485,661	358,434
Estimated forecast gas purchases	**67,783,762**	**380,915**	93,582,113	585,147
	107,967,367	**634,760**	154,067,774	943,581

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	
2021	2020	2021	2020
177.95	159.93	**158.30**	168.75

Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2021 would have (decreased) / increased trade creditors by Rs. 4,018 million (2020: Rs.6,049 million). There is no effect of strengthening / (weakening) of US dollar on unconsolidated equity and unconsolidated statement of profit or loss of the Company as exchange loss / gain on purchases of gas and store and supplies is recovered from / paid to Government of Pakistan as part of 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 2020.

54.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were as follows:

	2021	2020
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Net investment in finance lease	**131,135**	188,949
Loan and advances	**308**	344
Trade debts	**31,104,435**	32,681,876
Cash and bank balances	**2,976**	121,713
Receivable against asset contribution	**348,448**	418,118
	31,587,302	33,411,000
Financial liabilities		
Long term deposits	**(11,213,027)**	(10,284,352)
Government of Sindh loan	**(782,653)**	(768,723)
Front end fee of foreign currency loan	**(23,950)**	(23,950)
Payable against transfer of pipeline	**(820,255)**	(879,330)
Lease liability	**(127,278)**	(222,644)
	(12,967,163)	(12,178,999)

	2021	2020
	(Rupees in '000)	
Variable rate instruments		
Financial assets		
Other receivables	**18,320,669**	27,246,676
Loan to related party	**700,000**	1,535,103
	19,020,669	28,781,779
Financial liabilities		
Long term loan except Government of Sindh loan	**(20,663,513)**	(28,505,479)
Short term borrowings	**(23,750,594)**	(14,979,552)
Trade and other payables	**(327,857,910)**	(308,398,863)
	(372,272,017)	(351,883,894)
	(353,251,348)	(323,102,115)

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, 2021 by Rs. 3,447 million (2020: Rs.3,231 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 2020.

54.3.3 Equity price risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in listed equity securities. This arises from investments held by the Company for which prices in the future are uncertain. The fair value of listed equity investments of the Company that are exposed to price risk as at June 30, 2021 is Rs. 209,299 million (2020: Rs. 180,017 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. 20,930 million (2020: Rs.18,002 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

54.4 Fair value of financial assets and liabilities

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

The carrying values of all financial instruments reflected in these unconsolidated financial statements approximate their fair values except for investment in unquoted companies which are reflected at cost less impairment losses.

54.4.1 Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets 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).

	2021			
	Level 1	Level 2	Level 3	Total
	---------- (Rupees in '000) ----------			
Fair Value through OCI financials assets				
Quoted equity securities	**209,299**			**209,299**

	2020			
	Level 1	Level 2	Level 3	Total
	---------- (Rupees in '000) ----------			
Fair Value through OCI financials assets				
Quoted equity securities	180,017			180,017

There have been no transfers during the year (2020: no transfers in either direction).

Financial instruments by categories

	Financial assets		
	Amortized cost	FVTOCI	Total
	---------- (Rupees in '000) ----------		
As at June 30, 2021			
Trade debts	**92,133,807**	**-**	**92,133,807**
Net investment in finance lease	**131,135**	**-**	**131,135**
Loans and advances	**2,205,677**	**-**	**2,205,677**
Deposits	**29,104**	**-**	**29,104**
Cash and bank balances	**573,696**	**-**	**573,696**
Interest accrued	**14,666,213**	**-**	**14,666,213**
Other receivables	**108,357,280**	**-**	**108,357,280**
Long term investments	**-**	**209,299**	**209,299**
	218,096,912	**209,299**	**218,306,211**
As at June 30, 2020			
Trade debts	91,808,904	-	91,808,904
Net investment in finance lease	188,949	-	188,949
Loans and advances	2,169,660	-	2,169,660
Deposits	24,975	-	24,975
Cash and bank balances	699,689	-	699,689
Interest accrued	14,624,815	-	14,624,815
Other receivables	125,288,726	-	125,288,726
Long term investments	-	180,017	180,017
	234,805,718	180,017	234,985,735

	Financial liabilities at amortized cost	
	2021	2020
	(Rupees in '000)	
Long term finance	**29,340,161**	37,173,599
Payable against transfer of pipeline	**820,255**	879,330
Short term borrowings	**23,750,594**	14,979,552
Trade and other payables	**508,635,485**	494,220,041
Interest accrued	**17,442,056**	17,442,056
Long term deposits	**22,871,737**	20,339,702
Lease liability	**127,278**	222,644
	602,987,566	585,256,924

54.5 Capital risk management

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

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

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

The gearing ratio as at June 30 is as follows:

	2021	2020
	(Rupees in '000)	
Total borrowings		
Long term finance	**21,259,499**	29,087,535
Short term borrowings	**23,750,594**	14,979,552
Current portion of long term finance	**8,080,662**	8,086,064
	53,090,755	52,153,151
Less: Cash and bank balances	**(573,696)**	(699,689)
Net debts	**52,517,059**	51,453,462
Capital employed	**30,919,200**	28,462,525
Gearing ratio	**1.70**	1.81

55 OPERATING SEGMENTS

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

1) Gas transmission and distribution (sale of gas); and

2) Meter manufacturing (manufacturing and sale of gas meters)

55.1 Segment revenue and results

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

	Segment revenue		Segment profit / (loss)	
	2021	2020	2021	2020
	(Rupees in '000)			
Gas transmission, distribution and marketing	**271,486,670**	251,800,271	**446,443**	(18,578,314)
Meter Manufacturing	**1,728,828**	1,763,877	**14,460**	13,988
Total segment results	**273,215,498**	253,564,148	**460,903**	(18,564,326)
Unallocated - other expenses				
Other operating expenses			**(463,520)**	(1,796,242)
Unallocated - other income				
Other income			**1,137,686**	1,311,846
Profit / (loss) before tax			**1,135,069**	(19,048,722)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 1,711 million (2020: Rs. 1,737 million).

The accounting policies of the reportable segments are same as disclosed in note 4.19 to these unconsolidated financial statements.

	2021	2020
	---------- (Rupees in '000) ----------	
Segment assets and liabilities		
Segment assets		
Gas transmission, distribution and marketing	**613,074,073**	585,062,911
Meter manufacturing	**552,261**	874,301
Total segment assets	**613,626,334**	585,937,212
Unallocated		
- Loans and advances	**2,205,677**	2,169,660
- Taxation - net	**17,609,468**	19,192,406
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**573,696**	699,689
	20,876,580	22,549,494
Total assets as per unconsolidated statement of financial position	**634,502,914**	608,486,706
Segment Liabilities		
Gas transmission, distribution and marketing	**656,664,567**	631,885,178
Meter manufacturing	**9,902**	292,154
Total liabilities as per unconsolidated statement of financial position	**656,674,469**	632,177,332

56. ACCOUNTING ESTIMATES AND JUDGMENTS

56.1 Income tax

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

56.2 Staff retirement and other service benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 46 to the financial statements for valuation of these obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

56.3 Property, plant and equipment

In accordance with the accounting policy, the management carries out an annual assessment of depreciable amount and useful lives of property, plant and equipment. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

56.4 Trade debts and other receivables

The Company reviews its receivable against provision required there against on a ongoing basis and appropriate provision is made against outstanding receivable based on systematic basis as approved by the Board of Directors.

56.5 Stock in trade and stores, spares and loose tools

The management continuously reviews its inventory for existence of any items which may have become obsolete. The estimates against slow moving and obsolete items are made based on systematic basis as approved by the Board of Directors.

56.6 Fair value of investments

Management has determined fair value of certain investments by using quotations from active market of the financial instruments.

56.7 Recognition of income from sale of Natural Gas Liquid (NGL) and Liquefied Petroleum Gas (LPG)

Income from sale of NGL to Jamshoro Joint Venture Limited is recognized based on provisional invoice price / quantity being the best estimate available. Any change in provisional price / quantity will be accounted for prospectively in the year in which there is change in price / quantity.

56.8 Recognition of Tariff Adjustments

Management has recognized income from tariff adjustments according to Determination on Final Revenue Requirement (FRR) issued by the OGRA for FY 2020-21.

56.9 Purchases of gas

Company records purchases of gas at the rates notified by OGRA. Effect of adjustments, if any, arising from revision in purchase price is reflected as and when the prices are approved by OGRA.

57. EVENTS AFTER THE REPORTING DATE

There were no events occurred after the reporting date, other than disclosed, which requires disclosure and adjustments in the financial statements.

58. GENERAL

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

59. DATE OF AUTHORISATION

These unconsolidated financial statements were authorized for issue in Board of Directors meeting held on January 6, 2023.

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

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

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

Qualified opinion

We have audited the annexed consolidated financial statements of Sui Southern Gas Company Limited (the Holding Company) and its subsidiary (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at June 30, 2021, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Group's affairs as at June 30, 2021 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for qualified opinion

1. As disclosed in notes 31.1 and 31.2 to the consolidated financial statements, trade debts include receivables of Rs. 30,931 million and Rs. 24,699 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;

2. As disclosed in note 34 to the consolidated financial statements, interest accrued includes interest receivable of Rs. 9,821 million and Rs. 4,718 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA), respectively. These have been accounted for in line with Holding Company's policy of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to dispute with WAPDA, and 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.

3. On April 30, 2018, The International Court of Arbitration decided against the Holding Company in the case with Habibullah Coastal Power Company (Private) 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 from HCPCL as disclosed in note 35 to the consolidated financial statements. However, no agreement has been finalized to date 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.

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

Emphasis of Matter

We draw attention to the following:

1. Note 20 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;

2. Note 1.4 to the consolidated financial statements which states that in view of the financial position of the Holding Company, the Government of Pakistan (Finance Division) has confirmed vide its letter dated July 6, 2020 to extend necessary financial support to the Holding Company for the foreseeable future to maintain its going concern status. Thus, the sustainability of the future operations of the Holding Company is supported through the said letter; and

3. note 19.1 to the consolidated financial statements which describes that the Company has not recognized the accrued markup up to June 30, 2021 amounting to Rs. 104,067 million relating to Government Controlled E&P Companies based on government advise and a legal opinion.

   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.

Following are the key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1	**REVENUE**	
	The Holding Company's total revenue is amounting to Rs. 296,129 million, which is predominantly generated from sales of indigenous gas, representing a significant element of the consolidated financial statements as disclosed in note 39 and 40. Revenue includes sales of indigenous gas to the customers under an agreement based on single performance obligation satisfied over time, whereas progress of the performance obligation is measured using the output method, by an amount representing volume of natural gas delivered as metered monthly in arrears, that may include estimates for provisional billing and passing-unregistered-gas, at the various rates prescribed by the OGRA and Gas Development Surcharge and RLNG differential margin which are calculated as per OGRA Ordinance, 2002 and Final Revenue Requirement issued by the OGRA. As such, revenue recognition is not an area of significant risk for our audit but does require significant time and resource to audit due to its magnitude. The risk of material misstatement was considered significant due to high control risk on completeness and accuracy of revenue and high inherent risk of fraud on existence of revenue. In view of the significance of revenue and high assessed risk of material misstatement revenue is considered as key audit matter.	We performed a range of audit procedures in relation to revenue including the following: • Obtained understanding of the process for recognition of revenue and considered the appropriateness of the Holding Company's revenue recognition accounting policies as per requirement of applicable financial reporting framework; • Tested the design and operating effectiveness of key controls in relation to the recognition of revenue; • Performed test of details on revenue recognized during the year, on a sample basis, inspected meter reading documents, sales agreement, gas bills and rates from OGRA Notification; • Obtained and examined the Final Revenue Requirement issued by the OGRA and checked that Gas Development Surcharge is as per the revenue requirement; and • Assessed the adequacy of the disclosures made in respect of revenue in accordance with the financial reporting standards.
2	**IT SYSTEM AND CONTROLS**	
	We focused on this area because the Holding Company's billing system i.e. Oracle Customer Care & Billing (CC&B) and financial accounting and reporting system i.e. Oracle E-business Suite are having complex configuration and operations with access controls and separation of duties where both applications transfer data though an interface from CC&B system to Oracle General	Our audit addressed this area as below: • Assessed overall IT control environment of the Holding Company including meetings with IT management department and reviewed governance model as part of review of IT general controls;

S. No	Key audit matters	How the matter was addressed in our audit
	Ledger Module for customers and similarly from CC&B system to Oracle Payable Module for contractors payments and there is a challenge that key automated accounting procedures and related IT enabled and other manual controls are designed appropriately and operating effectively. The financial controls accompanied by relevant IT controls, process and procedures across the Holding Company are focused on ensuring that internal control over financial reporting in place are robust and reliable. The effectiveness of the Holding Company's IT controls was important to our audit since we had planned to apply an audit approach with reliance on IT system and controls.	• Reviewed the IT organization-wide automated and manual controls over program development and changes, access to programs and data and over critical IT operations, including compensating controls where required; • Reviewed mechanism of data transfer interface and data transfer protocols and procedures to assess the integrity and completeness such data transfer and controls for reliability of output; • Where necessary we also carried out direct tests of certain aspects of the security of the Holding Company's IT systems including access management and separation of duties; and • Assessed and tested the design and operating effectiveness of the controls over the integrity and reliability of the IT systems that are relevant to financial reporting. The combination of the tests of the controls and the direct tests that we carried out gave us sufficient evidence to enable us to rely on the continued and proper operation of the Holding Company's IT systems for the purpose of our audit.
3	**CONTINGENCIES IN RESPECT OF CLAIMS AND LITIGATIONS**	
	As disclosed in note 20 of the consolidated financial statements, the Group is faced with claims and litigations resulting in contingencies primarily for cases in respect of legal (customers, vendors, employees and with third parties), sales tax and income tax matters, which are pending adjudication at various legal and taxation forums available. Contingencies require management to make judgments and estimates in relation to the interpretation of relevant laws, rules and regulations, probability of outcome and financial impact, if any, for recognition, measurement and disclosure of any related provision or any other element of consolidated financial statements. The Group updated the legal positions with the use of internal legal and tax advisors and external legal and tax experts where applicable.	To cater the significant judgements and uncertainties, we performed a number of procedures, including below: • Assessed and tested the design and operating effectiveness of the controls over the identification and reporting cases in respect of legal, sales and income tax matters. We determined that we could rely on these controls, and examined more material provisions in detail and sought additional evidence. • Obtained list of cases and reviewed the details of significant pending cases with respect to legal (customers, vendors, employees and with third parties), sales tax and income tax matters and discussed the same with the management; • Followed up the progress of significant cases and the Group's estimate of the cost to be incurred and judgements in respect of the existence of any potential present obligations;

S. No	Key audit matters	How the matter was addressed in our audit
	Due to significance of amounts involved, inherent subjectivity and uncertainties with respect to the outcome of such cases and positions, use of significant management judgments and estimates to assess the same including related financial impacts hence, we considered contingencies relating to claims and litigations with respect to legal, sales tax and income tax matters, a key audit matter.	• Reviewed the key elements of the methodology employed by management in challenging reasonableness of the cost estimates; • Considered the impact on future case costs from changes arising in the regulatory environment; • Obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year; • Reviewed orders by relevant authority on previous lawsuits / cases appearing in the consolidated financial statements; • Obtained legal advice on the above cases with the legal advisors to ensure that the any outflow is possible and not probable; and • Assessed the adequacy of the disclosures made in respect of contingencies in accordance with the financial reporting standards.
4	**EMPLOYEE BENEFITS OBLIGATION**	
	As disclosed in note 10, 18 and 35 to the consolidated financial statements, the Holding Company operates various defined benefit plans. The Holding Company's obligation in respect of these plans as at June 30, 2021 aggregated to Rs. 9,273 million. Valuation of these plans requires significant level of judgment and technical expertise to select appropriate valuation assumptions. Changes in the key assumptions (discount rate, salary increase and retirement age etc.) may have a material impact on the calculation of these obligations, under the plans. We identified this area as a key audit matter because of significant estimation, uncertainty and use of management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.	Our audit procedures included the following: • Assessed competence and objectivity of the actuaries engaged by the Holding Company to value obligations under the plans and reviewed the actuarial valuation reports to understand the basis and methodology used for such valuation. • Tested data provided by the Holding Company to actuaries for the purpose of valuation. • Reviewed the adequacy of the related disclosures in the consolidated financial statements in accordance with applicable financial reporting framework.

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

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

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

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

Responsibilities of Management and Board of Directors for the 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 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

BDO Ebrahim & Co.

KARACHI
DATED: January 13, 2023

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

SERVING THROUGH A ROBUST INFRASTRUCTURE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021	2020
		(Rupees in '000)	
EQUITY			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000**	10,000,000
Issued, subscribed and paid-up capital	5	**8,809,163**	8,809,163
Reserves	6	**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI investments		**172,772**	143,490
Surplus on revaluation of property, plant and equipment	7	**25,254,815**	25,254,815
Accumulated losses		**(60,441,466)**	(62,242,789)
		(21,297,315)	(23,127,920)
LIABILITIES			
Non-current liabilities			
Long term financing	8	**21,259,499**	29,087,535
Long term deposits	9	**23,241,015**	20,690,732
Employee benefits	10	**5,603,105**	5,136,092
Payable against transfer of pipeline	11	**755,645**	820,255
Deferred credit	12	**4,592,822**	4,604,521
Contract liabilities	13	**7,786,074**	6,197,498
Lease liability	14	**63,845**	127,250
Long term advances	15	**3,155,496**	2,968,518
Total non-current liabilities		**66,457,501**	69,632,401
Current liabilities			
Current portion of long term financing	16	**8,080,662**	8,086,064
Short term borrowings	17	**23,750,594**	14,979,552
Trade and other payables	18	**540,782,773**	521,503,284
Short term deposits		**39,249**	18,440
Current portion of payable against transfer of pipeline	11	**64,610**	59,075
Current portion of deferred credit	12	**442,114**	432,236
Current portion of contract liabilities	13	**232,352**	192,203
Current portion lease liability	14	**84,493**	118,000
Unclaimed dividend		**285,426**	285,430
Interest accrued	19	**17,142,960**	17,442,056
Total current liabilities		**590,905,233**	563,116,340
Total liabilities		**657,362,734**	632,748,741
Contingencies and commitments	20		
TOTAL EQUITY AND LIABILITIES		**636,065,419**	609,620,821

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 FINANCIAL POSITION

As at June 30, 2021

ASSETS	Note	2021	2020
		(Rupees in '000)	
Non-current assets			
Property, plant and equipment	21	**139,097,127**	137,364,439
Intangible assets	22	**114,435**	9,747
Right of use assets	23	**165,466**	241,120
Deferred tax	24	**2,721,666**	187,577
Long term investments	25	**209,299**	180,017
Net investment in finance lease	26	**73,321**	131,135
Long term loans and advances	27	**175,339**	180,062
Long term deposits		**19,740**	28,617
Total non-current assets		**142,576,393**	138,322,714
Current assets			
Stores, spares and loose tools	28	**3,457,965**	2,719,897
Stock-in-trade	29	**1,602,452**	2,221,947
Current portion of net investment in finance lease	26	**57,814**	57,814
Customers' installation work-in-progress	30	**249,578**	241,566
Trade debts	31	**92,141,613**	91,835,466
Loans and advances	32	**394,002**	454,495
Advances, deposits, and short term prepayments	33	**1,231,858**	831,984
Interest accrued	34	**15,153,952**	14,030,332
Other receivables	35	**360,062,870**	337,818,379
Taxation - net	36	**17,890,333**	19,406,544
Other financial asset	37	**479,223**	729,000
Cash and bank balances	38	**767,366**	950,683
Total current assets		**493,489,026**	471,298,107
TOTAL ASSETS		**636,065,419**	609,620,821

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 PROFIT OR LOSS
For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in '000)	
Sales	39	317,401,041	295,722,225
Sales tax	39	(45,914,371)	(43,921,954)
		271,486,670	251,800,271
Tariff adjustments	40	24,642,231	38,440,095
Net sales		296,128,901	290,240,366
Cost of sales	41	(301,878,844)	(307,290,936)
Gross loss		(5,749,943)	(17,050,570)
Administrative and selling expenses	42	(4,615,028)	(4,947,623)
Other operating expenses	43	(464,150)	(1,797,088)
Impairment loss against financial assets		(2,229,028)	(3,603,933)
		(7,308,206)	(10,348,644)
		(13,058,149)	(27,399,214)
Other income	44	19,259,385	15,769,045
Profit / (loss) before interest and taxation		6,201,236	(11,630,169)
Finance cost	45	(4,625,606)	(7,241,278)
Profit / (loss) before taxation		1,575,630	(18,871,447)
Taxation	46	687,661	(2,397,285)
Profit / (loss) for the year		2,263,291	(21,268,732)
		(Rupees)	
Earnings / (loss) per share - basic and diluted	48	2.57	(24.14)

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 COMPREHENSIVE INCOME
For the year ended June 30, 2021

	2021	2020
	(Rupees in '000)	
Profit / (loss) for the year	**2,263,291**	(21,268,732)
Other comprehensive income		
Remeasurement of post retirement benefit obligation - net	**(461,968)**	2,476,701
Unrealised gain / (loss) on re-measurement of FVTOCI investments	**29,282**	(56,131)
	(432,686)	2,420,570
Revaluation surplus on Property plant and equipment arising during the year	**-**	3,304,283
Total comprehensive income / (loss) for the year	**1,830,605**	(15,543,879)

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 FLOWS
For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		1,575,630	(18,871,447)
Adjustments for non-cash and other items	49	18,010,951	21,055,371
Working capital changes	50	(5,228,662)	26,987,540
Financial charges paid		(6,936,712)	(9,256,500)
Employee benefits paid		(143,758)	(114,467)
Payment for retirement benefits		(1,385,856)	(1,297,824)
Long term deposits received - net		2,571,091	2,816,821
Deposits paid - net		371	(269)
Loans and advances to employee - net		2,536,653	198,496
Interest Income received		368,091	1,181,705
Income taxes paid		(1,152,920)	(2,081,320)
Net cash flow from operating activities		10,214,879	20,618,106
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(10,587,317)	(8,901,142)
Proceeds from sale of property, plant and equipment		51,918	95,692
Lease rental from net investment in finance lease		84,361	94,064
Payment against transfer of pipeline		(135,733)	(135,733)
Other financial assets		(223)	(13,000)
Dividend received		4,828	1,849
Net cash used in investing activities		(10,582,166)	(8,858,270)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		60,881	65,110
Repayments of local currency loans		(8,710,101)	(9,625,000)
Repayment of customer finance		(19,318)	(23,859)
Repayment of lease liability		(168,530)	(147,198)
Dividend paid		(4)	(4)
Net cash used in financing activities		(8,837,072)	(9,730,951)
Net (decrease) / increase in cash and cash equivalents		(9,204,359)	2,028,885
Cash and cash equivalents at beginning of the year		(13,428,869)	(15,457,754)
Cash and cash equivalents at end of the year		(22,633,228)	(13,428,869)
Cash and cash equivalent comprises:			
Cash and bank balances		767,366	950,683
Short term borrowings		(23,750,594)	(14,979,552)
Term Deposit Receipt (TDR)		350,000	600,000
		(22,633,228)	(13,428,869)

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, 2021

	Issued, subscribed and paid-up capital (Note 5)	Capital reserves (Note 6)	Revenue reserves (Note 6)	Surplus on remeasurement of FVTOCI investments	Surplus on revaluation of property, plant and equipment	Accumulated losses	Total
				(Rupees in '000)			
Balance as at July 01, 2019	8,809,163	234,868	4,672,533	199,621	21,950,532	(43,450,758)	(7,584,041)
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(21,268,732)	(21,268,732)
Other comprehensive income / (loss) for the year	-	-	-	(56,131)	3,304,283	2,476,701	5,724,853
Total comprehensive income / (loss) for the year	-	-	-	(56,131)	3,304,283	(18,792,031)	(15,543,879)
Balance as at June 30, 2020	8,809,163	234,868	4,672,533	143,490	25,254,815	(62,242,789)	(23,127,920)
Total comprehensive income for the year							
Profit for the year	**-**	**-**	**-**	**-**	**-**	**2,263,291**	**2,263,291**
Other comprehensive income / (loss) for the year	**-**	**-**	**-**	**29,282**		**(461,968)**	**(432,686)**
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**29,282**	**-**	**1,801,323**	**1,830,605**
Balance as at June 30, 2021	**8,809,163**	**234,868**	**4,672,533**	**172,772**	**25,254,815**	**(60,441,466)**	**(21,297,315)**

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, 2021

1 THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of;

	Percentage of holding 2021	Percentage of holding 2020
Holding Company		
- Sui Southern Gas Company Limited		
Subsidiary Companies	%	%
- SSGC LPG (Private) Limited	100	100
- Sui Southern Gas Provident Fund Trust Company (Private) Limited	-	100

Sui Southern Gas Company Limited

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

The registered office of the 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	SSGC Karachi Terminal opposite Safari park Main University Road, 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.

SSGC LPG (Private) Limited

SSGC LPG (Private) Limited ("the Subsidiary Company") 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.

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.

The Company is not operation since many years. The Board of directors of the Company in its 525th meeting dated April 3, 2019, agreed upon to voluntarily wind up the Company. Accordingly The Company has been winded up and its bank account has beeen closed on September 4, 2020.

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 or short of the above guaranteed return is payable to or recoverable from the Government of Pakistan (GoP) and is adjusted from or to the gas development surcharge balance payable to / receivable from the GoP.

1.4 Financial performance

During the year, the Group has earned profit after tax of Rs. 2,263 million (2020: Loss after tax of Rs. 21,269 million) resulting in reduction in its accumulated losses by Rs. 1,801 million and improvement in its equity by Rs. 1,830 million. As at reporting date, current liabilities exceeded its current asset by Rs. 97,416 million (2020: Rs. 91,818 million).

To further improve the financial performance, the Holding Company is pursuing actions for reduction in UFG / enhancement of UFG benchmark based on Key Monitoring Indicators (KMI) as well as implementation of Economic Coordination Committee (ECC) decision on RLNG volume handling which will help in significant reduction in UFG disallowances.

Following are the Key points relating to financial sustainability of the Holding Company:

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Holding Company was allowed 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 (FRR) for FY 2017-18 and there after till June 30, 2021, carrying financial impact aggregating to Rs 52,514 million as of the reporting date, 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, thus to sort out this issue, ECC constituted a Committee comprising Secretaries, Petroleum & Finance. In line with Committee recommendations and having an independent view as requested by the Holding Company, OGRA hired the services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of indigenous gas as well as imported RLNG.

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

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

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

Board / management believes that in view of above mentioned steps / plans, the Holding Company's profitability and financial position will further improve in the next few years, hence no material uncertainty exist relating to going concern status of the Holding Company.

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 above mentioned Sindh High Court judgement. However losses caused by Sindh High Court's decision amounting to Rs 36,718 million were staggered with the prior approval of SECP and were fully absorbed in five financial years i.e. from FY 2015-16 to 2019-20. Management has recognised income from tariff adjustments according to Final Revenue Requirement (FRR) issued by OGRA for FY 2021.

1.6 Impact of Covid 19

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

2. BASIS FOR PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the 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.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain investments 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 Pakistan Rupees, which is the Holding Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with 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.

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

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

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Group's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covid - 19 related rent concessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020

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

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

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

	Effective date (annual periods beginning on or after)
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

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

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

3.3 Exemptions from applicability of certain standards and interpretations to standards

3.3.1 On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises 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 contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to 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 market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would 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.

3.3.2 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 GoP or ultimately due from the GoP (including receivables in context of circular debt) till June 30, 2021. On August 4, 2022 the Holding Company again approached the SECP for the exemption of the same till June 30, 2023 which was then acceded by the SECP through its letter no. SMD/PRDD/Comp/(4)/2021/315 dated September 15, 2022, provided that the Holding Company 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.

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

As per S.R.O. 1480 (I)/2019, the Holding Company is required to implement IFRS 14 from July 01, 2019, however, the Holding Company has obtained exemption from the Securities and Exchange Commission of Pakistan (SECP) who vide its letter SMD/PRDD/2(237) 2021/92 dated November 04, 2021 which states that “the Commission has acceded to the application of the Holding Company regarding exemption from implementation of IFRS14 to the Holding Company for a period of 3 years i.e. upto financial year ended June 30, 2022 subject to the condition that “adequate disclosure” shall be provided in the respective financial statements that clearly explain the impact if IFRS 14 had been adopted by the Holding Company.”

	2021	2020
	(Rupees in '000)	
Effect on unconsolidated statement of profit and loss		
Increase in:		
Tariff Adjustment	**24,642,231**	38,440,095
Net movement in regulatory deferral account balances	**(24,642,231)**	(38,440,095)
Loss for the year before net movement in regulatory deferral account would have been	**(22,194,124)**	59,420,526
Effect on the earning / (loss) per share - (Rs.)		
basic and diluted	**(25.19)**	67.45
basic and diluted including net movement in regulatory deferral account	**2.57**	(24.14)
Effect on consolidated statement of financial position		
Decrease in:		
Other receivable	**(207,762,067)**	(178,411,641)
Trade and other payable	**18,346,037**	14,430,636
	(189,416,030)	(163,981,005)
Regulatory deferral account	**189,416,030**	163,981,005

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Revenue recognition

The Group recognises revenue 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 Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

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

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

- Revenue from gas sales is recognized on the basis of gas supplied to customers at the rates notified by the Oil and Gas Regulatory Authority (OGRA). Accruals are made to account for the estimated gas supplied between the date of last meter reading and the year end. The revenue for the Group is recognized on point in time basis as the management has determined that there is a single performance obligation i.e. supply of gas.

- Meter rentals are recognized on a monthly basis, at specified rates by the OGRA for various categories of customers. All the revenue for the Group in this category, is recognized on over the time basis as the Group has determined that there is a single performance obligation i.e. availability of meters to the 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 consolidated statement of profit or loss over the useful lives on commissioning of the related assets.

- The Group has recognised contract liabilities which represents contribution received from the customers towards the cost of supplying and laying transmission, service and main lines as per requirements of IFRS 15, these contributions are being 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 Group's only performance obligation to deliver gas to the 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 on gas sales arrears is calculated from the date the billed amount is overdue and recognized when it is probable that economic benefits will flow to the entity. All the revenue for the Group in this category, is recognized on over the time basis.

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

4.2 Tariff adjustment - indigenous gas

Under the provisions of license for transmission and distribution of natural gas granted to the Holding Company by OGRA, the Holding Company is required to earn an annual return of not less than the rate of return calculated using Weighted Average Cost of Capital (WACC) (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 OGRA. Any deficit or surplus on account of this is recoverable from or payable to the Government of Pakistan as differential margin or Tariff adjustments.

4.3 Tariff adjustment - RLNG

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

4.4 IFRS 9 'Financial Instruments

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

4.4.1 Financial assets

(a) Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at 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 a foregoing, 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.

4.4.2 Financial liabilities

IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other consolidated 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 consolidated profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to consolidated profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised.

4.4.3 Recognition and measurement

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

4.4.4 Derecognition

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

4.4.5 Derivative financial instruments

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

4.4.6 Off-setting

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

4.4.7 Impairment of financial assets

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

For all other financial assets, the Group recognises life time ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant 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.

4.5 Property, plant and equipment

Initial recognition

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

Measurement

The cost of the property, plant and equipment includes:

(a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates; and
(b) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by 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.

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

Capital work in progress

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

Depreciation

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

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

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

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 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.

Right-of-use assets and corresponding lease liability

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

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

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

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

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.

Gains and losses on disposal

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

4.6 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 Holding Company's net investment in finance lease.

4.7 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 reporting 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.

4.8 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 the reporting date less impairment losses, if any.

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

4.9 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.

4.10 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), refer accounting policy for impairment of financial assets.

4.11 Trade and other payables

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

4.12 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 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.

4.13 Provisions

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

4.14 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.

Contribution from customers

Advance taken from customers before July 01, 2009 and the Government as contributions and grants for providing service connections, extension of gas mains, laying of distribution lines, etc. are deferred and recognised in the consolidated profit or loss account over the useful lives of the related assets starting from the commissioning of such assets.

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

4.16 Staff retirement benefits

The Holding Company operates the following retirement schemes for its employees:

- Approved funded pension and gratuity schemes for all employees

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

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

  Past service cost is recognised in 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 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 consolidated statement of comprehensive income. Gas development surcharge with respect to actuarial gains / losses are recognised in consolidated statement of 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 these consolidated statement of profit or loss.

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

4.17 Compensated absences

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

4.18 Foreign currency translation

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

4.19 Segment reporting

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

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

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

Gas transmission and distribution

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

Meter manufacturing

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

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

4.21 Earnings per share

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

4.22 Dividend and reserves appropriation

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

4.23 Share capital

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

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		2021	2020
(Numbers of shares)			(Rupees in '000)	
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	**2,195,666**	2,195,666
661,349,755	661,349,755	Bonus shares	**6,613,497**	6,613,497
880,916,309	880,916,309		**8,809,163**	8,809,163

5.1 The Holding Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders. All shares rank equally with regard to the Holding Company's residual assets. Currently Government of Pakistan (GoP) holds 53.18% (2020: 53.18%) paid up capital of the Holding Company.

6. RESERVES

	Note	2021	2020
		(Rupees in '000)	
Capital reserves			
Share capital restructuring reserve	6.1	**146,868**	146,868
Fixed assets replacement reserve	6.2	**88,000**	88,000
		234,868	234,868
Revenue reserves			
Dividend equalisation reserve		**36,000**	36,000
Special reserve I	6.3	**333,141**	333,141
Special reserve II	6.4	**1,800,000**	1,800,000
General reserve	6.5	**2,015,653**	2,015,653
Reserve for interest on sales tax refund	6.6	**487,739**	487,739
		4,672,533	4,672,533
		4,907,401	4,907,401

6.1 Share capital restructuring reserve

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

6.2 Fixed assets replacement reserve

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

6.3 Special reserve I

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

6.4 Special reserve II

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

6.5 General reserve

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

6.6 Reserve for interest on sales tax refund

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

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book values resulting from the revaluation of the Holding Company's freehold and leasehold land carried out by an independent valuer K.G. Traders (Private) Limited to determine the fair value as of June 30, 2020. 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. 183,539 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 leasehold and freehold land been measured on historical cost basis, the carrying amount would have been as follows:

	2021	2020
	(Rupees in '000)	
Freehold land	**517,627**	517,627
Leasehold land	**320,610**	320,610
	838,237	838,237

7.1 Details of the Groups' freehold and leasehold land and information about fair value hierarchy, as at June 30, 2021 are as follows.

	Level 1	Level 2	Level 3	Total
		(Rupees in '000)		
Freehold land	-	**12,733,793**	-	**12,733,793**
Leasehold land	-	**13,359,259**	-	**13,359,259**

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

7.2 Forced sale values of freehold land and leasehold land is Rs. 10,488 million and Rs. 10,793 million respectively.

8. LONG TERM FINANCING

	Note	2021	2020
		(Rupees in '000)	
Secured			
Loans from banking companies	8.1	**20,507,272**	28,335,321
Unsecured			
Front end fee of foreign currency loan	8.2	**23,950**	23,950
Customer finance	8.3	**132,291**	146,208
Government of Sindh loans	8.4	**595,986**	582,056
		752,227	752,214
		21,259,499	29,087,535

8.1 Loans from banking companies

	Installment Repayment	Repayment period	Mark-up rate p.a (above 3 months and 6 months KIBOR)	Note	2021	2020
					(Rupees in '000)	
Habib Bank Limited - Led Consortium	semi annually	2018-2026	1.10%	8.1.1	**23,150,000**	27,425,000
United Bank Limited - Led Consortium	semi annually	2018-2022	0.50%	8.1.3 & 8.1.4	**4,500,000**	7,500,000
Habib Bank Limited	quarterly	2018-2022	0.50%	8.1.2 & 8.1.4	**900,000**	1,500,000
Unamortised transaction cost					**(167,728)**	(214,679)
					28,382,272	36,210,321
Less: Current portion shown under current liabilities				16	**(7,875,000)**	(7,875,000)
					20,507,272	28,335,321

8.1.1 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, 2021, the Holding Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the year, repayment of Rs. 4,275 million has been made. The financial arrangements have been secured by GoP guarantee and first pari passu charge by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Holding Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipment.

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

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

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

8.2 Front end fee of foreign currency loan

	Installment payable	Repayment period	Mark-up rate per annum	Note	2021	2020
					(Rupees in '000)	
IBRD LOAN - 81540	Half-yearly	2020 - 2036	11.80%	8.2.1	**23,950**	23,950

8.2.1 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.

8.3 Customer finance

	Note	2021	2020
		(Rupees in '000)	
Customer finance	8.3.1	**151,286**	170,605
Less: Current portion shown under current liabilities	16	**(18,995)**	(24,397)
		132,291	146,208

8.3.1 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 lines. Principal and interest are adjustable in 48 equal installments through credits in the monthly gas bills of the customers.

8.4 Government of Sindh loans

	Installment payable	Principal repayment period	Mark up rate p.a.	Note	2021	2020
					(Rupees in '000)	
Government of Sindh loan - III	yearly	2012 - 2021	4%	8.4.1	**80,000**	80,000
Government of Sindh loan - IV	yearly	2014 - 2023	4%	8.4.1	**500,000**	500,000
Government of Sindh loan - V	yearly	2015 - 2024	4%	8.4.1	**360,000**	360,000
Less impact of discounting of Government of Sindh loan				8.4.2	**(157,347)**	(171,277)
					782,653	768,723
Less: Current portion shown under current liabilities				16	**(186,667)**	(186,667)
					595,986	582,056

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

8.4.2 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 8.4.3. 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.

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

9. LONG TERM DEPOSITS

	Note	2021	2020
		(Rupees in '000)	
Security deposits from:			
Gas customers	9.1	**23,146,293**	20,596,737
Gas contractors	9.2	**94,722**	93,995
		23,241,015	20,690,732

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

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

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

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

10. EMPLOYEE BENEFITS

	Note	2021	2020
		(Rupees in '000)	
Provision for post retirement medical and free gas supply facilities - executives		**4,627,147**	4,268,139
Provision for compensated absences - executives	10.1	**975,958**	828,345
Provision for gratuity	10.2	**-**	39,608
		5,603,105	5,136,092

10.1 Provision for compensated absences - executives

Balance as at July 1	**828,345**	828,345
Provision made during the year	**147,613**	-
Balance as at June 30	**975,958**	828,345

10.2 Provision for gratuity

Balance as at July 01	**39,608**	27,971
Provision (reversed) / made during the year	**(39,608)**	11,637
Balance as at June 30	**-**	39,608

11. PAYABLE AGAINST TRANSFER OF PIPELINE

Principal payable	11.1	**820,255**	879,330
Less: current portion of payable		**(64,610)**	(59,075)
		755,645	820,255

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 flows.

12. DEFERRED CREDIT

	Note	2021	2020
		(Rupees in '000)	
Government of Pakistan contributions / grants			
Balance as at July 1		**2,911,647**	3,064,028
Additions / adjustment during the year		**369,294**	139,427
Transferred to consolidated statement of profit or loss	12.1	**(312,045)**	(291,808)
Balance as at June 30		**2,968,896**	2,911,647
Government of Sindh (Conversion of loan into grant)			
Balance as at July 01		**1,995,985**	2,025,211
Additions / adjustment during the year		**78,249**	86,808
Transferred to consolidated statement of profit or loss		**(121,394)**	(116,034)
Balance as at June 30		**1,952,840**	1,995,985
Government of Sindh grants			
Balance as at July 01		**129,125**	149,967
Transferred to consolidated statement of profit or loss	8.4.2	**(15,925)**	(20,842)
Balance as at June 30		**113,200**	129,125
Less: Current portion of deferred credit		**(442,114)**	(432,236)
		4,592,822	4,604,521

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

	Note	2021	2020
		(Rupees in '000)	
Contribution from customers	13.1 & 13.2	**2,508,518**	1,823,259
Advance received from customers for laying of mains, etc.	13.2	**5,277,556**	4,374,239
		7,786,074	6,197,498

13.1 Contribution from customers

	2021	2020
Balance as at July 01	**2,015,462**	1,573,394
Addition during the year	**935,231**	623,385
Transferred to consolidated statement of profit or loss	**(209,823)**	(181,317)
	2,740,870	2,015,462
Less: Current portion of contributions from customers	**(232,352)**	(192,203)
Balance as at June 30	**2,508,518**	1,823,259

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

14. LEASE LIABILITIES

	2021	2020
	(Rupees in '000)	
Balance as on July 01	**245,250**	-
Impact on application of IFRS 16	**-**	356,635
Additions during the year	**50,055**	-
Interest expense	**21,563**	35,813
	316,868	392,448
Payments made during the year	**(168,530)**	(147,198)
Less: current maturity	**148,338**	245,250
	(84,493)	(118,000)
	63,845	127,250

The expected maturity analysis of undiscounted lease payment is as follows:

	2021	2020
within one year	**95,012**	137,860
between 2 to 5 years	**61,135**	127,204
after 5 years	**88,962**	91,931
	245,109	356,995

15. LONG TERM ADVANCES

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

	Note	2021	2020
		(Rupees in '000)	
Opening balance		**2,968,518**	3,070,033
Additions during the year		**634,522**	124,720
Transferred to deferred credit		**(447,544)**	(226,235)
Closing Balance		**3,155,496**	2,968,518

16. CURRENT PORTION OF LONG TERM FINANCING

	Note	2021	2020
Loan from banking companies	8.1	**7,875,000**	7,875,000
Customer finance	8.3	**18,995**	24,397
Government of Sindh loans	8.4	**186,667**	186,667
		8,080,662	8,086,064

17 SHORT-TERM BORROWINGS

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

17.1 As at June 30, 2021, the aggregate unavailed short term borrowing facilities amounting to Rs. 1,249 million (2020: Rs. 10,021 million).

18. TRADE AND OTHER PAYABLES

	Note	2021	2020
		(Rupees in '000)	
Creditors for:			
Indigenous gas	18.1	**387,937,266**	386,072,492
RLNG	18.2	**112,319,360**	92,860,338
		500,256,626	478,932,830
Tariff adjustment- RLNG payable to GoP	18.3	**18,346,037**	14,430,636
Service charges payable to EETL		**1,776,953**	1,901,685
Accrued liabilities		**5,610,706**	3,807,597
Provision for compensated absences - non executives	18.4	**239,113**	303,441
Payable to gratuity fund	47.1	**3,509,988**	4,076,196
Payable to pension fund	47.1	**-**	129,230
Payable to provident fund		**62,335**	74,872
Deposits / retention money		**659,851**	622,876
Advance for sharing right of way	18.5	**18,088**	18,088
Withholding tax payable		**83,168**	119,004
Sales tax and federal excise duty		**360,133**	459,627
Sindh sales tax		**190,875**	135,594
Processing charges payable to JJVL		**-**	8,528,447
Gas infrastructure development cess payable	18.6	**8,856,769**	7,234,826
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Advance from customers and distributors		**94,571**	59,036
Transport and advertisement services		**13,607**	23,581
Workers' profit participation fund	18.7	**234,255**	174,515
Provision		**14,933**	9,394
Others	18.8	**452,965**	460,009
		540,782,773	521,503,284

18.1 Creditors for gas supplies includes Rs. 327,858 million (2020: Rs. 308,399 million) payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (2020: Rs. 15,832 million) on their balances which have been presented in note 19.1 of these consolidated financial statements.

18.2 On December 12, 2017, the Ministry of Energy 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 Holding Company has recorded purchases of 73 BCF (2020: 31 BCF) from SNGPL amounting to Rs. 77,651 million (2020: Rs.43,609 million) based on OGRA's decision dated November 20, 2018.

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

18.3 Tariff adjustment - RLNG payable to GoP

	Note	2021	2020
		(Rupees in '000)	
Balance as at July 01		**14,430,636**	9,305,131
Recognized during the year	40.2	**3,915,401**	5,125,505
Balance as at June 30		**18,346,037**	14,430,636

18.4 Provision for compensated absences - non-executives

	2021	2020
Balance as at July 01	**303,441**	303,441
Provision / (Reversal) during the year	**(64,328)**	-
Balance as at June 30	**239,113**	303,441

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

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

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

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

On May 22, 2015, the GID Cess Act (GIDC Act) was passed by Parliament applicable on all customers. Following the imposition of the said Act, many customers filed a petition in Sindh High Court and obtained stay order against GIDC Act passed by the Parliament. The Holding Company has obtained a legal opinion, which states that 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 has upheld the promulgation of the GIDC Act and instructed that all arrears of GID ‘Cess’ that have become due up to July 31, 2020 shall be recovered by the Companies responsible under the GIDC Act, 2015 to recover from their customers.

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

18.7 Workers' profit participation fund

	Note	2021	2020
		(Rupees in '000)	
Balance as at July 01		**174,515**	174,515
Charge for the year	43	**59,740**	-
Balance as at June 30		**234,255**	174,515

18.8 This includes Rs. 230 million (2020: Rs. 212 million) on account of amount payable to disconnected customers for gas supply deposits.

19. INTEREST ACCRUED

	Note	2021	2020
		(Rupees in '000)	
Long term financing - loans from banking companies		**416,543**	562,364
Long term deposits from customers		**518,980**	481,020
Short term borrowings		**270,917**	123,043
Late payment surcharge on processing charges		**99,283**	438,392
Late payment surcharge on gas development surcharge		**4,826**	4,826
Late payment surcharge on gas supplies	19.1	**15,832,411**	15,832,411
		17,142,960	17,442,056

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

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

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

20. CONTINGENCIES AND COMMITMENTS

	2021	2020
	(Rupees in '000)	
20.1 Contingencies	**7,503,092**	7,013,494

20.1.1 Guarantees issued on behalf of the Group

20.2 In respect of the Holding Company

20.2.1 Jamshoro Power Holding Company Limited (JPCL) has lodged claims against the Holding Company amounting to Rs. 144,120 million (2020: Rs. Rs. 144,120 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Holding Company and JPCL. JPCL has raised another claim of Rs. 5.793 million (2020: Rs. 5.793 million) for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Holding Company. The Ministry of Energy in its letter dated August 12, 2021, has decided that the matter will be referred to the Secretaries' Committee for deliberation and resolution.

Subsequent to the year end, the Holding Company received letter dated 10th June 2022 from the Arbitrator to file its reply against JPCL's claim. The Holding Company vide letter dated 15th June 2022 communicated MoE's letter dated 12th August 2021 and also informed MoE about the Arbitrator's letter. SSGC vide reply letter dated 15th June 2022 shared MoE letter dated 12th August 2022 and informed that MoE has referred the matter to Secretaries Committee for resolution of issue. In addition, the Holding Company vide letter dated 20th June 2022 requested DG (Gas) to take up the matter with Power Division so that the necessary directions can be communicated to JPCL and Arbitrator. In response DG (Gas) vide letter dated 6th July 2022 requested the Holding Company to provide legal opinion on the claim made by JPCL. Accordingly the Holding Company submitted its opinion to DG (Gas).

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.

20.2.2 As disclosed in note 19.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020 and June 30, 2021 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million, Rs. 26,335 million and Rs 25,939 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.

20.2.3 As disclosed in note 35.5, 35.6, 44.1 and 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 well within its legal and contractual right to do so and appointed a firm of Chartered Accountant to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the 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 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.

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

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

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

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.

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

All the Orders were contested before Commissioner (Appeals) who decided the cases in Holding Company's favor (except for FY 2019-20 which is currently sub-judice). However, the said Commissioner (Appeals) Orders in SSGC favor have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue.

Since the said issue has already been decided in favor of SNGPL by Lahore Bench of Appellate Tribunal Inland Revenue and thus a Legal Principle is in field which has also been upheld by Commissioner (Appeals) in the Holding Company's case, therefore no provision has been made in these unconsolidated 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.

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

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

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

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

The Holding Company and its legal counsel are of the opinion that the Holding Company has a strong case on legal merits as well as on technical grounds since Legal Principle has been set by ATIR & upheld by Commissioner (Appeals) and thus no provision has been made in these consolidated 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.

20.2.8 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 incorrect adjustment of withholding sales tax against input invoices. The principal tax demand was recovered by the authority. However, the Holding Company has filed a reference with FBR for waiver of default surcharge and penalty, which is pending. The Honorable High Court of Sindh has also stayed the recovery of the additional tax and penalties.

No provision has been made in these consolidated 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.

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

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

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

No provision has been made in these consolidated 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.

20.2.10 As disclosed in note 31 to these consolidated financial statements – trade debts, interest income from K-Electric (KE) and Pakistan Steel Mills Limited (PSML) is not being recognized in the 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 2018-19 on said unrecognized interest income from KE and PSML. Appeal against the said orders have been filed before Commissioner (Appeals), who decided the case against the Holding Company upon which the Holding Company has filed appeal before Appellate Tribunal Inland Revenue.

No provision has been made in these consolidated 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.

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

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

Against Commissioner (Appeals) Order on RLNG, SSGC has filed appeal before Appellate Tribunal Inland Revenue (ATIR) and has also applied to Alternate Dispute Resolution Committee (ADRC), 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.

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

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

20.2.13 Tax Authorities have passed Sales Tax Order for FY 2017-18 on issues of non-charging of Sales Tax on RLNG – Indigenous gas swap, tariff adjustments, RLNG transportation Income among other observations.

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

Against Commissioner (Appeals) Order on RLNG, SSGC has filed appeal before Appellate Tribunal Inland Revenue (ATIR) and has also applied to Alternate Dispute Resolution Committee (ADRC), which is pending adjudication.

On remand back proceedings, Tax Officer has again passed same Order alleging non-charging of Sales Tax on Tariff Adjustments & other observations (without even considering Holding Company's contentions). Said Order has been challenged before Commissioner (Appeals) and 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.

20.2.14 The Holding Company is subject to various other claims aggregate Rs. 15,766 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

20.2.15 Other contingencies:

		2021	2020
		(Rupees in '000)	
20.2.16	Claims against the Holding Company not acknowledged as debt	**66,327**	66,327
	The management is confident that ultimately these claims would not be payable.		
20.2.17	**Commitments**		
	Commitments for capital and other expenditure	**5,921,855**	5,550,445

20.3 In respect of the Subsidiary Company

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

ACIR passed appeal effect order u/s 124 dated June 20, 2015 to give appeal effect as per CIR (Appeals) order and reduced the amount to Rs. 36.9 million. The Subsidiary Company has also filed an appeal before the CIR (Appeals) against the said order. Further, the Subsidiary Company has paid advance income tax pertaining to tax year 2013 to tax year 2021 amounting to Rs. 501.7 million under various sections which remains unadjusted due to such litigation. The potential liability amounts to Rs. 516 million to which the Subsidiary Company may be subject to in case of adverse decision.

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

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

20.3.3 The ACIR passed order dated July 11, 2014 and created demand of Rs. 5.91 million pertaining to the tax year 2013 and 2014. The Subsidiary Company has filed an appeal before the Commissioner Appeals. During the process of appeal, the tax department issued a recovery notice and recovered entire demand amount from the Subsidiary Company's bank account. The Subsidiary Company's legal counsel is of the opinion that the case will be decided in favor of the Subsidiary Company and the entire amount will be refunded.

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

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

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

20.3.6 During 2020, Sindh Revenue Board has issued notice regarding payment of Sindh Workers Profit Participation Fund contribution. According to said notice, the Subsidiary Company fall under the definition of "Industrial Undertaking" mentioned in Sindh Workers Profit Participation Act, 2015. As a result of which the WPPF contribution of amounting Rs. 2.783 million and 9.237 million has been claimed by SRB for two immediate profitable years of 2017 and 2018 respectively.

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

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

		2021	2020
		(Rupees in '000)	
20.3.8	**Contracts for capital and other expenditure**	**77,813**	262,222
	-LPG purchase	**-**	137,948
	-Opex	**20,098**	10,163
	-Capex	**57,715**	114,111

20.3.8.1 The Subsidiary Company has obtained funded and unfunded facilities amounting to Rs. 525 million including letters of credit and import murabaha from Al Baraka Bank (Pakistan) Limited which is subject to flat markup of 0.15% per annum on letter of credit and 1.5% per annum above three month KIBOR on Import Murabaha. This facility is secured by parri passu charge over the Subsidiary Company's all present and future current assets including but not limited to stock in trade, trade debts, store & spares, loose tools etc. amounting to Rs. 700 million with 25% margin. The Subsidiary Company has tijarah funded facility of Rs. 300 million which is subjected to floating markup rate of 3-month KIBOR + 1.5% per annum and letter of guarantee of Rs. 200 million which is subject to flat rate of 0.15% per quarter.

20.3.8.2 The Subsidiary Company has cash back letter of credit facility amounting to Rs. 300 million from Sindh Bank Limited for purchase of LPG, machinery, LPG cylinders from various suppliers and letter of guarantee amounting to Rs. 110 million.

		Note	2021	2020
			(Rupees in '000)	
21.	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating assets	21.1	**127,408,805**	125,445,038
	Capital work in progress	21.7	**11,688,322**	11,919,401
			139,097,127	137,364,439

21.1 Operating assets

	2021							
	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
	As at July 1, 2020	Additions / (deletions) / transfers * Revaluation **	As at June 30, 2021	As at July 1, 2020	Depreciation / (deletions) / transfers *	As at June 30, 2021	As at June 30, 2021	
	----------(Rupees in '000)----------							
Freehold land	12,733,793	- - - * -**	12,733,793	-	- - - * - **	-	12,733,793	
Leasehold land	12,844,231	- - - * -**	12,844,231	-	- - - * - **	-	12,844,231	
Leasehold land Terminal QP-5	518,451	- - - * -**	518,451	12,364	1,413 - - * - **	13,777	504,674	23
Civil structure on leasehold land - Trestle and Jetty	1,169,215	32,734 - - * -**	1,201,949	433,858	51,456 - - * - **	485,314	716,635	23
Buildings on freehold land	324,492	- - - * -**	324,492	319,862	4,630 - - * - **	324,492	-	20
Buildings on leasehold land	2,814,579	45,451 - (3) * -**	2,860,027	1,772,780	99,935 - - * - **	1,872,715	987,312	20
Roads, pavements and related infrastructures	797,820	- - - * -**	797,820	417,214	29,989 - - * - **	447,203	350,617	20
Gas transmission pipeline	60,277,157	1,456,222 - 305 * -**	61,733,684	18,650,918	1,257,125 - 870 * - **	19,908,913	41,824,771	40
Gas distribution system	92,423,426	7,929,329 (1,685,254) (78) * -**	98,667,423	48,301,959	5,852,415 (1,524,184) (3,734) * - **	52,626,456	46,040,967	10-20
Compressors	10,810,874	1,440,801 - - * -**	12,251,675	4,429,280	783,929 - 3,223 * - **	5,216,432	7,035,243	17
Telecommunication	1,038,158	62,166 (16,928) 90 * -**	1,083,486	865,714	61,645 (16,909) 72 * - **	910,522	172,964	2 & 6.67
Plant and machinery	5,445,202	152,729 (7,917) 519 * -**	5,590,533	3,035,828	269,723 (7,646) 1,636 * - **	3,299,541	2,290,992	10
Tools and equipment	537,164	8,282 (6,901) (3,498) * -**	535,047	501,449	17,086 (6,901) (4,366) * - **	507,268	27,779	3
Bowsers	148,535	- - - * -**	148,535	49,475	7,105 - - * - **	56,580	91,955	
Motor vehicles	3,331,986	63,898 (75,783) 125 * -**	3,320,226	2,172,958	246,243 (51,926) 61 * - **	2,367,336	952,890	5
Furniture and fixture	566,770	3,139 (2,395) (17,904) * -**	549,610	532,476	9,497 (2,395) (16,987) * - **	522,591	27,019	5
Office equipment	599,767	38,033 (4,656) 21,111 * -**	654,255	508,296	49,249 (4,656) 20,052 * - **	572,941	81,314	5
Computer and ancillary equipments	1,309,460	101,608 (27,842) (2) * -**	1,383,224	1,172,538	34,382 (27,833) (227) * - **	1,178,860	204,364	3
Supervisory control and data acquisition system	1,228,136	- - - * -**	1,228,136	959,834	80,167 - - * - **	1,040,001	188,135	6.67
Construction equipment	3,172,231	- (420) (665) * -**	3,171,146	2,509,606	329,409 (420) (599) * - **	2,837,996	333,150	5
	212,091,447	11,334,392 (1,828,096) - * -**	221,597,743	86,646,409	9,185,398 (1,642,870) 1 * - **	94,188,938	127,408,805	

2020

	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
	As at July 1, 2019	Additions / (deletions) / transfers * Revaluation **	As at June 30, 2020	As at July 1, 2019	Depreciation / (deletions) / transfers *	As at June 30, 2020	As at June 30, 2020	
	(Rupees in '000)							
Freehold land	10,907,311	- - - * 1,826,482 **	12,733,793	-	- - - * - **	-	12,733,793	
Leasehold land	11,363,006	3,423 - 1 * 1,477,801 **	12,844,231	-	- - - * - **	-	12,844,231	
Leasehold land Terminal QP-5	518,451	- - - * - **	518,451	10,951	1,413 - - * - **	12,364	506,087	23
Civil structure on leasehold land - Trestle and Jetty	1,155,273	13942 - - * - **	1,169,215	383,450	50,408 - - * - **	433,858	735,357	23
Buildings on freehold land	324,492	- - - * - *	324,492	303,637	16,225 - - * - **	319,862	4,630	20
Buildings on leasehold land	2,677,872	136,707 - - * - **	2,814,579	1,695,215	77,565 - - * - **	1,772,780	1,041,799	20
Roads, pavements and related infrastructures	797,820	- - - * - **	797,820	377,240	39,974 - - * - **	417,214	380,606	20
Gas transmission pipelines	57,822,167	2,452,128 (1) 2,863 * - **	60,277,157	17,453,893	1,198,684 - (1,659) * - **	18,650,918	41,626,239	40
Gas distribution system	87,437,632	5,778,704 (792,910) - * - **	92,423,426	43,795,695	5,193,932 (687,668) - * - **	48,301,959	44,121,467	10-20
Compressors	10,178,857	632,017 - - * - **	10,810,874	3,712,470	716,810 - - * - **	4,429,280	6,381,594	17
Telecommunication	1,187,107	13,603 (163,157) 605 * - **	1,038,158	937,915	89,637 (162,443) 605 * - **	865,714	172,444	2 & 6.67
Plant and machinery	5,227,661	256,506 (47,308) 8,343 * - **	5,445,202	2,801,518	278,554 (45,912) 1,668 * - **	3,035,828	2,409,374	10
Tools and equipment	537,432	13,760 (13,828) (200) * - **	537,164	489,415	26,176 (13,757) (385) * - **	501,449	35,715	3
Bowsers	148,423	112 - - * - **	148,535	42,371	7,104 - - * - **	49,475	99,060	10
Motor vehicles	3,269,997	185,636 (123,648) 1 * - **	3,331,986	1,994,754	272,614 (94,410) - * - **	2,172,958	1,159,028	5
Furniture and fixture	553,057	26,216 (12,443) (60) * - **	566,770	528,532	16,386 (12,443) 1 * - **	532,476	34,294	5
Office equipment	592,373	29,242 (15,427) (6,421) * - **	599,767	472,520	51,056 (15,425) 145 * - **	508,296	91,471	5
Computer and ancillary equipments	1,235,397	119,695 (45,633) 1 * - **	1,309,460	1,105,680	112,850 (45,616) (376) * - **	1,172,538	136,922	3
Supervisory control and data acquisition system	1,228,136	- - - * - **	1,228,136	879,667	80,167 - - * - **	959,834	268,302	6.67
Construction equipment	3,218,821	- (42,062) (4,528) * - **	3,172,231	2,165,668	385,765 (41,827) - * - **	2,509,606	662,625	5
	200,381,285	9,661,691 (1,256,417) 605 * 3,304,283 **	212,091,447	79,150,591	8,615,320 (1,119,501) (1) * - **	86,646,409	125,445,038	

21.2 Details of depreciation for the year are as follows:

	2021	2020
	(Rupees in '000)	
Transmission and distribution costs	**8,573,803**	7,672,333
Administrative expenses	**133,596**	206,515
Selling expenses	**16,584**	10,604
	8,723,983	7,889,452
Meter manufacturing division	**23,882**	24,114
LPG air mix	**93,282**	94,566
Capitalised on projects	**202,385**	472,062
Income from LPG and NGL - net	**141,866**	135,126
	9,185,398	8,615,320

21.3 Disposal of property, plant and equipment

Details of disposal of operating assets having book value greater than Rs. 500,000 are as follows:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Gas Distribution System	365,260	205,565	159,695	-	(159,695)	Gas meters retired	Scrap sales
Motor Vehicle							
Honda Civic 1.8, VTI	2,288	1,601	686	1,550	864	Auction	Mr.Noman Ahmed
Toyota Corolla 1300 CC	1,716	1,201	515	1,455	940	Auction	Mr.Mohammad Baber Ali
Honda Civic 1.8, VTI	2,298	1,608	689	1,600	911	Auction	Mr.Shafgat Ali
Toyota Corolla 1300 CC	1,756	1,229	527	1,500	973	Auction	Mr.Muhammad Abid
Toyota Corolla 1300 CC	1,756	1,229	527	1,505	978	Auction	Mr.M.Amir Khan
Honda Civic 1.8, VTI	2,572	1,800	772	2,055	1,283	Auction	Mr.Ghulam Nabi
Honda Civic 1.8, VTI	2,571	1,800	771	1,415	644	Auction	M/s. RKF Traders
Honda Civic 1.8, VTI	2,571	1,800	771	1,915	1,144	Auction	M/s. RKF Traders
Toyota Corolla 1300 CC	1,759	1,231	528	1,850	1,322	Auction	Mr.Shabbir Ahmed
Toyota Corolla 1300 CC	1,759	1,231	528	1,580	1,052	Auction	Mr.Muhammad Waqas
Toyota Corolla 1300 CC	1,759	1,231	528	1,600	1,072	Auction	Mr.Shahnawaz
Hiace Van 15 Seaters, 2650 - 3000CC	3,375	2,700	675	1,860	1,185	Auction	Mr. Abdul Samad
Suzuki Cultus VXRi' 1000CC	1,143	603	540	86	(454)	Service Rules	Mr. Saleem Iqbal
Toyota Corolla 1300 CC	1,930	968	962	169	(793)	Service Rules	Mr. S. Khalid Hassan
Suzuki Cultus VXRi' 1000CC	1,142	602	539	86	(453)	Service Rules	Mr. Mumtaz Hussain Sheikh
Suzuki Cultus VXRi' 1000CC	1,391	714	677	90	(587)	Service Rules	Mr..Nooruddin Shaikh
Honda Civic 1.8, VTI	2,758	1,254	1,504	532	(972)	Service Rules	Mr. Syed Muhammad Ziyad
Toyota Corolla 1300 CC	2,373	783	1,590	983	(607)	Service Rules	Mr. Shah Ahmed Mujtaba
Suzuki Cultus 1000 CC, AGS	1,545	597	948	1,154	206	Service Rules	Mr. Waqar Ali
Suzuki Cultus 1000 CC, AGS	1,545	670	875	350	(526)	Service Rules	Mr. Ghazi Amanullah Bugti

21.4 Particulars of Land and Building

	District	Area of Land Sq. Yards
LPG Air Mix Plant	Awaran	19,360
LPG Plant at Gwadar, Allotment of Government Land in Mauza Karwat	Gwadar	19,360
LPG Plant at Gwadar.	Gwadar	19,360
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
LPG Air Mix Plant	Kot Ghulam Muhammad	19,360
Regional Office Larkana	Larkana	16,214
Site proposed for Distribution offices in Mastung	Mastung	1,320
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
PQA Land and Building	Karachi	72,600
LPG Air Mix Plant	Noshki	19,360
Land proposed for SSGC building in Pishin	Pishin	2,556
Regional Office Quetta	Quetta	4,840
Stores, Dope yard for Quetta Region	Quetta	2,420
HQ Quetta	Quetta	108,460
Land proposed for Zonal Office at Sanghar	Sanghar	4,414
Mini Stadium, CFC & Distribution Office	Shahdadkot	32,307
Sinjhoro Office	Sinjhoro	600
LPG Air Mix Plant	Sohrab	19,360
Regional Office Sukkur / Pipe Yard Sukkur	Sukkur	115
HQ-1 Sukkur	Sukkur	43,333

21.5 As at June 30, 2021, property, plant and equipment having gross carrying amount of Rs. 698,655 million (2020: Rs. 252,150 million) are fully depreciated.

21.6 Borrowing costs capitalised during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 484 million (2020: Rs. 632 million). Borrowing costs related to general borrowings were capitalised at the rate of 8.66% (2020: 13.84%).

21.7 Capital work in progress

	Note	2021	2020
		(Rupees in '000)	
Projects:			
Gas distribution system		**5,285,268**	4,326,675
Gas transmission system		**457,613**	199,292
Cost of buildings under construction and Others		**231,004**	84,318
		5,973,885	4,610,285
Stores and spares held for capital projects	21.7.1	**5,756,759**	7,361,677
LPG air mix plant		**410,230**	399,991
		6,166,989	7,761,668
Impairment of capital work in progress		**(452,552)**	(452,552)
		11,688,322	11,919,401

	Note	2021	2020
		(Rupees in '000)	

21.7.1 Stores and spares held for capital projects

Gas distribution and transmission		**6,058,427**	7,622,345
Provision for impaired stores and spares		**(301,668)**	(260,668)
		5,756,759	7,361,677

22. INTANGIBLE ASSETS

Intangible assets	22.1	**113,835**	9,147
Advances		**600**	600
		114,435	9,747

22.1

(Rupees in '000)

		COST			AMORTISATION			WRITTEN DOWN VALUE	Useful life
		As at July 1,	Additions / (Deletion)	As at June 30,	As at July 1,	For the year	As at June 30,	As at June 30,	(years)
Computer Software	**2021**	**610,153**	**131,637**	**741,790**	**601,006**	**26,949**	**627,955**	**113,835**	**3**
	2020	601,164	8,989	610,153	579,751	21,255	601,006	9,147	3

	2021	2020
	(Rupees in '000)	

23. RIGHT-OF-USE ASSETS

Cost	**367,452**	369,281
Accumulated depreciation	**(201,986)**	(128,161)
Net book value	**165,466**	241,120
Cost		
Balance as at July 01	**369,281**	-
Impact on application of IFRS 16	**-**	369,281
Additions during the year	**50,055**	-
Derecognition during the year	**(51,884)**	-
Balance as at June 30	**367,452**	369,281
Accumulated depreciation		
Balance as at July 01	**128,161**	-
Depreciation charge for the year	**124,889**	128,161
Derecognition during the year	**(51,064)**	-
Balance as at June 30	**201,986**	128,161

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

24. DEFERRED TAX

	Note	2021 Opening	2021 Charge / (reversal) to statement of profit or loss	2021 Charge / (reversal) to OCI	2021 Closing
		(Rupees in '000)			
Taxable temporary differences					
Accelerated tax depreciation		**14,919,946**	**(2,716,542)**	**-**	**12,203,404**
Net investment in finance lease		**54,795**	**(16,766)**	**-**	**38,029**
Deductible temporary differences					
Provision against employee benefits		**(1,526,943)**	**(563,196)**	**489,699**	**(1,600,440)**
Provision against impaired debts & other receivables		**(6,339,402)**	**(646,578)**	**-**	**(6,985,980)**
Provision against impaired store and spares		**(115,611)**	**(12,689)**	**-**	**(128,300)**
Liability not paid within three years		**(13,695,953)**	**(6,318,739)**	**-**	**(20,014,692)**
Carry forward of tax losses		**(9,210,093)**	**4,201,654**	**-**	**(5,008,439)**
Minimum / alternate Income tax		**(5,274,862)**	**(74,733)**	**-**	**(5,349,595)**
Others		**(1,312,443)**	**(110,841)**	**332,988**	**(1,090,296)**
Sub total		**(22,500,566)**	**(6,258,429)**	**822,687**	**(27,936,309)**
Deferred tax asset not recognized	24.1	**22,312,989**	**2,901,654**	**-**	**25,214,643**
Total		**(187,577)**	**(3,356,776)**	**822,687**	**(2,721,666)**

	2020 Opening	2020 Charge / (reversal) to statement of profit or loss	2020 Charge / (reversal) to OCI	2020 Closing
	(Rupees in '000)			
Taxable temporary differences				
Accelerated tax depreciation	15,423,800	(503,854)	-	14,919,946
Net investment in finance lease	71,562	(16,766)	-	54,796
Deductible temporary differences				
Provision against employee benefits	(1,703,817)	176,639	235	(1,526,943)
Provision against impaired debts & other receivables	(5,292,193)	(1,047,209)	-	(6,339,402)
Provision against impaired store and spares	(104,169)	(11,442)	-	(115,611)
Liability not paid within three years	(13,102,278)	(593,675)	-	(13,695,953)
Carry forward of tax losses	(5,132,183)	(4,077,910)	-	(9,210,093)
Minimum Income tax	(2,813,466)	(2,461,397)	-	(5,274,863)
Others	(1,667,820)	355,377	-	(1,312,443)
Sub total	(14,320,564)	(8,180,237)	235	(22,500,566)
Deferred tax asset not recognized	14,127,246	8,185,744	-	22,312,989
Total	(193,318)	5,507	235	(187,577)

24.1 As at June 30, 2021, the Holding Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 39,736 million (2020:Rs. 36,976 million) out of which deferred tax asset amounting to Rs. 14,522 million has been recognised and remaining balance of Rs 25,214 million is unrecognised. As at year end, the Holding Company's minimum tax credit amounted to Rs. 5,161 million (2020: Rs. 5,161 million) having expiry period ranging between 2022 and 2025.

24.2 Includes an amount of Rs. 718 million on account of deferred tax effect on remeasurement of post retirement benefit obligation related to the year ended June 30, 2020.

25. LONG TERM INVESTMENTS

	Note	Percentage of holding (if over 10%)	2021	2020
			(Rupees in '000)	
Investment - at fair value through other comprehensive income				
Associates - Related parties				
Sui Northern Gas Pipelines Limited (SNGPL) 2,414,174 (2020: 2,414,174) ordinary shares of Rs. 10 each	25.1		**117,281**	131,814
Other investments				
Pakistan Refinery Limited 3,150,000 (2020: 3,150,000) ordinary shares of Rs. 10 each			**77,522**	35,942
United Bank Limited 118,628 (2020: 118,628) ordinary shares of Rs. 10 each			**14,496**	12,261
			209,299	180,017

25.1 Investments in SNGPL with a shareholding of 0.38% (2020: 0.38%) represent investment in 'associated companies' in terms of provisions of Companies Act 2017. However, the Holding Company has not accounted for this as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Holding Company does not have significant influence in this associated companies. This investment is measured at fair value through other comprehensive income under IFRS 9.

26. NET INVESTMENT IN FINANCE LEASE

	Note	2021	2020
		(Rupees in '000)	
Gross investment in finance lease		**142,542**	229,348
Less: unearned finance income		**(11,407)**	(40,399)
Present value of investment in finance lease	26.1	**131,135**	188,949

26.1 Details of investment in finance lease

	2021		2020	
	Gross investment	Present value	Gross investment	Present value
	----------Rupees in '000----------			
Less than one year	**86,806**	**57,814**	86,806	57,814
One to five years	**55,736**	**73,321**	142,542	131,135
	142,542	**131,135**	229,348	188,949

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

	Note	2021	2020
		(Rupees in '000)	

27. LONG-TERM LOANS AND ADVANCES

	Note	2021	2020
Secured			
Due from executives	27.1 & 27.2	**117**	344
Less: receivable within one year	32	**(36)**	(224)
		81	120
Due from other employees	27.1 & 27.2	**216,109**	213,262
Less: receivable within one year	32	**(40,851)**	(33,320)
		175,258	179,942
		175,339	180,062

27.1 Reconciliation of the carrying amount of loans:

	2021		2020	
	Executives	Other employees	Executives	Other employees
	(Rupees in '000)			
Opening Balance as at July 01,	**344**	**213,262**	560	217,023
Disbursements	**-**	**56,670**	-	49,131
Repayments	**(227)**	**(53,823)**	(216)	(52,892)
Balance as at June 30	**117**	**216,109**	344	213,262

27.2 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 Holding Company w.e.f. January 1, 2001. Loans to non-executive employees are free from mark-up. The Holding Company has not discounted these loans at market interest rate as effect of such discounting is not material to these unconsolidated financial statements.

27.3 The maximum aggregate amount of long term loans due from the executives at the end of any month during the year was Rs. 0.34 million (2020: Rs. 0.56 million).

28. STORES, SPARES AND LOOSE TOOLS

	2021	2020
	(Rupees in '000)	
Stores	**493,996**	467,397
Spares	**2,644,628**	2,006,908
Stores and spares in transit	**725,319**	604,856
Loose tools	**877**	853
	3,864,820	3,080,014
Provision against impairment		
Balance as at July 1	**(360,117)**	(323,244)
Provision made during the year	**(46,738)**	(36,873)
	(406,855)	(360,117)
Balance as at June 30	**3,457,965**	2,719,897

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

	2021	2020
Transmission	**3,081,624**	2,409,597
Distribution	**376,341**	310,300
	3,457,965	2,719,897

29. STOCK-IN-TRADE

	2021	2020
	(Rupees in '000)	
Gas		
Gas in pipelines	**1,105,596**	1,248,028
Stock of synthetic natural gas	**12,301**	14,336
Stock of Gas condensate	**63,154**	-
Stock liquefied petroleum gas	**17,943**	99,018
LPG stock in transit	**8,886**	17,051
	1,207,880	1,378,433
Gas meters		
Components	**369,418**	757,168
Work-in-process	**39,700**	29,006
Finished meters	**21,015**	95,883
	430,133	882,057
Provision against impaired inventory		
Balance as at July 1	**(38,543)**	(35,960)
Provision made during the year	**2,982**	(2,583)
Balance as at June 30	**(35,561)**	(38,543)
	1,602,452	2,221,947

30. CUSTOMERS' INSTALLATION WORK IN PROGRESS

This represents cost of work carried out by the Holding Company on behalf of the customers at their premises. Upon completion of work, the cost thereof is transferred to transmission and distribution cost and recoveries from such customers are shown as deduction there from as reflected in note 41.2 of the financial statements.

31. TRADE DEBTS

	Note	2021	2020
		(Rupees in '000)	
Considered good			
Secured		**31,108,796**	32,675,005
Unsecured		**82,534,979**	78,433,595
	31.1 & 31.2	**113,643,775**	111,108,600
Provision against financial assets	31.3	**(21,502,162)**	(19,273,134)
		92,141,613	91,835,466

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 30,931 million (2020: Rs. 33,415 million) as at June 30, 2021 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,652 million (2020: Rs. 29,652 million) as at June 30, 2021 are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 132,424 million (2020: Rs. 116,743 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

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

a. Highest OD rate being paid by the Holding Company; or

b. Highest rate at which interest is payable on gas producer bills.

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

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

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

In March, 2014, management signed a payment plan with KE in order to streamline the payment modalities in relation to current monthly bills and old outstanding principal amount, in which the issue of LPS was not addressed. The plan expired on March 31, 2015, and first addendum was included to the original payment plan effective from April 1, 2015 to March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 1, 2016 to March 31, 2017. Currently, management is in a process to negotiate payment plan, which has not been finalized till the filing of these 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 Holding Company to appoint a firm of Chartered Accountants to reconcile the balances appearing in their respective books which is still pending. Term of reference has been signed and shared with KE however, no response received from KE.

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,699 million (2020: Rs. 24,332 million) including overdue balance of Rs.24,622 million (2020: Rs. 24,253 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 74,417 million (2020: Rs. 67,665 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

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

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

31.3 Movement of provision against financial assets

	Note	2021	2020
		(Rupees in '000)	
Balance as at July 1		**19,273,134**	15,669,201
Provision recognised during the year		**2,229,028**	3,603,933
Balance as at June 30		**21,502,162**	19,273,134

32. LOANS AND ADVANCES

	Note	2021	2020
Considered good			
Secured			
Advances to:			
Executives	32.1	**135,600**	163,679
Other employees	32.1	**217,515**	257,272
		353,115	420,951
Current portion of long term loans and advances			
Executives	27	**36**	224
Other employees	27	**40,851**	33,320
		40,887	33,544
		394,002	454,495

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

33. ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS

	2021	2020
	(Rupees in '000)	
Advances for goods and services - unsecured, considered good	**1,019,820**	710,901
Trade deposits - unsecured, considered good	**12,670**	8,346
Prepayments	**199,368**	112,737
	1,231,858	831,984

34. INTEREST ACCRUED

	2021	2020
Interest accrued on late payment of bills / invoices from		
WAPDA	**4,717,577**	4,390,715
SNGPL	**9,821,347**	8,685,480
JJVL	**239,689**	578,798
	14,778,613	13,654,993
Interest accrued on sales tax refund	**487,739**	487,739
	15,266,352	14,142,732
Provision against financial assets	**(112,400)**	(112,400)
	15,153,952	14,030,332

35. OTHER RECEIVABLES

	Note	2021	2020
		(Rupees in '000)	
Gas development surcharge receivable from GoP	35.1	**207,762,067**	178,411,641
Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
Receivable from HCPCL	35.2	**4,157,839**	4,157,839
Staff pension fund	47	**79,052**	-
Receivable for sale of gas condensate		**42,949**	46,438
Receivable from Sui Northern Gas Pipelines Limited	35.3	**103,776,821**	99,834,232
Receivable from JJVL	35.5 & 35.6	**2,501,824**	11,427,831
Sales tax receivable		**39,548,675**	41,639,396
Sindh sales tax	35.4	**112,976**	112,976
Receivable against asset contribution		**348,448**	418,118
Accrued markup	35.7	**5,016**	5,450
Miscellaneous receivables		**29,997**	67,252
		362,649,744	340,405,253
Provision against impaired receivables		**(2,586,874)**	(2,586,874)
		360,062,870	337,818,379

35.1 Tariff adjustment - indigenous gas receivable from GoP

	Note	2021	2020
		(Rupees in '000)	
Gas Development Surcharge			
Balance as at July 01		**178,411,641**	140,160,555
Recognized during the year	40	**28,557,632**	37,600,501
Subsidy for LPG air mix operations		**792,794**	650,585
Balance as at June 30		**207,762,067**	178,411,641

35.1.1 This includes Rs. 390 million (2020: 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 financial statements.

35.2 Receivable from HCPCL

	2021	2020
	(Rupees in '000)	
Amount of LD Charges as per arbitration award	**3,938,382**	3,938,382
Subsequent LDs raised by HCPCL on award principle	**219,457**	219,457
Total receivable	**4,157,839**	4,157,839

35.2.1 HCPCL initiated arbitral proceedings on November 30, 2015 in the International Chamber of Commerce Singapore (ICC) against the Holding Company on account of short / non-supply of contractual gas volumes and disputed compounding of interest i.e. Late Payment Surcharge on gas bills 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 Liquidated Damages (LD) and legal and professional charges. The said final reward was adjusted by HCPCL against running gas bills issued by the Holding Company.

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

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

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

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

	Note	2021	2020
		(Rupees in '000)	
Uniform cost of gas		**15,818,845**	15,818,845
Lease rentals		**922,429**	593,033
Contingent rent		**10,405**	3,535
Capacity and utilization charges of RLNG	35.3.1	**52,247,106**	51,063,909
LSA margins of RLNG		**2,945,502**	2,877,266
RLNG transportation income		**31,832,534**	29,477,644
		103,776,821	99,834,232

35.3.1 At June 30, 2021, the Holding Company has invoiced an amount of Rs. 130,456 million, including Sindh Sales Tax of Rs. 15,151 million, 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 Holding 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, PAFL is making payment directly to the Holding Company according to the payment plan finalised, that requires PAFL to make eight equal monthly instalments of Rs. 201 million per month. The Holding Company has received all eight instalments up to July, 2019.

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

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

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

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

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

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

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

35.6 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, federal excise duty, Sindh sales tax on franchise services, fuel charges receivable against processing charges from JJVL and receivable from JJVL @ 57% value of LPG / NGL extraction as per new agreement signed between the Holding Company and JJVL pursuant to SCP order dated December 04, 2018 amounting to Rs. (10) million (2020: Rs. (35) million), Rs. 160 million (2020: Rs. 6,831 million), Rs. 178 million (2020: Rs. 2,067 million), Rs. 1,070 million (2020: Rs. 1,070 million), Rs. 646 million (2020: Rs. 646 million), Rs. 32 million (2020: 32 million), Rs.6.6 million, Rs. 419 million (2020: 817 million) respectively.

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

36. TAXATION - NET

	2021	2020
	(Rupees in '000)	
Advance tax	**34,352,075**	33,199,170
Provision for tax	**(16,461,742)**	(13,792,626)
	17,890,333	19,406,544

37. OTHER FINANCIAL ASSET

	Note	2021	2020
		(Rupees in '000)	
Investment at amortized cost			
Term deposit	37.1 & 37.2	**479,223**	729,000

37.1 This includes term deposit receipt amounting to Rs. 129.223 million (2020: Rs.129 million) carrying profit rates ranging between 7% to 7.25% per annum (2020: 7.25% to 8.25% per annum). The term deposit receipts are due to mature maximum by June 29, 2022. The term deposit has been kept as a security against the guarantee issued by the Sindh Bank Limited amounting Rs. 104.970 million.

37.2 This also includes term deposits amounting to Rs. 350 million (2020: Rs. 600 million) having maturity of less than 3 months carrying interest rate ranging 6.60% to 6.85% (2020: 6.90% to 7.50%) per annum.

38. CASH AND BANK BALANCES

	Note	2021	2020
		(Rupees in '000)	
Cash at banks			
deposit accounts	38.2	**191,211**	368,339
current accounts		**568,952**	575,583
		760,163	943,922
Cash in hand	38.1	**7,203**	6,761
		767,366	950,683

38.1 This includes foreign currency cash in hand amounting to Rs. 2.364 million (2020: Rs.2.525 million).

38.2 Rate of return on bank deposits ranges from 4.50% to 5.65% (2020: 3.75% to 11.25%) per annum.

39. SALES

	Note	2021	2020
		(Rupees in '000)	
Sales			
Indigenous gas		**223,076,502**	246,484,348
RLNG		**94,324,539**	49,237,877
		317,401,041	295,722,225
Less: Sales Tax			
Indigenous gas		**33,137,629**	36,690,600
RLNG		**12,776,742**	7,231,354
		45,914,371	43,921,954
		271,486,670	251,800,271

40. TARIFF ADJUSTMENTS

	Note	2021	2020
Indigenous gas	40.1	**28,557,632**	37,600,501
RLNG	40.2	**(3,915,401)**	839,594
		24,642,231	38,440,095

40.1 Tariff adjustment - indigenous gas

	Note	2021	2020
GDS recovered during the year		**32,468,143**	(3,480,425)
Price increase adjustment		**(3,117,717)**	49,075,081
Impact of staggering		**-**	(7,343,570)
Subsidy for LPG air mix operations	44.3	**(792,794)**	(650,585)
		28,557,632	37,600,501

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

OGRA vide its decision dated June 21, 2018 on the Estimated Revenue Requirement ('ERR') of the Holding Company for the year 2019 and in its letter dated June 01, 2018 "Tariff Regime for Regulated Natural Gas Sector" decided in consultation with the Federal Government and other licensees in the natural gas sector to revise the tariff regime including the rate of return which is to be based on Weighted Average Cost of Capital ('WACC') from the year 2019 in place of the existing rate of return of 17% of the average operating assets. Weighted Average Cost of Capital ('WACC') was computed at 17.43% for year 2019 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 OGRA. All prudently incurred expenses in the operation of the licensed regulated activities excluding financial charges on loans and debt servicing charges, taxes and dividend shall be treated as operating expenses.

40.2 Tariff adjustment - RLNG

	Note	2021	2020
		(Rupees in '000)	
RLNG - OGRA	4.3	**(3,915,401)**	(5,125,505)
RLNG - SNGPL	40.2.1	**-**	5,965,099
		(3,915,401)	839,594

40.2.1 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. Consequently, 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.

41 COST OF SALES

	Note	2021	2020
		(Rupees in '000)	
Cost of gas	41.1	**280,595,393**	284,344,157
Transmission and distribution costs	41.2	**21,283,451**	22,946,779
		301,878,844	307,290,936

41.1 Cost of gas

	Note	2021	2020
Gas in pipelines as at July 1		**1,248,029**	1,214,410
RLNG purchases	41.1.1	**77,651,482**	43,609,212
Indigenous gas purchases		**203,792,893**	246,776,815
		282,692,404	291,600,437
Gas consumed internally		**(991,412)**	(6,008,251)
Gas in pipelines as at June 30		**(1,105,599)**	(1,248,029)
		(2,097,011)	(7,256,280)
		280,595,393	284,344,157

41.1.1 During the year 2015, the Holding Company started swapping of natural gas in lieu of RLNG, which it received from EETL and Pakistan Gasport Consortium Limited (PGPCL) transferred to SNGPL. However, the gas transferred to SNGPL in lieu of RLNG is not in accordance with the gas received from EETL due to the difference of Gas Colorific Value (GCV) in the gas volume received and transmitted to SNGPL. From March 2015 till June 30, 2021, the Holding Company received 1,730,640,222 Million Metric British Thermal Units (MMBTUs) from EETL and PGPCL and supplied 1,584,507,225 MMBTUs to SNGPL with a short supply of 146,132,997 MMBTU.

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

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

During the year Holding Company has recorded purchases of 65 BCF (2020: 31 BCF) from SNGPL amounting to Rs. 77,651 million (2020: Rs.43,609 million) based on OGRA's decision dated November 20, 2018.

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

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

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

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

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

- Vigilance for identification of theft cases, illegal networks and necessary remedial measures 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 15.31% without considering RLNG volume handled. Although, the Holding Company had claimed UFG at 7.37% based on the RLNG volume handled and transmitted RLNG to SNGPL. The matter of RLNG volume handling benefit to the Holding Company is under review at ECC level.

As per the UFG study report finalized by a firm of Chartered Accountant, revised UFG allowance formula is gas volume available for sale X [5% + (2.6% X percentage of achievement of KMI's)]. OGRA has determined Benchmark with KMI achievement at 6.92% [5% + (1.92% based on KMI achievement)] as against the claim of the Company at 7.46% [5% + (2.46% based on KMI achievement)].

41.2	Transmission and distribution costs	Note	2021	2020
			(Rupees in '000)	
	Salaries, wages and benefits		**8,932,312**	9,970,715
	Contribution / accruals in respect of staff retirement benefit schemes	41.2.1	**1,528,995**	2,264,136
	Depreciation on operating assets	21.2	**8,573,803**	7,672,333
	Depreciation - right of use assets		**58,482**	58,788
	Repairs and maintenance		**1,477,775**	1,796,342
	Stores, spares and supplies consumed		**586,682**	519,956
	Gas consumed internally		**861,762**	826,229
	Legal and professional charges		**107,947**	93,336
	Software maintenance		**66,792**	59,687
	Electricity		**134,002**	121,006
	Security expenses		**758,939**	740,859
	Insurance and royalty		**108,361**	99,975
	Travelling		**55,859**	60,550
	Material and labor used on customers' installation		**8,727**	9,217
	Postage and revenue stamps		**2,122**	2,037
	Rent, rates and taxes		**57,160**	55,624
	Others		**295,973**	1,044,514
			23,615,693	25,395,304
	Recoveries / allocations to:			
	Gas distribution system capital expenditure		**(1,927,199)**	(2,014,495)
	Installation costs recovered from customers	30	**(39,103)**	(44,882)
			(1,966,302)	(2,059,377)
	Recoveries of service cost from Sui Northern Gas Pipeline Limited - related party	41.2.2	**(350,621)**	(372,879)
	Allocation to sale of gas condensate		**(15,319)**	(16,269)
			21,283,451	22,946,779

41.2.1	Contributions to / accrual in respect of staff retirement benefit schemes	2021	2020
	Contributions to the provident fund	**267,644**	278,093
	Charge in respect of pension funds:		
	executives	**(19,084)**	432,519
	non executives	**(69,886)**	342,135
	Charge in respect of gratuity funds:		
	executives	**403,337**	211,706
	non executives	**382,450**	124,393
	Accrual in respect of unfunded post retirement Medical facility:	**481,247**	875,290
	Accrual / (Reversal) in respect of compensated absences		
	Executives	**147,614**	
	Other employees	**(64,327)**	-
		1,528,995	2,264,136

41.2.2 This includes recovery in respect of payable against transfer of pipeline transferred to the Holding Company from Engro Elengy Terminal Limited amounting to Rs. 135.7 million.

42. ADMINISTRATIVE AND SELLING EXPENSES

	Note	2021	2020
Administrative expenses	42.1	**2,665,274**	2,973,183
Selling expenses	42.2	**1,949,754**	1,974,440
		4,615,028	4,947,623

	Note	2021	2020
		(Rupees in '000)	

42.1 ADMINISTRATIVE EXPENSES

	Note	2021	2020
Salaries, wages and benefits		**1,719,425**	1,923,373
Contribution / accruals in respect of staff retirement benefit schemes	42.1.1	**166,361**	212,377
Depreciation on operating assets	21.2	**133,596**	206,515
Depreciation - right of use assets		**25,553**	25,625
Amortisation of intangible assets	22	**26,949**	20,968
Repairs and maintenance		**163,734**	144,203
Stores, spares and supplies consumed		**48,874**	31,853
Legal and professional		**83,205**	109,895
Software maintenance		**91,713**	76,191
Electricity		**4,712**	4,388
Security expenses		**15,524**	15,412
Insurance and royalty		**13,991**	13,534
Travelling		**29,344**	51,669
Postage and revenue stamps		**9,069**	7,616
Rent, rates and taxes		**7,544**	9,104
Others		**150,488**	158,936
		2,690,082	3,011,659
Allocation to meter manufacturing division	44.2	**(24,808)**	(38,476)
		2,665,274	2,973,183

42.1.1 Contribution / accrual in respect of staff retirement benefit schemes

		2021	2020
Contribution to the provident fund		**53,547**	55,381
Charge in respect of pension funds:			
executives		**48,705**	57,434
non-executives		**9,577**	6,114
Charge in respect of gratuity funds:			
executives		**48,398**	45,539
non-executives		**5,490**	4,182
(Reversal) / Accrual in respect of unfunded post retirement:			
gas facility		**(19,408)**	36,470
medical facility		**20,052**	7,257
		166,361	212,377

42.2 SELLING EXPENSES

	Note	2021	2020
Salaries, wages and benefits		**1,103,702**	1,122,033
Contribution / accruals in respect of staff retirement benefit schemes	42.2.1	**138,430**	127,360
Depreciation on operating assets	21.2	**16,584**	10,604
Depreciation - right of use assets		**39,967**	42,857
Repairs and maintenance		**2,673**	2,047
Stores, spares and supplies consumed		**16,322**	15,834
Electricity		**109,467**	155,700
Insurance and royalty		**967**	1,008
Travelling		**1,225**	1,372
Gas bill and collection charges		**504,877**	477,904
Postage and revenue stamps		**506**	397
Rent, rates and taxes		**1,441**	522
Others		**13,593**	16,802
		1,949,734	1,974,440

		Note	2021	2020
			(Rupees in '000)	
42.2.1	**Contribution / accrual in respect of staff retirement benefit schemes**			
	Contribution to the provident fund		**36,826**	38,210
	Charge in respect of pension funds:			
	executives		**22,424**	30,898
	non-executives		**37,949**	23,590
	Charge in respect of gratuity funds:			
	executives		**20,706**	18,552
	non-executives		**20,525**	16,110
			138,430	127,360
43.	**OTHER OPERATING EXPENSES**			
	Auditors' remuneration			
	Statutory audit		**4,873**	5,575
	Fee for other audit related services		**945**	1,539
	Out of pocket expenses		**593**	648
			6,411	7,762
	Workers' profit participation fund		**59,740**	-
	Sports expenses		**107,120**	130,653
	Corporate social responsibility		**69,767**	54,896
	Provision against impaired stores and spares		**87,738**	31,737
	Loss on disposal of property, plant and equipment		**133,374**	41,494
	Exchange loss		**-**	1,530,546
			464,150	1,797,088
44.	**OTHER INCOME**			
	Income from financial assets			
	Income for receivable against asset contribution		**37,186**	42,972
	Interest income on loan to related party		**-**	
	Income from net investment in finance lease from SNGPL		**26,547**	36,250
	Return on term deposits and saving bank account		**82,392**	159,994
	Gain on sale of units of mutual fund		**-**	9,958
			146,125	249,174
	Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)		**326,862**	649,348
	Dividend income		**4,828**	1,849
			477,815	900,371
	Income from other than financial assets			
	Late payment surcharge		**1,935,745**	1,696,811
	Interest income on late payment of gas bills from - SNGPL - Related Party		**1,135,867**	1,138,979
	Sale of gas condensate - net		**(57,903)**	(16,019)
	Income from LPG NGL - net	44.1	**666,319**	738,182
	Meter manufacturing division profit - net	44.2	**14,460**	13,988
	Meter rentals		**1,377,415**	799,764
	RLNG transportation income		**8,533,000**	8,353,000
	Recognition of income against deferred credit and contract liabilities		**610,771**	549,302
	Income from LPG air mix distribution - net	44.3	**129,937**	112,273
	Recoveries from customers		**84,078**	58,377
	Liquidated damages recovered		**84,472**	32,043
	Income from sale of tender documents		**5,489**	4,072
	Amortization of Government grant		**15,925**	20,842
	Rental income from SSGC LPG (Private) Limited		**-**	
	Exchange gain		**3,199,083**	-
	Income against LNG service agreement		**919,628**	895,868
	Miscellaneous		**127,284**	471,192
			19,259,385	15,769,045

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

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the termination by the Holding Company and stated that the termination was validly done and the Holding Company was within its legal and contractual right to do so and appointed a firm of Chartered Accountant to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the Holding Company. Subsequently, JJVL paid Rs. 1.5 billion as per SCP Order dated November 16, 2018 based on the report submitted by Chartered Accountant firm.

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

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

44.2 Meter manufacturing division profit - net

	Note	2021	2020
		(Rupees in '000)	
Gross Sale of gas meters:			
Holding Company's consumption		**2,033,136**	2,029,605
Outside sales		**20,910**	31,702
		2,054,046	2,061,307
Sales tax		**(325,218)**	(297,430)
Net sales		**1,728,828**	1,763,877
Raw material consumed		**1,222,246**	1,152,855
Stores and spares		**8,250**	4,203
Fuel, power and electricity		**20,890**	18,486
Salaries wages and other benefits	44.2.2	**410,703**	505,614
Insurance		**858**	821
Repairs and maintenance		**9,881**	7,345
Depreciation	21.2	**23,882**	24,114
Transportation		**3**	2
Other expenses		**1,023**	691
Less: Cost of goods sold		**1,697,736**	1,714,131
Gross profit		**31,092**	49,746
Administrative expenses	42.1	**(24,808)**	(38,476)
Operating profit		**6,284**	11,270
Other income		**8,176**	2,718
Net profit		**14,460**	13,988

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

		Note	2021	2020
			(Rupees in '000)	
44.2.2	Salaries, wages and other benefits		**394,332**	489,243
	Provident fund contribution		**6,592**	6,592
	Pension fund		**5,818**	5,818
	Gratuity		**3,961**	3,961
			410,703	505,614

44.3 Income from LPG air mix distribution - net

	Note	2021	2020
Sales		**66,231**	66,953
Cross subsidy		**792,794**	650,585
Cost of sales		**(518,097)**	(410,522)
Gross profit		**340,928**	307,016
Distribution, selling and administrative expenses			
Salaries, wages and other benefits		**(57,058)**	(61,041)
Depreciation expenses	21.2	**(93,282)**	(94,566)
Other operating expenses		**(100,849)**	(85,121)
		(251,189)	(240,728)
Amortisation of deferred credit		**32,578**	39,909
Other income		**7,620**	6,076
Profit for the year		**129,937**	112,273

44.4 The gross income from LPG and NGL amounted Rs. 4,683 million and total related shrinkage amounted Rs. 4,425 million in FY 2020.

45. FINANCE COST

	2021	2020
	(Rupees in '000)	
Mark-up on:		
loan from banking companies	**3,031,788**	5,822,103
short term borrowings	**1,386,695**	1,421,794
Interest on loan to related party	**-**	
customer deposits	**540,385**	457,436
customer finance	**1,208**	1,849
Government of Sindh loans	**29,866**	32,615
payable against transfer of pipeline	**76,657**	81,718
finance cost of lease liability	**21,563**	35,813
others	**21,545**	19,954
	5,109,707	7,873,282
Less: Finance cost capitalised during the year	**(484,101)**	(632,004)
	4,625,606	7,241,278

46. TAXATION

	2021	2020
Current tax	**(2,667,706)**	(2,389,801)
Prior tax	**(1,409)**	(1,977)
Deferred tax	**3,356,776**	(5,507)
	687,661	(2,397,285)

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

	2021	2020
	(Rupees in '000)	
Accounting profit / (loss) for the year	**1,575,629**	(18,871,447)
Tax rate	**29%**	29%
Tax charge	**(456,932)**	5,472,720
Effect of lower tax rate on dividend income	**(676)**	(259)
Effect of prior year tax	**(1,409)**	(1,977)
Effect of deferred tax not recognised	**(2,901,654)**	(8,170,207)
Minimum income tax u/s 153 (1) (b)	**50,752**	(8,467)
Others	**3,997,580**	310,905
	687,661	(2,397,285)

47. STAFF RETIREMENT BENEFITS

47.1 Funded post retirement pension and gratuity schemes

As mentioned in note 4.16 to these consolidated financial statements, the Holding Company operates approved funded pension and gratuity schemes for all employees. Contributions are made to these schemes based on actuarial valuation. Latest actuarial valuations were carried out as at June 30, 2021 under the projected unit credit method for both non-executive and executive staff members.

Fair value of plan assets and present value of obligations

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

Liability / (Asset) in consolidated statement of financial position

	2021			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	-----------------------------(Rupees in '000)-------------------------------			
Fair value of plan assets	**(1,137,931)**	**(5,352,923)**	**(254,205)**	**(3,412,945)**
Present value of defined benefit obligation	**1,409,118**	**6,622,845**	**15,354**	**5,621,826**
	271,187	**1,269,922**	**(238,851)**	**2,208,881**

Movement in present value of defined benefit obligation				
Obligation as at July 01, 2020	**1,296,098**	**6,752,619**	**14,787**	**5,192,580**
Current service cost	**40,628**	**336,422**	**-**	**252,262**
Past Service cost	**-**	**-**	**-**	**-**
Interest cost	**106,092**	**545,911**	**1,163**	**422,531**
Remeasurement	**62,222**	**(351,822)**	**1,602**	**197,702**
Benefits paid	**(95,922)**	**(660,285)**	**(2,198)**	**(443,249)**
Obligation as at June 30, 2021	**1,409,118**	**6,622,845**	**15,354**	**5,621,826**

	2021			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	-----------------------------(Rupees in '000)-------------------------------			
Movement in fair value of plan assets				
Fair value as at July 01, 2020	868,076	4,706,318	77,945	3,082,206
Expected return on plan assets	81,989	409,303	13,719	261,157
Remeasurement	(8,379)	229,521	(4,251)	69,115
Benefits paid	(95,922)	(660,285)	(2,198)	(443,249)
Contribution to the fund	534,503	425,730	435,780	176,926
Amount transferred in / (out)	(242,336)	242,336	(266,790)	266,790
Fair value as at June 30, 2021	1,137,931	5,352,923	254,205	3,412,945
Movement in liability / (asset) in consolidated statement of financial position				
liability / (Asset) as at July 01, 2020	428,022	2,046,301	(63,158)	2,110,374
Expense recognised for the year	64,731	473,030	(12,556)	413,636
Remeasurement	70,601	(581,343)	5,853	128,587
Contribution to the fund	(534,503)	(425,730)	(435,780)	(176,926)
Amount transferred in / (out)	242,336	(242,336)	266,790	(266,790)
Liability / (Asset) as at June 30, 2021	271,187	1,269,922	(238,851)	2,208,881

Expense recognised in the consolidated statement of profit or loss

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

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

	2021			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Composition / fair value of plan assets used by the fund				
Quoted Shares	6.61%	1.44%	18.20%	3.15%
Debt instruments	51.79%	81.32%	29.71%	70.53%
Mutual funds	11.10%	2.67%	0.00%	10.30%
Others including cash & cash equivalents	30.50%	14.57%	52.09%	16.02%
Total	100%	100%	100%	100%
Quoted Shares	76,429	77,906	45,334	110,459
Debt instruments	598,836	4,407,358	74,015	2,470,980
Mutual funds	128,302	144,924	-	360,849
Others including cash & cash equivalents	352,701	789,713	129,768	561,074
Total	1,156,268	5,419,901	249,117	3,503,362

Detail of employees valued

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

Total number of employees	2,325	2,325	-	4,430
Total monthly salaries	254,622	254,622	-	130,337
Total number of pensioner	146	-	23	-
Total monthly pension	3,030	-	169	-

	2020			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Liability / (Asset) in consolidated statement of financial position				
Fair value of plan assets	(868,076)	(4,706,318)	(77,945)	(3,082,206)
Present value of defined benefit obligation	1,296,098	6,752,619	14,787	5,192,580
	428,022	2,046,301	(63,158)	2,110,374
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2019	1,283,366	6,596,505	19,402	5,433,108
Current service cost	45,216	358,747	-	256,055
Interest cost	184,876	931,095	2,574	760,722
Remeasurement	(155,910)	(604,318)	(4,819)	(501,424)
Benefits paid	(61,450)	(529,410)	(2,370)	(755,881)
Obligation as at June 30, 2020	1,296,098	6,752,619	14,787	5,192,580
Movement in fair value of plan assets				
Fair value as at July 01, 2019	1,110,520	3,718,709	199,381	3,219,240
Expected return on plan assets	161,832	547,435	26,568	465,575
Remeasurement	(116,261)	464,611	(42,782)	(121,783)
Benefits paid	(61,450)	(529,410)	(2,370)	(755,881)
Contribution to the fund	238,046	570,799	76,648	95,555
Amount transferred in / (out)	(464,611)	(65,826)	(179,500)	179,500
Fair value as at June 30, 2020	868,076	4,706,318	77,945	3,082,206
Movement in (asset) / liability in consolidated statement of financial position				
(Asset) / liability as at July 01, 2019	172,846	2,877,796	(179,979)	2,213,868
Expense recognized for the year	532,871	277,796	378,161	149,047
Remeasurement	(39,649)	(538,492)	(184,692)	(156,986)
Contribution to the fund	(238,046)	(570,799)	(76,648)	(95,555)
(Asset) / liability as at June 30, 2020	428,022	2,046,301	(63,158)	2,110,374

	2020			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	-----------------------------(Rupees in '000)------------------------------			

Expense recognized in the consolidated statement of profit or loss

Expense recognized in the consolidated statement of profit or loss in respect of the above scheme were as follows:

	Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
Current service cost	45,216	358,747	-	256,055
Interest cost	184,876	931,095	2,574	760,722
Interest income	(161,832)	(547,435)	(26,568)	(465,575)
Amount transferred out / (in)	464,611	(464,611)	402,155	(402,155)
	532,871	277,796	378,161	149,047

Total remeasurements recognized in consolidated statement of comprehensive income

Remeasurement on obligation arising on

	Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
Financial assumptions	4,483	671,781	294	523,421
Experience adjustments	151,427	(67,463)	4,525	(21,997)
	155,910	604,318	4,819	501,424

Remeasurement on plan assets arising on

	Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
Actual return on plan assets	40,045	479,460	(18,331)	300,473
Expected return on plan assets	(161,832)	(547,435)	(26,568)	(465,575)
Net return on plan assets over interest income	(121,787)	(67,975)	(44,899)	(165,102)
Difference in opening fair value of assets after audit	5,526	2,149	2,117	43,319
Adjustment for previous amount	-	-	222,655	(222,655)
	(116,261)	(65,826)	179,873	(344,438)
	39,649	538,492	184,692	156,986

Composition / fair value of plan assets used by the fund

	Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
Quoted Shares	8.83%	1.67%	58.35%	3.60%
Debt instruments	81.47%	95.47%	34.48%	86.62%
Mutual funds	7.96%	2.25%	0.00%	6.60%
Others including cash & cash equivalents	1.74%	0.62%	7.17%	3.17%
Total	100.00%	100.00%	100.00%	100.00%
Quoted Shares	76,659	78,456	45,481	111,081
Debt instruments	707,228	4,492,924	26,872	2,669,938
Mutual funds	69,126	105,930	-	203,380
Others including cash & cash equivalents	15,063	29,008	5,592	97,807
Total	868,076	4,706,318	77,945	3,082,206

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2020.

	Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
Total number of employees	2,361	2,361	-	4,167
Total monthly salaries	269,835	269,835	-	134,522
Total number of pensioner	127	-	23	-
Total monthly pension	2,559	-	169	-

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

	Executives and Non-executives	
	2021 (%)	2020 (%)
Discount rate	**10.00**	8.50
Salary increase rate in the first year	**0.00**	0.00
Expected rate of increase in salary level	**8.00**	6.50
Increase in pension	**5.00**	2.50
Mortality rates	**SLIC (2001-05)**	SLIC (2001-05)-1
Rates of employee turnover	**Moderate**	Ultra-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)-----			
Change in assumption						
Discount rate	**1%**	Increase in assumption	**1,284,380**	**6,327,615**	**14,475**	**5,305,969**
Salary increase rate	**1%**		**1,463,179**	**6,985,542**	**-**	**5,998,724**
Pension rate	**1%**		**1,510,160**	**-**	**16,385**	**-**
Discount rate	**1%**	Decrease in assumption	**1,557,374**	**6,945,230**	**16,346**	**5,968,801**
Salary growth rate	**1%**		**1,367,850**	**6,285,667**	**-**	**5,273,839**
Pension rate	**1%**		**1,322,025**	**-**	**14,427**	**-**

The expected pension and gratuity expense for the next one year from July 01, 2021 is as follows:

	2021			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	-----(Rupees in '000)-----			
Current service cost	**45,545**	**357,210**	**-**	**262,966**
Interest cost	**(3,436)**	**114,266**	**(23,885)**	**213,722**
Interest income on plan assets		**-**		
Interest cost	**(3,436)**	**114,266**	**(23,885)**	**213,722**
Expected return on plan assets				
Amount transferred out / (in)				
	42,109	**471,476**	**(23,885)**	**476,688**

47.2 Unfunded post retirement medical benefit and gas supply facilities

The Holding Company provides free medical and gas supply facilities to its retired executive employees. The free gas supply facility has been discontinued for employees who had retired after December 31, 2000. The latest actuarial valuations of the liability under these schemes were carried out as at June 30, 2021 under the projected unit credit method, results of which are as follows:

	2021		
	Post retirement medical facility	Post retirement gas facility	Total
	------------------(Rupees in '000)-------------------		
Liability in consolidated statement of financial position			
Present value of defined benefit obligation	4,591,004	32,444	4,623,448
Movement in present value of defined benefit obligation			
Liability as at July 01, 2020	4,215,314	52,959	4,268,273
Expense / (income) recognized for the year	501,299	(19,409)	481,890
Payments during the year	(145,006)	(2,585)	(147,591)
Remeasurement	19,397	1,479	20,876
Liability as at June 30, 2021	4,591,004	32,444	4,623,448
Expense recognized in the consolidated statement of profit or loss			
Current service cost	149,160	-	149,160
Interest cost	352,139	4,392	356,531
Curtailment gain	-	(23,801)	
	501,299	(19,409)	481,890
Total remeasurements recognized in consolidated statement of comprehensive income			
Remeasurement on obligation arising on			
financial assumptions	-	-	-
experience adjustments	19,397	1,479	20,876
	19,397	1,479	20,876

Detail of employee valued

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

Total number of actives	2,216	-
Total number of beneficiaries	2,682	103

	2020		
	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	4,215,314	52,959	4,268,273
Movement in present value of defined benefit obligation			
Liability as at July 01, 2019	4,965,955	52,959	5,018,914
Expense recognized for the year	911,760	7,257	919,017
Payments during the year	(109,170)	(4,179)	(113,349)
Remeasurement	(1,553,231)	(3,078)	(1,556,309)
Liability as at June 30, 2020	4,215,314	52,959	4,268,273
Expense recognized in the consolidated statement of profit or loss			
Current service cost	198,734	-	198,734
Interest cost	713,026	7,257	720,283
	911,760	7,257	919,017

	2020		
	Post retirement medical facility	Post retirement gas facility	Total
	------(Rupees in '000)------		
Total remeasurements recognized in consolidated statement of comprehensive income			
Remeasurement on obligation arising on			
financial assumptions	(697,121)	-	(697,121)
experience adjustments	(856,110)	(3,078)	(859,188)
	(1,553,231)	(3,078)	(1,556,309)

Detail of employee valued

Detail of employee valued related to above scheme are as follows for the year ended June 30, 2020

Total number of active employees	2,272	-
Total number of beneficiaries	2,306	153

47.3 Significant actuarial assumptions

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

	Executives	
	2021	2020
Discount rate	**10.00%**	8.50%
Medical inflation rate - (Post-Retirement)	**8.00%**	6.50%
Medical inflation rate - (Pre-Retirement)	**8.00%**	6.50%
Gas inflation rate	**10.00%**	8.50%
Benefit limit - Gas	**25,100**	27,500
Expected medical expense for adult - retires and deceased staff	**53,100**	50,500
Expected medical expense for adult - active (family of two)	**106,200**	101,000
Expected medical expense for children	**10,000**	10,000
Mortality rates (for death in service & post retirement mortality)	**SLIC (2001-05)**	SLIC (2001-05)
Rate of employees turnover	**Moderate**	Ultra 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	**4,010,092**	**30,134**
Medical inflation rate	1%		**5,333,564**	
Gas inflation rate	1%		**-**	**35,071**
Discount rate	1%	Decrease in assumption	**5,311,380**	**35,097**
Medical inflation rate	1%		**3,984,985**	
Gas inflation rate	1%		**-**	**30,114**

The expected medical and gas expense for the next one year from July 01, 2021 is as follows:

	Post retirement medical facility	Post retirement gas facility
	-----------------------------(Rupees in '000)-------------------------------	
Current service cost	**173,584**	**-**
Net interest cost	**441,437**	**3,244**
	615,021	**3,244**

47.4 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	
	2021 (Audited)	2020 (Audited)	2021 (Audited)	2020 (Audited)
Size of provident fund	**5,062,876**	4,679,583	**4,581,439**	4,337,053
Cost of investments made	**4,307,868**	4,190,178	**3,819,492**	3,875,219
Percentage of investments made	**85.1%**	89.5%	**83.4%**	89.4%
Fair value of investment	**4,789,145**	4,412,916	**4,376,621**	4,135,876
Break-up of investments:				
- Balance in savings accounts				
Amount of investment	**104,103**	69,799	**102,531**	67,108
Percentage of investment as size of the fund	**2.0%**	1.5%	**2.2%**	1.5%
- Term deposit receipts				
Amount of investment	**789,041**	690,836	**627,595**	557,463
Percentage of investment as size of the fund	**15.6%**	14.7%	**13.7%**	12.9%
- Units of mutual fund				
Amount of investment	**490,871**	344,212	**389,254**	234,801
Percentage of investment as size of the fund	**9.7%**	7.4%	**8.5%**	5.4%
- Special savings certificate				
Amount of investment	**1,884,386**	1,663,819	**2,251,109**	1,987,618
Percentage of investment as size of the fund	**37.2%**	35.6%	**49.1%**	45.8%
- Treasury bills				
Amount of investment	**30,649**	339,142	**-**	464,478
Percentage of investment as size of the fund	**0.6%**	7.2%	**0.0%**	10.7%
- Pakistan Investment Bonds (PIBs)				
Amount of investment	**1,419,498**	1,231,668	**941,995**	758,401
Percentage of investment as size of the fund	**28.0%**	26.3%	**20.6%**	17.5%
- Term Finance Certificates (TFCs)				
Amount of investment	**-**	-	**-**	-
Percentage of investment as size of the fund	**0.0%**	0.0%	**0.0%**	0.0%
- Quoted shares				
Amount of investment	**70,597**	73,440	**64,137**	66,007
Percentage of investment as size of the fund	**1.4%**	1.6%	**1.4%**	1.5%

47.5 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

47.6 Deferred (Asset) / liability - gratuity - the Subsidiary Company

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, 2021 under the Projected Unit Credit method are as follows:

	2021	2020
	(Rupees in '000)	
Consolidated statement of financial position - net recognised liability		
Defined benefit liability	**(60)**	39,608
Movement of the liability recognized in consolidated statement of financial position		
Obligation as at July 01, 2020	**39,608**	27,971
Current service cost	**11,784**	9,446
Interest cost	**1,283**	3,985
Benefits paid during the year	**(2,979)**	(984)
Contribution	**(44,464)**	-
Remeasurement of actuarial gain	**(5,292)**	(810)
Obligation as at June 30, 2021	**(60)**	39,608
Expense recognized in consolidated statement of profit or loss		
Current service cost	**11,784**	9,446
Net interest expense	**1,283**	3,985
Expense for the year	**13,067**	13,431
Remeasurement gain recognized in consolidated statement of comprehensive income		
Actuarial gain on defined benefit obligation	**(5,292)**	(810)
Fair value of plan assets at year end		
Term finance certificate	**5,918**	-
Equity account	**2,305**	-
Amount in bank	**29,482**	-
	37,705	-

The principal assumptions used in the actuarial valuations carried out as of June 30, 2021 using the 'Projected Unit Credit' method, are as follows:

	2021 %	2020 %
Discount rate	**9.75%**	9.75%
Salary increase rate short run (p.a)	**4.00%**	4.00%
Salary increase rate long run (p.a)	**9.75%**	9.75%
Duration	**8.50 years**	8.50 years
Withdrawn rates	**Moderate**	Moderate
Mortality Rates	**SLIC 2001-05**	SLIC 2001-05

The sensitivity of the defined benefit asset to changes in the weighted principal assumptions is:

	Defined benefit asset	% Change from base
Present value of defined benefit obligation - June 30, 2020	**(60)**	
Discount rate (1% increase)	**34,664**	**-7.92%**
Discount rate (1% decrease)	**41,067**	**9.09%**
Salary growth rate (1% increase)	**41,241**	**9.55%**
Salary growth rate (1% decrease)	**34,463**	**-8.45%**
Withdrawal rates (10% Increase)	**37,645**	**0.00%**
Withdrawal rates (10% Decrease)	**37,645**	**0.00%**
1 year Mortality age set back	**37,645**	**0.00%**
1 year Mortality age set forward	**37,645**	**0.00%**

The defined benefit asset expose the Subsidiary Company to the actuarial risks such as:

(a) Longevity risks

The risk arises when the actual lifetime of the retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

(b) Salary increase risk

The risk arises when the actual increases are higher or lower than the expectation and impacts the liability accordingly.

(c) Withdrawal risks

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

The following table shows the analysis of remeasurement as at the valuation date:

	2021	2020
	(Rupees in '000)	
Remeasurement gain on obligation		
- Financial assumption	**(1,854)**	(505)
- Due to Salary Increase	**(2,380)**	-
- Due to actual Withdrawal / Morality	**(2,487)**	-
- Other reasons	**(55)**	-
- Remeasurement gain or loss on plan assets	**1,484**	-
- Experience adjustment	**-**	(306)
Total remeasurement on obligation	**(5,292)**	(810)
Total remeasurement recognized in other comprehensive income	**(5,292)**	(810)

47.6.1 The expected gratuity expense for the year ending June 30, 2022 is Rs. 9.476 million.

47.6.2 During the current year, the Subsidiary Company has established and transferred the entire amount to gratuity fund.

48. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

		Note	2021	2020
			(Rupees in '000)	
Profit / (loss) for the year			**2,263,291**	(21,268,732)
Average number of ordinary shares	(Number of shares)		**880,916,309**	880,916,309
Earnings / (loss) per share - basic and diluted	(Rupees)		**2.57**	(24.14)

49. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

	Note	2021	2020
Provisions	49.1	**3,837,791**	5,910,585
Depreciation on owned assets		**8,983,014**	8,143,256
Depreciation on right of use assets		**124,889**	128,161
Amortization of intangible assets		**26,949**	21,254
Finance cost		**4,484,755**	7,289,038
Amortization of transaction cost		**46,950**	48,473
Recognition of income against deferred credit and contract liability		**(643,262)**	(589,159)
Amortization of Government grant		**(15,925)**	(20,842)
Dividend income		**(4,828)**	(1,849)
Interest income		**(1,491,583)**	(2,101,622)
Income from net investment in finance lease		**(26,547)**	(36,250)
Loss on disposal of property plant and equipment		**133,383**	41,224
Decrease in long term advances		**186,978**	(101,515)
Increase in deferred credit and contract liability		**2,270,167**	2,207,086
Finance cost on lease liability		**21,563**	35,813
Increase in obligation under finance lease		**76,657**	81,718
		18,010,951	21,055,371

49.1 Provisions

	2021	2020
Provision against slow moving / obsolete stores	**84,756**	34,320
Provision against financial assets	**2,229,028**	3,603,933
Provision for compensated absences	**83,286**	-
Provision for post retirement medical and free gas supply facilities	**481,890**	919,017
Provision for retirement benefits	**938,841**	1,337,875
Provision for gratuity	**13,067**	13,432
Provision for bonus	**7,941**	
Provision for leave encashment	**(1,018)**	2,008
	3,837,791	5,910,585

50. WORKING CAPITAL CHANGES

	2021	2020
Increase in current assets		
Store, spares and loose tools	**(784,806)**	(390,997)
Stock-in-trade	**630,982**	(320,607)
Customers' installation work-in-progress	**(8,012)**	(30,217)
Trade debts	**(2,523,894)**	(11,246,927)
Advances, deposits and short term prepayments	**(399,874)**	(586,603)
Other receivables	**(22,164,761)**	(65,078,769)
	(25,250,365)	(77,654,120)
Increase in current liabilities		
Trade and other payables	**20,021,703**	104,641,660
	(5,228,662)	26,987,540

	2021	2020
51. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES	(Rupees in '000)	
Balance as at July 01	**37,418,849**	46,757,348
Proceed from long term loan	**60,881**	65,110
Repayment of long term loan	**(8,729,419)**	(9,648,859)
Addition in lease	**50,055**	356,635
Repayment of lease liability	**(168,530)**	(147,198)
Others	**21,563**	35,813
Balance as at June 30	**28,653,399**	37,418,849

52. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

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

	2021		2020	
	Managing Director	Executives	Managing Director	Executives
	(Rupees in 000)			
Managerial remuneration	**33,862**	**2,299,815**	27,662	2,464,289
Housing	**13,785**	**939,906**	11,963	1,006,484
Utilities	**3,602**	**209,217**	2,658	223,967
Retirement benefits	**3,477**	**401,517**	4,349	446,453
Others	**5,861**	**18,775**	968	7,981
	60,587	**3,869,230**	47,600	4,149,174
Number	**3**	**1,010**	2	1,070

The Chairperson, Managing Director and certain executives are also provided the Holding Company maintained vehicles in accordance with their entitlement. In addition, the Chairperson of the Holding Company was paid Rs. 1.78 million (2020: Rs.1.78 million) as Honorarium. Executives are also provided medical facilities in accordance with their entitlement.

Aggregate amount charged in these consolidated financial statements in respect of fee paid to 20 directors was Rs. 42 million (2020: Rs. 51.4 million for 27 directors).

53. CAPACITY AND ACTUAL PERFORMANCE

53.1 Natural gas transmission

	2021		2021	
	MMCF	HM3	MMCF	HM3
	(Rupees in 000)			
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	**751,112**	211,617,256	723,145	203,737,872
Capacity utilisation factor (%)	**75.8**	75.8	73.0	73.0

53.2 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.

53.3 Meter manufacturing division

During the year meter manufacturing division produced and assembled 453,014 meters (2020: 452,670 meters) against an annual capacity of 356,000 meters on a single shift basis.

54 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Oil and Gas Regulatory Authority. Remuneration of key management personnel are in accordance with the term of employment / appointment. The prices and other conditions are not influenced by the 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	2021	2020
		(Rupees in '000)	
Government related entities - various			
- Purchase of fuel and lubricant		**79,684**	40,984
- Billable charges		**95,467,069**	85,752,710
- Mark-up expense on short term finance		**57,150**	77,971
- Markup expense on long term finance		**344,741**	685,103
- Income from net investment in finance lease		**26,547**	36,250
- Gas purchases		**186,376,934**	124,511,003
- Sale of gas meter spare parts		**12,142**	30,311
- Rent of premises		**7,294**	6,830
- Insurance premium		**122,390**	113,650
- Electricity expense		**248,181**	281,093
- Interest income		**1,462,729**	1,788,327
- Professional charges		**40**	17
- RLNG transportation income		**8,533,000**	8,353,000
- LPG purchases		**531,130**	424,557
- Income against LNG service agreement		**919,628**	895,868
Karachi Grammar School	Associate		
- Billable charges		**45**	65
Key management personnel			
- Remuneration		**308,115**	282,750
***Pakistan Refinery Limited**	Associate		
- Billable charges		**94,162**	-
Pakistan Institute of Corporate Governance	Associate		
- Subscription / Trainings		**998**	4,624
Staff Retirement Benefit Plans			
- Contribution to provident fund		**372,282**	386,507
- Contribution to pension fund		**52,175**	911,032
- Contribution to gratuity fund		**934,109**	426,844

*Comparative transactions with PRL has not been disclosed as it was not a related party last year.

Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice. Balance payable to / receivable from these employees benefit plans are disclosed in notes 10, 18, 35 and 47 to these consolidated financial statements.

Remuneration to the executive officers of the Group (disclosed in note 52 to these consolidated financial statements) and loans and advances to them (disclosed in notes 27 and 32 to these consolidated financial statements) are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Holding Company is received at rates prescribed by the Government of Pakistan

Amount (due to) / receivable from related parties

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

	Relationship	2021	2020
		(Rupees in '000)	
Government related entities - various			
- Billable charges		**58,695,306**	63,591,878
- Mark up accrued on borrowings		**(4,782,380)**	(4,221,975)
- Net investment in finance lease		**922,429**	418,118
- Gas purchases		**(445,568,344)**	(316,626,683)
- Gas meters and spare parts		**38,157**	73,432
- Uniform cost of gas		**15,818,845**	15,818,845
- Cash at bank		**6,942**	24,951
- Stock loan		**5,321**	4,912
- Payable to insurance		**(2,244)**	(837)
- Gas supply deposit		**(51,263)**	(51,263)
- Interest expense accrued - late payment surcharge on gas bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**14,538,924**	13,076,195
- Contingent rent		**10,405**	3,535
- Capacity and utilization charges of RLNG		**52,247,106**	51,063,909
- RLNG transportation income		**31,832,534**	29,477,644
- LSA margins		**2,945,502**	2,877,266
- Advance for sharing right of way		**(18,088)**	(18,088)
- Professional charges		**57**	57
- LPG purchases		**(55,190)**	-
Karachi Grammar School	Associate		
- Billable charges		**5**	5
- Gas supply deposit		**(22)**	(22)
***Pakistan Refinery Limited**	Associate		
- Billable charges		**46,648**	-
- Investment		**77,522**	-
- Gas supply deposit		**(6,836)**	-

*Comparative transactions with PRL has not been disclosed as it was not a related party last year.

Maximum aggregate outstanding balance from related parties at the end of any month is as below:

Included in Trade Debts		2021	2020
		(Rupees in '000)	
Government related entities			
-	K - Electric	**36,487,431**	38,967,687
-	WAPDA	**3,892,001**	5,443,573
-	Pakistan State Oil Co. Ltd	**2,186**	3,550
-	Pakistan International Airlines	**2,146**	3,835
-	Pakistan Steel Mills Corporation Limited	**24,858,461**	24,419,586
-	National Bank Of Pakistan	**7,745**	6,895
-	State Bank Pakistan	**3,097**	5,076
-	State Life Insurance Corporation	**32**	35
-	Pakistan National Shipping Corporation	**2,444**	1,818
-	Pakistan Machine Tools	**18,305**	22,752
-	Pakistan Railway	**2,206**	1,510
-	Pakistan Navy	**224,664**	209,950
-	Pakistan Engineering	**15**	8
-	Pakistan Security Printing Corporation (Pvt) Limited	**19,197**	18,336
-	National Investment Trust Limited	**29**	14
-	Hydrocarbon Development Institute of Pakistan	**335**	916
-	Security Papers Limited	**34,722**	22,783
-	Pakistan Stock Exchange	**10**	16
-	Perac Research & Development	**162**	5
-	Mari Petroleum Company Limited	**26**	43
-	National Insurance Company	**438**	192
Other Associate Companies			
-	Karachi Grammar School	**5**	10
-	Pakistan Refinery Limited	**47,514**	-

55 FINANCIAL RISK MANAGEMENT

The objective of Group's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management frame work and policies.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

55.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Credit risk arises from trade debts, net investment in finance lease, loans and advances, trade deposits, bank balances, interest accrued and other receivables. To reduce the exposure toward the credit risk, comprehensive customer category wise credit limits and terms have been established. Gas supply deposits of industrial, commercial and domestic customers equivalent of three months estimated gas consumption as per the OGRA notification are taken to reduce credit exposure. The Group continuously monitors the credit given to customers and interest accrued thereon and has established a dedicated recovery department for follow-up, recovery or disconnection of gas supply as the case may be. Loans and advances given to employees are secured against retirement benefits of the employees and title deed of properties of employees. Balances are maintained with banks of sound credit rating. The Group attempts to control credit risk in respect of other receivables by monitoring credit exposures of counterparties.

The maximum exposure to credit risk before any credit enhancement at year end is the carrying amount of the financial assets as set out below:

	2021	2020
	(Rupees in '000)	
Trade debts	**92,141,613**	91,835,466
Net investment in finance lease	**131,135**	188,949
Loans and advances	**569,341**	634,557
Deposits	**32,410**	36,963
Bank balances	**760,163**	943,922
Interest accrued	**14,666,213**	13,542,593
Other receivables	**108,355,072**	113,370,286
	216,655,947	220,552,736

55.1.1 Collateral and other credit enhancements obtained

Security against supply of gas to industrial, commercial and domestic customers is taken on the basis of average three months gas consumption as per OGRA notification. These collaterals are adjusted / called following on disconnection of gas supply. Details of security held at year end is as follows:

	2021	2020
	(Rupees in '000)	
Cash deposits	**22,777,015**	20,596,737
Bank guarantee / irrevocable letter of credit	**42,276,338**	36,927,002

55.1.2 Credit Quality

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of all financial assets which are neither past due nor impaired are given in the note 55.1.3 to these consolidated financial statements.

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

Bank	Rating Agency	Rating: Short Term	Rating: Long Term
National Bank of Pakistan	PACRA- VIS	A-1+	AAA
Allied Bank Limited	PACRA	A-1+	AAA
Bank Alfalah Limited	PACRA	A-1+	AA+
Dubai Islamic Bank (Pakistan) Limited	VIS	A-1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Faysal Bank Limited	PACRA - VIS	A-1+	AA
MCB Bank Limited	PACRA	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
Habib Bank Limited	VIS	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+
The Bank of Punjab	PACRA	A-1+	AA+
First Women Bank Limited	PACRA	A-2	A-
Summit Bank Limited	VIS	A-3	BBB-
Bank Al-Habib Limited	PACRA	A-1+	AAA
BankIslami Pakistan Limited	PACRA	A-1	A+
Al Baraka Bank (Pakistan) Limited	PACRA-VIS	A-1	A+
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
Meezan Bank Limited	VIS	A-1+	AAA
Samba Bank Limited	VIS	A-1	AA
Silk Bank Limited	VIS	A-2	A-
Soneri Bank Limited	PACRA	A-1+	AA-
Telenor Micro Finance Bank Limited	PACRA- VIS	A-1	A+
Citi Bank N. A.	Moody's	F-1	Aa3
Deutsche Bank A.G,	Moody's - S & P -Fitch	A-2	BBB+
The Bank of Tokyo- Mitsubishi- UFJ, Limited	Moody's - S & P	F-1	A-1

55.1.3 Past due and impaired financial assets

Industrial and commercial customers

The age analysis of trade debt balances relating to industrial and commercial customers at year end is as follows:

	2021		2020	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	-----------------------------(Rupees in '000)-------------------------------			
Not due balances	**24,910,210**	**-**	22,307,991	-
Past due but not impaired	**55,472,345**	**-**	52,885,918	-
Past due and impaired	**4,549,596**	**4,207,417**	9,409,353	4,103,010
Disconnected customers	**1,645,425**	**1,645,425**	1,522,403	1,515,524
Total	**86,577,576**	**5,852,842**	86,125,665	5,618,534

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 57,468 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. 53,489 million (2020: Rs. 47,212 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:

	2021		2020	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	-----------------------------(Rupees in '000)-------------------------------			
Not due balances	**2,990,607**	**-**	3,096,659	-
Past due but not impaired:				
Past due 1 - 3 month	**2,241,021**	**-**	3,117,904	-
Past due and impaired:				
Past due 4 - 6 months	**3,378,682**	**779,630**	4,295,893	1,004,664
Past due 7 - 9 months	**1,411,531**	**492,000**	1,642,144	1,180,305
Past due 10 - 12 months	**907,466**	**519,000**	1,208,396	789,750
Over 12 months	**5,153,201**	**2,875,000**	3,969,492	3,020,553
	10,850,880	**4,665,630**	11,115,925	5,995,272
Disconnected customers	**10,983,690**	**10,983,690**	7,652,447	7,659,328
Total	**27,066,198**	**15,649,320**	24,982,935	13,654,600

The Holding Company has collateral / security against domestic customers amounting to Rs. 11,564 million (2020: Rs. 9,961 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, 2021, interest accrued net of provision was Rs. 15,154 million (2020: Rs. 15,113 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. 14,539 million (2020: 13,076 million), recovery of which is subject to inter corporate circular debt of Government entities.

Other receivables

As at June 30, 2021, other receivable financial assets amounted to Rs. 108,355 million (2020: Rs. 125,289 million). Past due other receivables amounting to Rs. 76,401 million (2020: Rs. 79,781 million) include over due balances of SNGPL amounting to Rs. 73,899 million (2020: Rs. 68,730 million) and JJVL amounting to Rs. 2,502 million (2020: Rs. 11,051 million)

55.1.4 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry. Concentration of credit risk is determined with references to the individual customers / counter parties, type as well as geographical distribution of customers / counterparties. Concentration of credit risk in financial assets of the 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:

	2021	2020
	(Rupees in '000)	
Power generation companies	**37,130,000**	39,623,399
Cement industries	**443,796**	7,012
Fertilizer and steel industries	**25,170,830**	24,889,094
Other industries	**16,221,388**	13,855,007
Total industrial customers	**78,966,014**	78,374,512
Commercial customers	**1,758,721**	2,132,636
Domestic customers	**11,416,878**	11,328,318
	92,141,613	91,835,466

At year end the Holding Company's most significant receivable balances were K-Electric, PSML, and WAPDA which amounted to Rs. 32,580 million (2020: Rs. 34,795 million), Rs. 24,699 million (2020: Rs.24,332 million), and Rs. 3,194 million (2020: Rs. 4,242 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:

	2021	2020
	(Rupees in '000)	
Karachi	**75,203,695**	75,580,994
Sindh (excluding Karachi)	**12,255,796**	12,243,559
Balochistan	**4,682,122**	4,010,913
	92,141,613	91,835,466

Net investment in finance lease

The Holding Company's most significant investment in finance lease amounted to Rs. 131,135 million (2020: Rs. 188,949 million) in respect of SNGPL.

Interest accrued

Most significant counter parties of the Holding Company in respect of interest accrued are disclosed in note 34 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 35 to these consolidated financial statements. These balances are subject to inter circular corporate debt.

55.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Due to nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available. The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
	----- (Rupees in '000) -----					
As at June 30, 2021						
Long term finance	**29,340,161**	**(35,458,410)**	**(5,451,011)**	**(5,296,655)**	**(8,233,379)**	**(16,477,366)**
Payable against transfer of pipeline	**820,255**	**(1,187,654)**	**(67,866)**	**(67,866)**	**(135,732)**	**(916,190)**
Short term borrowings	**23,750,594**	**(23,750,594)**	**(23,750,594)**	**-**	**-**	**-**
Trade and other payables	**508,783,264**	**(508,783,264)**	**(508,783,264)**	**-**	**-**	**-**
Interest accrued	**17,142,960**	**(17,482,069)**	**(17,482,069)**	**-**	**-**	**-**
Deposits	**23,280,263**	**(42,684,864)**	**(408,526)**	**-**	**-**	**(42,276,338)**
Lease liability	**127,278**	**(139,280)**	**(45,706)**	**(45,706)**	**(47,868)**	**-**
	603,244,775	**(629,486,135)**	**(555,989,036)**	**(5,410,227)**	**(8,416,979)**	**(59,669,894)**

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
	----- (Rupees in '000) -----					
As at June 30, 2020						
Long term finance	37,173,599	(37,918,291)	(4,962,548)	(4,815,776)	(9,778,324)	(18,361,642)
Payable against transfer of pipeline	879,330	(1,323,386)	(67,866)	(67,866)	(135,732)	(1,051,922)
Short term borrowings	15,028,554	(15,028,554)	(15,028,554)	-	-	-
Trade and other payables	494,288,219	(494,573,649)	(494,573,649)	-	-	-
Interest accrued	17,442,056	(17,881,425)	(17,881,425)	-	-	-
Deposits	20,690,732	(36,927,002)	-	-	-	(36,927,002)
Lease liability	245,250	(356,995)	(68,930)	(68,930)	(25,441)	(193,694)
	585,747,740	(604,009,302)	(532,582,972)	(4,952,572)	(9,939,497)	(56,534,260)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of latest available market rates. The rates of mark-up have been disclosed in notes 8 and 9 to these consolidated financial statements. Contractual cash flows of the long term deposits are determined on the assumption that adjusted / refund of these deposits will not be required before expiry of 40 years from reporting date.

55.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The market risk comprises of currency risk, interest rate risk and other price risk (equity price risk).

55.3.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The 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:

	2021		2020	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Creditors for gas	**40,183,605**	**253,845**	60,485,661	358,434
Estimated forecast gas purchases	**67,783,762**	**380,915**	93,582,113	585,147
	107,967,367	**634,760**	154,067,774	943,581

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	
2021	2020	2021	2020
177.95	159.93	**158.30**	168.75

Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2021 would have (decreased) / increased trade creditors by Rs. 4,018 million (2020: Rs.6,049 million). There is no effect of strengthening / (weakening) of US dollar on consolidated equity and consolidated statement of profit or loss 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 2020.

55.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were as follows:

	2021	2020
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Net investment in finance lease	**131,135**	188,949
Loan and advances	**117**	344
Trade debts	**31,104,435**	32,681,876
Cash and bank balances	**191,211**	368,339
Receivable against asset contribution	**348,448**	418,118
	31,775,346	33,657,626
Financial liabilities		
Long term deposits	**(11,213,027)**	(10,284,352)
Government of Sindh loan	**(782,653)**	(768,723)
Front end fee of foreign currency loan	**(23,950)**	(23,950)
Term deposit receipts	**479,223**	729,000
Payable against transfer of pipeline	**(820,255)**	(879,330)
Lease liability	**(127,278)**	(222,644)
	(12,487,940)	(11,449,999)
Variable rate instruments		
Financial assets		
Other receivables	**18,320,669**	27,246,676
Financial liabilities		
Long term loan except Government of Sindh loan	**(20,663,513)**	(28,505,479)
Short term borrowings	**(23,750,594)**	(14,979,552)
Trade and other payables	**(327,857,910)**	(308,398,863)
	(372,272,017)	(351,883,894)
	(353,951,348)	(324,637,218)

Fixed rate instruments bear fixed interest rate while all other borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs. The Group analysis its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through consolidated statement of profit or loss. Therefore, a change in interest rates at the reporting date would not affect the consolidated statement of profit or loss and the equity of the Group.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased or (net decreased) the consolidated statement of profit or loss of the Group as at June 30, 2021 by Rs. 3,539 million (2020: Rs.3,246 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 2020.

55.3.3 Equity price risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the 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, 2021 is Rs. 209,299 million (2020: Rs. 180,017 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 consolidated equity by Rs. 20,930 million (2020: Rs. 18,002 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

55.4 Fair value of financial assets and liabilities

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

The carrying values of all financial instruments reflected in these consolidated financial statements approximate their fair values except for investment in unquoted companies which are reflected at cost less impairment losses.

55.4.1 Fair value hierarchy

The table below analysis 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).

	2021			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Fair Value through OCI financials assets				
Quoted equity securities	**209,299**			**209,299**

	2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Fair Value through OCI financials assets				
Quoted equity securities	180,017			180,017

There have been no transfers during the year (2020: no transfers in either direction).

Financial instruments by categories

	Financial assets		
	Amortized cost	FVTOCI	Total
	(Rupees in '000)		
As at June 30, 2021			
Trade debts	**92,133,807**	**-**	**92,133,807**
Net investment in finance lease	**131,135**	**-**	**131,135**
Loans and advances	**2,205,677**	**-**	**2,205,677**
Deposits	**32,410**	**-**	**32,410**
Cash and bank balances	**573,696**	**-**	**573,696**
Interest accrued	**14,666,213**	**-**	**14,666,213**
Other receivables	**108,355,072**	**-**	**108,355,072**
Long term investments	**-**	**209,299**	**209,299**
	218,098,010	**209,299**	**218,307,309**

	Financial assets		
	Amortized cost	FVTOCI	Total
	-------------------- (Rupees in '000) --------------------		
As at June 30, 2020			
Trade debts	91,835,466	-	91,835,466
Net investment in finance lease	188,949	-	188,949
Loans and advances	634,557	-	634,557
Deposits	36,963	-	36,963
Cash and bank balances	950,683	-	950,683
Interest accrued	13,542,593	-	13,542,593
Other receivables	113,370,286	-	113,370,286
Long term investments	-	180,017	180,017
	220,559,497	180,017	220,739,514

	Financial liabilities at amortized cost	
	2021	2020
	(Rupees in '000)	
Long term finance	**29,340,161**	37,173,599
Payable against transfer of pipeline	**820,255**	879,330
Short term borrowings	**23,750,594**	14,979,552
Trade and other payables	**508,783,264**	494,288,219
Interest accrued	**17,142,960**	17,442,056
Deposits	**23,280,263**	20,690,732
Lease liability	**127,278**	245,250
	603,244,775	585,698,738

55.5 Capital risk management

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

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

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

The gearing ratio as at June 30 is as follows:

	2021	2020
	(Rupees in '000)	
Total borrowings		
Long term finance	**21,259,499**	29,087,535
Short term borrowings	**23,750,594**	14,979,552
Current portion of long term finance	**8,080,662**	8,086,064
	53,090,755	52,153,151
Less: Cash and bank balances	**767,366**	950,683
Net debts	**53,858,121**	53,103,834
Capital employed	**31,793,440**	29,025,231
Gearing ratio	**1.69**	1.83

56 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)

56.1 Segment revenue and results

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

	Segment revenue		Segment profit / (loss)	
	2021	2020	2021	2020
	(Rupees in '000)			
Gas transmission, distribution and marketing	**271,486,670**	251,800,271	**938,813**	(18,256,080)
Meter Manufacturing	**1,728,828**	1,763,877	**14,460**	13,988
Total segment results	**273,215,498**	253,564,148	**953,273**	(18,242,092)
Unallocated - other expenses				
Other operating expenses			**(464,150)**	(1,797,088)
Unallocated - other income				
Other income			**1,086,507**	1,167,733
Profit / (loss) before tax			**1,575,630**	(18,871,447)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 1,711 million (2020: Rs. 1,737 million).

The accounting policies of the reportable segments are same as disclosed in note 4.19 to these Consolidated financial statements.

	2021	2020
	(Rupees in '000)	
Segment assets and liabilities		
Segment assets		
Gas transmission, distribution and marketing	**615,798,379**	587,266,997
Meter manufacturing	**552,261**	874,301
Total segment assets	**616,350,640**	588,141,298
Unallocated		
- Loans and advances	**569,341**	634,557
- Taxation - net	**17,890,333**	19,406,544
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**767,366**	950,683
	19,714,779	21,479,523
Total assets as per consolidated statement of financial position	**636,065,419**	609,620,821
Segment Liabilities		
Gas transmission, distribution and marketing	**657,352,832**	632,456,587
Meter manufacturing	**9,902**	292,154
Total liabilities as per consolidated statement of financial position	**657,362,734**	632,748,741

57. ACCOUNTING ESTIMATES AND JUDGMENTS

57.1 Income tax

The Group takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

57.2 Staff retirement and other service benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 47 to the financial statements for valuation of these obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

57.3 Property, plant and equipment

In accordance with the accounting policy, the 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.

57.4 Trade debts and other receivables

The Group reviews its receivable against provision required there against on a ongoing basis and appropriate provision is made against outstanding receivable based on systematic basis as approved by the Board of Directors.

57.5 Stock in trade and stores, spares and loose tools

The 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.

57.6 Fair value of investments

Management has determined fair value of certain investments by using quotations from active market of the financial instruments.

57.7 Recognition of income from sale of Natural Gas Liquid (NGL) and Liquefied Petroleum Gas (LPG)

Income from sale of NGL to Jamshoro Joint Venture Limited is recognized based on provisional invoice price / quantity being the best estimate available. Any change in provisional price / quantity will be accounted for prospectively in the year in which there is change in price / quantity.

57.8 Recognition of gas development surcharge

Management has recognised income from gas development surcharge according to Final Revenue Requirement (FRR) issued by OGRA for FY 2021.

57.9 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.

58. EVENTS AFTER THE REPORTING DATE

There were no events occurred after the reporting date, other than disclosed, which requires disclosure and adjustments in the consolidated financial statements.

59. GENERAL

59.1 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	Reclassification		Rupees in '000
	From	To	
Term Deposit Receipt (TDR)	Cash and bank balances	Other financial asset	600,000

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

60. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue in Board of Directors meeting held on January 6, 2023.

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

STATISTICAL INFORMATION

TEN YEARS SUMMARY

Key Statistical Data For the year ended 30 June	Unit	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Gas purchased	MMCF	**435,347**	429,144	454,530	445,604	438,389	469,381	434,871	423,760	419,275	405,322
Gas sold	MMCF	**343,664**	337,096	363,081	361,824	362,313	384,989	362,510	356,628	373,645	364,409
Mains - transmission	Km	**4,143**	4,126	4,054	4,054	3,997	3,614	3,551	3,551	3,490	3,401
Mains & services - distribution - additions	Km	**929**	528	784	689	758	871	801	673	1,455	1,709
New connections	Each	**129,947**	97,128	116,087	89,398	86,359	95,353	96,366	81,411	86,210	128,601
LPG air mix sales	MMBTU	**224,956**	222,381	163,596	216,015	156,242	108,963	90,966	80,853	68,428	37,492
Gas meters - produced / assembled	Each	**453,014**	452,670	582,590	503,840	444,850	491,799	614,680	851,460	690,129	675,521

Income statement						Rs. Million					
Sales		**317,401**	295,722	251,645	184,015	187,028	214,637	182,792	176,545	164,354	153,269
GST		**(45,914)**	(43,922)	(32,381)	(25,252)	(25,666)	(31,234)	(23,939)	(24,004)	(22,156)	(19,394)
Sales excluding GST		**271,487**	251,800	219,264	158,763	161,362	183,403	158,853	152,541	142,198	133,875
Tariff adjustments		**24,642**	38,440	77,903	18,641	(4,689)	(44,787)	3,730	742	9,440	(2,971)
Net sales		**296,129**	290,240	**297,167**	**177,404**	**156,673**	**138,616**	**162,583**	**153,283**	**151,638**	**130,904**
Cost of gas		**(280,595)**	(284,344)	(274,794)	(168,464)	(140,658)	(147,285)	(154,261)	(150,516)	(135,449)	(117,763)
Transmission and distribution costs		**(12,651)**	(15,216)	(13,198)	(11,842)	(11,277)	(11,306)	(10,281)	(7,836)	(8,938)	(7,086)
Administrative and selling expenses		**(4,237)**	(4,513)	(4,484)	(4,163)	(4,049)	(3,616)	(3,514)	(3,212)	(3,071)	(2,697)
Depreciation		**(8,842)**	(8,011)	(7,464)	(7,187)	(5,839)	(5,075)	(4,698)	(4,128)	(3,981)	(3,565)
Other operating expenses		**(2,693)**	(5,399)	(21,535)	(5,512)	(3,293)	(2,356)	(1,588)	(2,181)	(4,952)	(2,873)
Other income		**18,643**	15,429	14,248	14,002	13,451	25,799	12,686	16,196	12,741	14,698
Profit / (loss) before interest and taxation		**5,754**	(11,813)	**(10,062)**	**(5,762)**	**5,008**	**(5,222)**	**927**	**1,606**	**7,988**	**11,618**
Finance cost		**(4,619)**	(7,235)	(6,758)	(5,064)	(1,692)	(2,618)	(9,696)	(7,416)	(7,608)	(7,532)
Profit / (loss) before taxation		**1,135**	(19,048)	**(16,820)**	**(10,826)**	**3,316**	**(7,840)**	**(8,769)**	**(5,810)**	**380**	**4,086**
Taxation		**820**	(2,344)	(1,575)	(4,022)	(1,980)	1,725	3,378	2,057	(132)	(1,505)
Profit / (loss) for the year		**1,955**	(21,392)	**(18,395)**	**(14,848)**	**1,336**	**(6,115)**	**(5,391)**	**(3,753)**	**248**	**2,581**

Balance Sheet	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
As at 30 June										
Share capital	**8,809**	8,809	8,809	8,809	8,809	8,809	8,809	8,809	8,809	8,809
Reserves	**(55,328)**	(56,846)	(37,875)	(19,076)	(4,455)	(6,391)	(234)	4,806	7,074	9,439
Surplus on revaluation of fixed assets	**24,347**	24,347	21,043	13,673	11,728	11,728	10,252	10,252	10,252	10,252
Total Equity	**(22,172)**	(23,690)	**(8,022)**	**3,406**	**16,082**	**14,146**	**18,827**	**23,867**	**26,135**	**28,500**
Deferred tax	**-**	-	-	-	-	-	-	3,321	5,865	7,622
Employees post-retirement benefits	**5,603**	5,096	5,847	5,935	4,886	4,704	4,688	3,470	2,518	2,154
Long term deposits & advances	**26,027**	23,308	20,629	18,331	16,429	13,555	11,411	9,379	6,416	6,497
Payable against transfer of pipeline	**756**	820	879	933	983	1,028	1,069	-	-	-
Deferred credit	**4,593**	4,605	4,844	6,038	5,321	5,842	7,115	5,449	5,748	5,337
Contract liabilities	**7,786**	6,197	4,402	-	-	-	-	-	-	-
Lease liability	**43**	105	-	-	-	-	-	-	-	-
Long term financing	**21,259**	29,088	36,920	44,722	48,790	22,573	17,493	20,860	24,770	18,315
Non-current liabilities	**66,067**	69,219	73,522	75,959	76,409	47,702	41,776	42,479	45,317	39,925
Current portion of long term financing	**8,081**	8,086	9,838	11,574	7,045	5,756	8,146	4,046	3,598	3,227
Short term borrowings	**23,751**	14,980	16,294	9,760	2,901	4,860	989	3,141	4,018	-
Trade payables	**500,257**	478,935	376,881	234,616	168,177	143,782	145,975	114,771	80,522	78,532
Other payables	**40,553**	42,713	41,013	32,923	28,060	45,829	27,167	18,311	15,477	7,079
Current portion of payable against transfer of	**65**	59	54	49	45	41	38	-	-	-
pipeline	**442**	432	395	571	423	428	430	-	-	-
Current portion of deferred credit	**232**	192	167	-	-	-	-	-	-	-
Current portion of contract liabilities	**84**	117	-	-	-	-	-	-	-	-
Current portion lease liability	**17,143**	17,442	17,881	17,229	16,899	16,532	34,069	26,831	21,904	16,197
Interest and mark-up accrued	**-**	-	-	-	-	-	-	-	-	-
Taxation - net	**590,608**	562,957	462,523	306,722	223,550	217,228	216,814	167,100	125,519	105,035
Current liabilities	**634,503**	608,486	528,023	386,087	316,041	279,076	277,417	233,446	196,971	173,460
Total equity and liabilities										
Work in progress	**11,538**	11,862	11,527	11,071	8,726	23,433	9,536	8,134	7,183	6,905
Operating tangible fixed assets	**124,449**	122,484	118,193	109,453	106,267	73,278	64,406	62,031	60,553	57,355
Property, plant & equipment	**135,987**	134,346	129,720	120,524	114,993	96,711	73,942	70,165	67,736	64,260
Intangible assets	**111**	2	21	49	74	25	36	89	125	46
Right of use assets	**149**	221	-	-	-	-	-	-	-	-
Long term financial assets	**3,248**	1,510	1,628	1,821	2,051	1,776	1,913	1,866	1,926	2,002
Deferred tax	**2,592**	-	-	-	2,476	2,669	292	-	-	-
Non-current assets	**142,087**	136,079	131,369	122,394	119,594	101,181	76,183	72,120	69,787	66,308
Stores spares & loose tools	**3,455**	2,717	2,364	2,015	2,472	2,147	1,821	2,174	2,166	2,080
Stock in trade	**1,576**	2,106	1,799	1,125	1,139	802	860	889	629	780
Trade debts	**92,134**	91,809	84,157	76,761	82,137	86,285	90,352	78,906	76,285	70,613
Other receivables	**360,783**	340,072	275,146	151,970	80,194	58,047	81,831	61,253	38,774	25,886
Interest and mark-up accrued	**15,154**	15,113	13,110	11,691	10,594	9,191	7,661	6,292	5,529	4,681
Taxation - net	**17,609**	19,192	19,536	19,549	18,867	19,987	17,443	10,475	2,788	1,428
Trade deposits & prepayments	**1,131**	699	202	172	147	482	282	137	166	181
Cash & bank balances	**574**	700	338	410	897	954	984	1,200	847	1,503
Current assets	**492,416**	472,4067	396,653	263,693	196,447	177,895	201,234	161,326	127,184	107,152
Total Assets	**634,503**	608,486	528,023	386,087	316,041	279,076	277,417	233,446	196,971	173,460
Earning Per share (Rupees)	**2.22**	(24.28)	(20.88)	(16.86)	1.52	(6.94)	(6.12)	(4.26)	0.28	2.93

TEN YEARS OF PROGRESS

Gas Customers	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Industrial										
Karachi	3,482	3,572	3,566	3,503	3,497	3,474	3,457	3,457	3,428	3,447
Sindh (Interior)	650	643	645	646	640	643	639	643	636	626
Balochistan	205	57	59	58	59	57	57	56	55	56
Sub - total	4,337	4,272	4,270	4,207	4,196	4,174	4,153	4,156	4,119	4,129
Commercial										
Karachi	16,446	17,119	17,520	15,810	15,898	16,064	16,366	16,763	17,102	17,442
Sindh (Interior)	3,859	4,170	4,297	4,171	4,206	4,393	4,527	4,617	4,756	4,854
Balochistan	2,836	2,765	2,780	2,714	2,660	2,624	2,515	2,360	2,261	2,198
Sub - total	23,141	24,054	24,597	22,695	22,764	23,081	23,408	23,740	24,119	24,494
Domestic										
Karachi	1,980,884	1,928,823	1,867,962	1,807,559	1,760,001	1,720,164	1,692,138	1,667,817	1,635,129	1,597,926
Sindh (Interior)	902,533	874,483	847,207	813,107	793,123	772,925	742,712	710,844	682,238	640,452
Balochistan	301,315	282,303	275,142	265,556	259,087	253,113	248,174	240,145	229,252	222,116
Sub - total	3,184,732	3,085,609	2,990,311	2,886,222	2,812,211	2,746,202	2,683,024	2,618,806	2,546,619	2,460,494
Total										
Karachi	2,000,812	1,949,514	1,889,048	1,826,872	1,779,396	1,739,702	1,711,961	1,688,037	1,655,659	1,618,815
Sindh (Interior)	907,042	879,296	852,149	817,924	797,969	777,961	747,878	716,104	687,630	645,932
Balochistan	304,356	285,125	277,981	268,328	261,806	255,794	250,746	242,561	231,568	224,370
Grand Total	3,212,210	3,113,935	3,019,178	2,913,124	2,839,171	2,773,457	2,710,585	2,646,702	2,574,857	2,489,117
Gas Sales in million cubic feet										
Industrial										
Karachi	193,563	186,010	198,435	190,169	191,842	207,654	206,459	209,704	209,866	211,209
Sindh (Interior)	37,719	36,298	50,633	52,860	52,756	74,164	52,215	46,058	48,577	42,645
Balochistan	3,402	1,854	7,705	9,099	9,010	8,379	9,648	9,118	9,091	9,167
Sub - total	234,684	224,162	256,774	252,127	253,608	290,197	268,322	264,880	267,534	263,021
Commercial										
Karachi	6,709	6,991	7,962	7,847	7,825	7,772	7,869	7,843	7,938	8,040
Sindh (Interior)	1,242	1,401	1,642	1,621	1,618	1,641	1,645	1,737	1,748	1,780
Balochistan	913	951	984	905	901	843	773	736	711	709
Sub - total	8,864	9,343	10,588	10,373	10,344	10,256	10,287	10,316	10,397	10,529
Domestic										
Karachi	59,557	61,785	56,713	61,236	61,459	52,938	52,829	52,127	62,021	59,236
Sindh (Interior)	26,065	26,874	24,025	24,681	25,527	22,151	21,538	19,995	23,523	21,319
Balochistan	14,494	14,933	14,981	13,406	11,375	9,447	9,534	9,310	10,170	10,304
Sub - total	100,116	103,591	95,719	99,323	98,361	84,536	83,901	81,432	95,714	90,859
Total										
Karachi	259,829	254,785	263,110	259,252	261,126	268,364	267,157	269,674	279,825	278,485
Sindh (Interior)	65,026	64,573	76,300	79,162	79,901	97,956	75,398	67,790	73,848	65,744
Balochistan	18,809	17,737	23,670	23,410	21,286	18,669	19,955	19,164	19,972	20,180
Grand Total	343,664	337,096	363,081	361,824	362,313	384,989	362,510	356,628	373,645	364,409

PATTERN OF SHAREHOLDINGS

AS AT JUNE 30, 2021

# Of Shareholders	Shareholdings' Slab			Total Shares Held
5789	1	to	100	142,383
3340	101	to	500	1,056,263
2009	501	to	1000	1,766,682
9283	1001	to	5000	17,451,494
1059	5001	to	10000	8,181,991
380	10001	to	15000	4,961,375
234	15001	to	20000	4,313,425
139	20001	to	25000	3,299,958
97	25001	to	30000	2,785,799
53	30001	to	35000	1,770,515
53	35001	to	40000	2,047,098
39	40001	to	45000	1,675,549
72	45001	to	50000	3,561,001
25	50001	to	55000	1,334,295
21	55001	to	60000	1,238,757
14	60001	to	65000	882,885
20	65001	to	70000	1,367,247
15	70001	to	75000	1,099,562
13	75001	to	80000	1,018,250
11	80001	to	85000	908,439
6	85001	to	90000	531,000
9	90001	to	95000	841,062
37	95001	to	100000	3,687,500
10	100001	to	105000	1,028,946
10	105001	to	110000	1,090,409
6	110001	to	115000	678,188
6	115001	to	120000	705,250
6	120001	to	125000	744,000
3	125001	to	130000	387,000
5	130001	to	135000	659,000
2	135001	to	140000	278,500
1	140001	to	145000	141,000
3	145001	to	150000	450,000
3	150001	to	155000	460,250
2	155001	to	160000	319,000
3	160001	to	165000	489,170
1	165001	to	170000	170,000
2	170001	to	175000	345,187
2	175001	to	180000	358,475
2	190001	to	195000	386,000
13	195001	to	200000	2,596,500
3	200001	to	205000	610,771
1	205001	to	210000	206,000
1	210001	to	215000	210,500
4	220001	to	225000	893,500

PATTERN OF SHAREHOLDINGS
AS AT JUNE 30, 2021

# Of Shareholders	Shareholdings' Slab			Total Shares Held
4	230001	to	235000	935,300
2	235001	to	240000	479,625
1	240001	to	245000	243,500
7	245001	to	250000	1,744,000
1	255001	to	260000	255,019
1	260001	to	265000	263,500
1	265001	to	270000	270,000
1	270001	to	275000	273,000
1	275001	to	280000	279,577
3	280001	to	285000	847,500
2	290001	to	295000	590,000
4	295001	to	300000	1,196,500
1	300001	to	305000	301,000
3	305001	to	310000	923,000
2	315001	to	320000	636,500
1	320001	to	325000	323,500
1	325001	to	330000	330,000
1	340001	to	345000	342,690
2	345001	to	350000	697,634
1	350001	to	355000	352,937
1	380001	to	385000	385,000
3	395001	to	400000	1,199,000
1	400001	to	405000	405,000
2	420001	to	425000	844,500
3	425001	to	430000	1,281,000
1	445001	to	450000	450,000
1	450001	to	455000	455,000
1	455001	to	460000	457,371
2	470001	to	475000	950,000
1	475001	to	480000	478,002
5	495001	to	500000	2,500,000
1	500001	to	505000	500,251
2	515001	to	520000	1,032,008
2	540001	to	545000	1,087,687
3	545001	to	550000	1,649,500
1	555001	to	560000	560,000
1	565001	to	570000	569,500
1	575001	to	580000	580,000
1	585001	to	590000	588,500
6	595001	to	600000	3,597,751
1	610001	to	615000	611,000
1	640001	to	645000	644,500
1	655001	to	660000	660,000
1	660001	to	665000	663,000
1	690001	to	695000	690,500

PATTERN OF SHAREHOLDINGS

AS AT JUNE 30, 2021

# Of Shareholders	Shareholdings' Slab			Total Shares Held
2	695001	to	700000	1,400,000
1	720001	to	725000	724,500
1	735001	to	740000	738,000
2	745001	to	750000	1,495,500
1	750001	to	755000	752,000
1	795001	to	800000	800,000
1	865001	to	870000	865,102
1	885001	to	890000	885,104
2	895001	to	900000	1,797,500
1	905001	to	910000	910,000
1	940001	to	945000	941,500
3	995001	to	1000000	2,996,000
1	1010001	to	1015000	1,011,000
1	1015001	to	1020000	1,018,500
1	1060001	to	1065000	1,062,801
1	1435001	to	1440000	1,438,500
1	1760001	to	1765000	1,764,000
1	1810001	to	1815000	1,810,500
1	1875001	to	1880000	1,879,937
1	2695001	to	2700000	2,699,500
1	3020001	to	3025000	3,022,938
1	3535001	to	3540000	3,536,369
1	3645001	to	3650000	3,648,750
1	3735001	to	3740000	3,735,679
1	4000001	to	4005000	4,002,500
1	4495001	to	4500000	4,500,000
1	8190001	to	8195000	8,192,028
1	8245001	to	8250000	8,249,823
1	8950001	to	8955000	8,954,000
1	10750001	to	10755000	10,754,866
1	10940001	to	10945000	10,941,554
1	12015001	to	12020000	12,017,700
1	12690001	to	12695000	12,694,227
1	13345001	to	13350000	13,349,674
1	13845001	to	13850000	13,848,031
1	14310001	to	14315000	14,314,772
1	14800001	to	14805000	14,805,000
1	57750001	to	57755000	57,754,179
1	63880001	to	63885000	63,882,029
1	468465001	to	468470000	468,468,218
22936				880,916,309

CATEGORIES OF SHAREHOLDINGS

AS AT JUNE 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government			
THE PRESIDENT ISLAMIC REPUBLIC OF PAKISTAN	1	468,468,218	53.18
GOP	1	597,751	0.07
SSGC EMPLOYEES EMPOWERMENT TRUST	1	63,882,029	7.25
Directors and their spouse(s) and minor children			
AYAZ DAWOOD	3	210,958	0.02
ZUHAIR SIDDIQUI	1	5,000	0.00
MOHAMMAD RAZIUDDIN MONEM	1	1,000	0.00
Executives	-	-	-
MUHAMMAD AMIN	1	500	0.00
Associated Companies, undertakings and related parties	2	969,000	0.11
Banks, Development Financial Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful Companies, and Modarbas;	35	22,758,260	2.58
Public Sector Companies and Corporation	14	109,798,720	12.46
Mutual Funds	11	25,028,600	2.84
General Public			
a. Local	22,586	105,838,677	12.01
b. Foreign	64	493,998	0.06
Foreign Companies	29	34,914,646	3.96
Others	186	47,948,952	5.44
Totals	**22,936**	**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

سماجی ذمہ داریاں (CSR)

سوئی سدرن نے اپنے بھرپور "سی ایس آر" پروگرام کے تحت سندھ اور بلوچستان کے اپنے فرنچائزڈ علاقوں میں ایسے منصوبے روبہ عمل لاکر اپنی سرگرمیوں کا سلسلہ جاری رکھا، جنہوں نے کم مراعات یافتہ طبقات کی زندگیاں بہتر بنانے پر توجہ مرکوز کرتے ہوئے تعلیم، صحتِ عامہ اور ماحولیات جیسے اہم مقاصد میں معاونت کی۔

تعلیم کے شعبے نے ہراول دستے کے کردار کی ادائیگی جاری رکھی۔ اس نے نہ صرف مستحق طلبہ کو میرٹ اور ضرورت کی بنیاد پر اسکالرشپس فراہم کیں بلکہ اسکولوں کے کم مراعات یافتہ طلبہ بشمول یتیموں، نابینا، گونگے بہرے اور اسپیشل بچوں کے سالانہ تعلیمی اخراجات کی ادائیگی کے ذریعے بھی مدد کی۔ کمپنی نے اندرون سندھ اور بلوچستان کے دوردراز علاقوں میں متعدد کمپیوٹر لیبارٹریز کے قیام کے لیے کئی قابلِ اعتماد شراکت داروں کے ساتھ اشتراک کے ذریعے اپنے تعلیمی امداد کے شعبے کو ایک نئی جہت بھی دی تاکہ بالخصوص کم مراعات یافتہ پس منظر کے حامل اسکول طلبہ میں فنی تربیت کو فروغ دیا جاسکے۔ کم آمدنی والے سرکاری اسکولوں کی خواتین اساتذہ کی مہارت میں اضافے کے لیے انہیں "ارلی چائلڈ ہڈ ایجوکیشن اینڈ ڈیولپمنٹ" کے خصوصی طور پر تیار کردہ ایک سالہ تربیتی پروگرام میں داخلے دیئے۔ کچھ "چونرا" اسکولوں کے تمام سالانہ اخراجات ادا کرکے بھی تھرپارکر کے صحرا میں فروغِ تعلیم کی کاوشوں میں حصہ لیا۔

غریب بچوں کے سرطان چشم کے علاج، موتیا کے آپریشن، ہیپاٹائٹس سی کی ویکسین اور معذور افراد کے لیے مصنوعی اعضاء کی فراہمی کے علاوہ تھیلیسیمیا کے مرض میں مبتلا بچوں کے علاج پر آنے والے سالانہ اخراجات کی ادائیگی میں معاونت بھی جاری رکھی اور علاج امراض چشم، ڈائیلیسس اور ڈائیلائزر ری پروسیسر مشینوں کے لیے طبی آلات فراہم کیے۔ ہیلتھ کیئر کے حوالے سے دو بڑی کامیابیوں میں صف اول کی ایک غیر سرکاری تنظیم کے اشتراک سے فری ڈائیلیسس سینٹر کا قیام اور ایک معروف "این جی او" کے زیرِ انتظام فری اسپتال کے نوتعمیر شدہ میڈیکل وارڈ میں تین نئے کمروں (6 بیڈ والے) کی تعمیر شامل ہیں۔ زیرِ جائزہ عرصے کے دوران ہمارا ملک 'کووِڈ-19' کے ساتھ برسرِ پیکار رہا، ادارے نے ایک مرتبہ پھر سندھ اور بلوچستان میں چند ایسے اسپتالوں اور ہیلتھ کیئر اداروں کو مالی امداد فراہم کی، جو کووِڈ ٹیسٹنگ اور "ایسولیشن" کی مفت سہولتیں بالخصوص کم مراعات یافتہ طبقات سے تعلق رکھنے والے مریضوں کو فراہم کررہے تھے۔

ماحول دوست ادارے کے طور پر اپنی ساکھ کے تقاضوں کو پورا کرتے ہوئے ادارے نے اندرون سندھ ایک مرکز بحالی معذورین کو ایئر کنڈیشنرز کے ساتھ سولر پینلز بھی فراہم کیے، تھرپارکر کے ایک گاؤں میں گھروں کے سولر پاور سسٹم کے لیے معاونت کی اور اس کے علاوہ بلوچستان کے ایک دوردراز گاؤں میں سولر واٹر پمپ اور گھریلو سولر پاور سسٹم فراہم کیے گئے۔

ایس ایس جی سی۔ایل پی جی (پرائیویٹ) لمیٹڈ (ایس ایل ایل)

''ایس ایل ایل'' نے منافع بخش آپریشنز جاری رکھے اور 550 ملین روپے کا تاریخی آپریٹنگ منافع کمایا (2020ء: 398 ملین روپے)۔ کمپنی نے بعد از ٹیکس 308 ملین روپے کا خالص منافع حاصل کیا (2020ء: 124 ملین روپے)۔ ایل پی جی کی مجموعی فروخت میں نمایاں اضافہ ہوا، جو دگنے سے بھی زائد اضافے کے ساتھ 3,356 ملین روپے ہوگئی (مالی سال 2020ء: 2,648 ملین روپے) جبکہ ٹرمینل سیلز بھی بڑھ کر 695 ملین روپے ہوگئیں (مالی سال 20ء: 546 ملین روپے)۔ ایل پی جی فروخت بڑھنے کی بنیادی وجہ سیلز کے حجم میں نمایاں اضافہ تھا، جو مالی سال 21ء میں 42,780 میٹرک ٹن ہوگیا (مالی سال 20ء: 31,389 میٹرک ٹن)، جس میں مارکیٹنگ کمپنیوں کو پیکڈ اور بلک سیلز کے حوالے سے مارکیٹ شیئر میں اضافہ بھی شامل ہے۔

کمپنی نے سال کے دوران ٹرمینل سیلز میں بھی اپنا مارکیٹ شیئر حاصل کیا، جو 50 فیصد رہا (مالی سال 20ء: 46 فیصد)۔ کمپنی نے اپنے ایل پی جی کارگوز درآمد کرنا جاری رکھا اور تقریباً 14,170 میٹرک ٹن درآمد کیا (مالی سال 20ء: 4,730 میٹرک ٹن)۔ ''ایس ایل ایل'' کی اپنی درآمدات سے نہ صرف ایل پی جی بزنس میں اس کا مارکیٹ شیئر بڑھا بلکہ سمندری درآمدات میں شیئر کے علاوہ اس کی منافع میں بھی اضافہ ہوا۔

کمپنی نے ہولڈنگ کمپنی کے ساتھ اپنے ٹرم قرضے کو ری اسٹرکچر کیا اور پرنسپل اماؤنٹ کو 1,535 ملین روپے سے کم کرکے 700 ملین روپے کی سطح پر لانے کے لیے 835 ملین روپے ادا کیے۔

مستقبل کا منصوبہ

کمپنی اپنے منافع بخش آپریشنز جاری رکھنے اور ٹرمینل بزنس میں اپنے شیئر میں اضافے کے لیے پرامید ہے اور اس بارے میں بھی کہ اپنے مارکیٹ شیئر میں بہتری کے ساتھ اس کا ایل پی جی مارکیٹنگ بزنس مزید فروغ پائے گا۔ طویل مدتی لحاظ سے اگلے پانچ برسوں کے دوران ایل پی جی مارکیٹ کی شرح افزائش جی ڈی پی کی شرح نمو سے زیادہ رہے گی اور مقامی پیداوار کی کمی کو درآمدات کے ذریعے پورا کرنے کا سلسلہ جاری رہے گا۔ تاہم یہ دیکھنا ابھی باقی ہے کہ اس کمی کو زمینی سرحد کے ذریعے کی جانے والی درآمدات سے کس حد تک پورا کیا جاتا ہے، جس کے سمندری درآمدات اور ''ایس ایل ایل'' کے ٹرمینل بزنس پر براہ راست اثرات مرتب ہوں گے۔ ایل پی جی شعبے میں کمپنی اپنی کوششیں ان علاقوں میں اپنی پہنچ بڑھانے پر مرکوز کیے رہے گی، جہاں پائپ گیس دستیاب نہیں۔ کمپنی نے بلک ٹریڈنگ کے ذریعے اپنے والیومز میں اضافے کی منصوبہ بندی کی ہے، جس سے ٹرمینل یوٹیلائزیشن بھی بڑھے گی۔

- باضابطہ/سرکاری کنکشن کے بغیر غیرقانونی طریقوں سے گیس استعمال کرنے والی عمارتوں سے "ان اتھارائزڈ کلیمز" کی وصولی۔
- بلنگ ڈپارٹمنٹ کوکوویڈ کی وبائی صورت حال میں اپنے قابل قدر صارفین کوسہولتوں کی فراہمی کے لیے پوری طرح پُرعزم رہا۔ مندرجہ ذیل انتظامات کیے گئے:
  - وبائی صورت حال میں تمام صارفین کوآسان اقساط کی سہولت فراہم کی گئی۔
  - صارفین سے شکایات کی براہ راست وصولی کے لیے "ای۔ کچہری" متعارف کرائی گئی۔
  - صارفین کی شکایات نمٹانے کے لیے واٹس ایپ کی سہولت متعارف کرائی گئی۔
  - پرائم منسٹرز ڈلیوری یونٹ (PMDU) کی شکایات کو بروقت تسلیم کیا گیا۔

میٹر مینوفیکچرنگ پلانٹ

میٹر مینوفیکچرنگ پلانٹ نے پورے جنوب مشرقی ایشیا میں گھریلو گیس میٹر بنانے والے اکلوتے "عموداً مربوط" (Vertically Integrated) اور فل اسکیل مینوفیکچرنگ فیسلیٹی ہونے کی اپنی حیثیت برقرار رکھی ہے۔ پلانٹ یورپی معیار کے مطابق گھریلو گیس میٹرز بروقت بنا کر ملک کی دونوں گیس یوٹیلیٹی کمپنیوں کے ڈسٹری بیوشن آپریشنز میں معاونت جاری رکھے ہوئے ہے۔ میٹر مینوفیکچرنگ پلانٹ نے مالی سال 2020-21ء کے دوران 222,390 "جی۔1.6" اور 230,624 "جی۔4" میٹرز تیار کیے۔

فرانسیسی ادارے ITRON کے ساتھ ٹیکنالوجی لائسنس معاہدے کی میعاد کے اختتام کے تناظر میں ادارے نے درآمدی پُرزے (G-4 گیس میٹر کا پیمائشی یونٹ) کی مقامی پیداواری صلاحیت حاصل کرنے کے لیے ٹیکنالوجی پرووائیڈر کے ساتھ موثر کوششیں کیں، اس کے ساتھ ہی ٹیکنالوجی کے حصول کے لیے دیگر امکانات سے استفادے کے لیے بھی تفصیلی تجزیہ کیا گیا۔ مینجمنٹ کی بھرپور کوششوں کے نتیجے میں ٹیکنالوجی لائسنس دینے والے ادارے نے G-4 پیمائشی یونٹ کی مقامی سطح پر تیاری اور پیداواری لاگت میں کمی پر آمادگی ظاہر کردی۔ نئے لائسنس معاہدے کے لیے بات چیت شروع کردی گئی ہے اور اعتماد کے ساتھ یہ توقع کی جاتی ہے کہ مقامی پیداوار کے ذریعے G-4 گیس میٹر کی قیمت میں نمایاں کمی آئے گی، جس کے نتیجے میں میٹر مینوفیکچرنگ پلانٹ کے لیے منافع اور مارکیٹ کیپٹلائزیشن میں اضافے کی راہ ہموار ہوگی۔

بلنگ

مالی سال 2020-21ء کے دوران بلنگ ڈپارٹمنٹ اپنے مقاصد اور اہداف کے حصول اور ''یو ایف جی'' میں کمی کے طریقے شناخت کرنے کے لیے بدستور یکسوئی کے ساتھ کوشاں رہا۔ ڈپارٹمنٹ منظور شدہ اہم نگراں اشاروں (KMIs) کے تحت اپنا کردار ادا کرنے کے لیے پرعزم ہے۔

صارفین کا سروے بلنگ ڈپارٹمنٹ کی حکمت عملی سے مربوط ایک اقدام ہے، جسے تمام کسٹمر کیٹیگریز میں ''یو ایف جی'' اور چوری کے کیسز کا سراغ لگانے کے لیے استعمال کیا گیا۔ سال کے دوران تمام تجارتی صارفین کا سہ ماہی بنیادوں پر سروے کیا گیا تاکہ غیر قانونی کیسز کا پتا چلایا جاسکے۔ خراب میٹرز اور خالی کردہ عمارتوں کی شناخت کی خاطر صفر/کم سے کم استعمال والے صارفین کی جانچ پڑتال کے لیے سہ ماہی بنیادوں پر تقریباً 385,000 گھریلو کیسز اور 20,000 تجارتی صارفین کا سروے کیا گیا۔

اس کے علاوہ منقطع کیے گئے صارفین کا سروے کیا گیا اور غیر قانونی گیس استعمال کے تقریباً 61,129 گھریلو اور 7,050 تجارتی کیسز کو شناخت کرنے کے بعد منقطع کردیا گیا۔

میٹر میں گڑبڑ اور پائپ لائن سے براہ راست گیس کا حصول ''یو ایف جی'' کی بڑی وجوہات ہیں۔ بلنگ ڈپارٹمنٹ نے چھیڑ چھاڑ کیے جانے والے اور ناقص گیس میٹرز کی تلاش کے لیے اپنی کوششیں اور کارروائیاں جاری رکھیں، جس کے نتیجے میں 190,000 کسٹمر میٹرز کو پاسنگ ان رجسٹرڈ گیس (PUG) کے طور پر شناخت کیا گیا اور 2.5 BCF والیوم کو PUG کلیم کے طور پر شمار کیا گیا۔ اس کے علاوہ 3 BCF والیوم گڑبڑ شدہ میٹرز کے خلاف کلیم کے طور پر واپس حاصل کیا گیا۔

مندرجہ بالا کے علاوہ مجموعی طور پر 139,292 کیسز کو گیس چوری کے طور پر اور 125,650 کیسز کو بحالی سرگرمیوں کے لیے شناخت کیا گیا۔

اقدامات

- سہ ماہی بنیادوں پر تجارتی صارفین کے لیے خصوصی ریڈنگ/سروے۔
- صارفین کو ان کے رجسٹرڈ ای میل پتے پر ''ای۔بل'' کی سہولت کی فراہمی۔
- میٹر ریڈنگ اسنیپ شاٹ لینے کے علاوہ جی پی ایس لوکیشنز کا پتا چلانے کے لیے SIM بیسڈ دستی میٹر ریڈنگ ڈیوائسز فراہم کردی گئیں۔
- خراب میٹرز کی شناخت کے لیے ریڈنگ کے دوران فوری سروے کا اہتمام۔

ریکوری (واجبات کی وصولی)

ریکوری ڈپارٹمنٹ کا بنیادی کام گیس بلوں کی مد میں زیادہ سے زیادہ واجبات کی وصولی کے لیے ضروری اقدامات کرنا ہے۔ مالی سال 21-2020 میں ریکوری ٹیم کو مختلف اقسام کے 337,578 ڈیفالٹرز کا ہدف دیا گیا تھا، جن میں گھریلو، سرکاری، بلک اور کمرشل صارفین شامل تھے۔ ریکوری ٹیم نے تیز اور مؤثر ڈس کنکشن مہم اور دیگر ذرائع وتکنیک کی مدد سے 218,808 ڈیفالٹرز کو ہدف بنایا، جس کی تفصیلات درج ذیل ہیں:

- **نوٹسز / ریمائنڈرز کا اجراء:** 600,000 کے ہدف کے مقابلے میں 815,165 نادہندہ صارفین کو ان کی اخلاقی / قانونی ذمہ داری کی یاددہانی کے لیے نوٹس / ریمائنڈر جاری کیے گئے۔
- **میڈیا مہم:** پرنٹ اور الیکٹرانک میڈیا کے ذریعے جارحانہ میڈیا مہم چلائی گئی۔
- **بڑے نادہندگان کو ترغیب دلانا:** ڈپارٹمنٹ کی جانب سے سرکاری / بلک / گھریلو استعمال کنندگان میں سے بڑے نادہندگان سے ذاتی رابطہ کیا گیا تاکہ انہیں واجبات ادائیگی پر آمادہ کیا جاسکے۔
- **نادہندگان کا کنکشن انقطاع:** 218,808 نادہند گھریلو وتجارتی صارفین کے خلاف کارروائی کی گئی، جن پر مجموعی لحاظ سے 5,743 ملین روپے واجب الادا تھے، ان سے 1,578 ملین روپے وصول کیے گئے جبکہ 2,036 ملین روپے کی وصولی کا عمل جاری ہے۔

صارف کی درجہ بندی	یونٹ / ریجن	اقدامات کی تعداد	اقدامات کی مالیت (ملین روپے)	ری کنکشنز کی تعداد	ری کنکشن کی مالیت (ملین روپے)	زیر التوا رقم (ملین روپے)
	یونٹ۔اے کراچی	84,194	1,790	37,931	476	489
گھریلو	یونٹ۔بی اندرون سندھ	113,476	2,097	66,943	595	1,037
	یونٹ۔کیو بلوچستان	15,973	1,234	8,315	222	314
گھریلو	مجموعی	213,643	5,121	113,189	1,293	1,840
	یونٹ۔اے کراچی	3,190	395	1,460	199	120
کمرشل	یونٹ۔بی اندرون سندھ	1,311	139	586	45	35
	یونٹ۔کیو بلوچستان	664	88	399	41	41
کمرشل	مجموعی	5,165	622	2,445	285	196
گھریلو اور کمرشل	مجموعی	218,808	5,743	115,634	1,578	2,036

جن صارفین نے اپنے بقایاجات ادا نہیں کیے اور ان کے کنکشن تاحال منقطع ہیں، بقایاجات کی ادائیگی پر اگلے سال ان کے کنکشن بحال کردیے جائیں گے۔

کسٹمر سروس۔ کسٹمر ریلیشن ڈپارٹمنٹ (سی آر ڈی)

''سی آر ڈی'' کی مرکزی سرگرمی اپنے قابل قدر صارفین کو خدمات کی فراہمی ہے۔ وبائی صورت حال (کووِڈ۔19) کے دوران ہمارے "CFCs"، 1199 اور ایمرجنسی سیکشن صارفین کی شکایات کے لیے جزوی طور پر فعال رہے۔

تمام فرنچائز شعبوں میں مالی سال 2020-21ء کے سالانہ اہداف متاثر ہوئے۔ ''سی آر ڈی'' ہر سال 'یو ایف جی'، 'پی یو جی' اور مقررہ (ایچ بیسڈ) میٹر تبدیلی سرگرمیوں کے ضمن میں ایک سے دو BCF گیس کی صورت میں اپنا حصہ ڈالتا ہے لیکن لاک ڈاؤن کی صورتحال اور عملے کی کمی کے باعث ہم اپنے اہداف حاصل نہ کر پائے۔

- کنٹیکٹ سینٹر (1199) ایجنٹس نے لگ بھگ 745,000 ٹیلی فون کالز وصول کیں۔
- ''سی ایف سی'' نمائندوں نے اقساط، معلومات، ڈپلیکیٹ بل، ری کنکشن، میٹر ان لائنگ سرگرمیوں اور دیگر معاملات سے متعلق تقریباً 963,000 صارفین کو خدمات فراہم کیں۔
- 'سی آر ڈی'' کے رسک رجسٹر کو ماہانہ بنیادوں پر اپ ڈیٹ کیا گیا۔
- یومیہ بنیادوں پر لیک سروے رچوری انقطاع اور ربر پائپ ریموول کیسز کی موقع پر جا کر ری چیکنگ کی گئی۔
- پی ایم ڈی یو، وفاقی محتسب، 1199، صارفین یا علاقہ مکینوں کی جانب سے موصولہ تحریری شکایات، ای میل کے ذریعے یا بلنگ اور 'سی جی ٹی او ڈپارٹمنٹس کی جانب سے بھیجی گئی چوری کی شکایات کے لیے 'سی آر ڈی' کے تھیفٹ کنٹرول سیکشن ملازمین کی خدمات سے استفادہ کیا گیا۔ چھاپوں اور غیر قانونی کنکشن منقطع کرنے کے علاوہ تھیفٹ کنٹرول ٹیموں سے منقطع کنکشن والے صارفین کی نگرانی کا کام بھی لیا گیا۔
- سال 2019-20ء کے دوران ''سی آر ڈی'' نے سروے کر کے 308 مقامات پر 154,000 غیر مجاز استعمال کنندگان کا پتا چلایا۔ 13-04-2021 سے 01-06-2021 تک 1,872 نان کسٹمرز کے خلاف کارروائی کی گئی اور 6.5 ملین روپے وصول کیے گئے اور 2020-21 کے دوران 11,500 گھریلو رجسٹرڈ/ان رجسٹرڈ صارفین کے کنکشن منقطع کیے گئے۔
- ماضی میں کوئی بھی ڈپارٹمنٹ بالائی (اوورہیڈ) لیک سروے نہیں کرتا تھا۔ شکایات پر ''سی آر ڈی'' بالائی لیکیج ٹھیک کر دیتا تھا۔ تاہم گزشتہ ''ایچ ایس ای اینڈ کیو اے'' اپنے سروے کے بعد اوورہیڈ کمرشل/ڈومیسٹک لیکیجز کا ڈیٹا فراہم کر رہا ہے، جس پر ''سی آر ڈی'' کی ٹیمیں لیکیج کی شکایت دور کر دیتی ہیں۔

SSGC

5. مندرجہ ذیل کے ذریعے پیمائشی ورستی میں بہتری پر خصوصی توجہ مرکوز کی گئی:

- 500 پرانے ای وی سیز کی اینٹی تھیفٹ اور اینٹی ٹیمپرنگ کی زائد صلاحیتوں کے حامل جدید ترین ماڈلز سے تبدیلی
- انڈر راوور لوڈ میٹرز کی نگرانی اور درستی۔
- ''جنرل انڈسٹری'' کے شعبے میں ریکارڈ تعداد میں میٹرز کی تبدیلی کے علاوہ 50 سب سے زیادہ یونٹ بجلی خرچ کرنے والے انڈسٹریل کسٹمر میٹرز بدلے گئے۔
- سوئی سدرن کے پوائنٹ آف ڈلیوری(POD)، سیلز میٹر اسٹیشنز(SMS) اور کسٹمر میٹر اسٹیشنز (CMS) کا جائزہ لینے کے لیے عالمی شہرت یافتہ میورمنٹ کنسلٹنٹ (میسرز کیلٹن، یوکے) کی خدمات کا حصول۔
- میٹر ریپئر شاپ کی گنجائش میں اضافہ۔

6. وسیع جائزے اور سسٹم اینالسس کے ذریعے کراچی میں قدرتی گیس کے غیر مجاز استعمال کا تخمینہ BCF 10 (سالانہ) لگایا گیا ہے۔اس مسئلے کے حل کے لیے ایک خصوصی حکمت عملی تیار کی گئی ہے، جسے منظوری کے لیے اوگرا کو پیش کر دیا گیا ہے۔

7. بلوچستان میں 'یو ایف جی' کا وسیع پیمانے پر جائزہ لے کر مختلف پائیدار آپشنز تلاش کیے گئے، جن میں سے 06 آپشنز کو جائزے اور نفاذ کے لیے وزارت توانائی۔ پٹرولیم ڈویژن کو پیش کرنے کے لیے شارٹ لسٹ کیا گیا ہے۔

8. GIS کے ساتھ ریموٹ مانیٹرنگ سسٹم(M/s.Mazik Global) کو مربوط کیا گیا۔

9. گیس کی خریداری اور فروخت میں توازن برقرار رکھنے کے لیے SMS اور TBS لیول پر نگرانی اور پریشر میں بہتری لانا۔

10. تمام منصوبہ بند فزیکل سرگرمیوں کی بروقت اور منظم تکمیل کو یقینی بنانا۔

11. گیس چوری (صنعتی و تجارتی) کا پتا چلانے کے لیے موثر فیلڈ آپریشنز۔

12. فراہم شدہ/استعمال شدہ گیس کی مقدار کا اندراج یقینی بنانے کے لیے صنعتی صارفین کی مستقل نگرانی۔

مندرجہ بالا اور ان کے علاوہ متعدد دیگر اقدامات اور منظم طریق کار کے ساتھ KPIs کی بڑی حد تک تکمیل کے نتیجے میں 'یو ایف جی' بچت میں بے مثال اضافہ دیکھا گیا، جس کا تخمینہ BCF 13 لگایا گیا ہے۔

14۔ سی پی سولر سسٹم کی اپ گریڈنگ 12 (تعداد)۔

15۔ گراؤنڈ بیڈری نیوئل رانسالیشن 08 (تعداد)۔

16۔ سوئی سیکشن میں "18 قطر پائپ لائن کوٹنگ ریحافر ورک۔

17۔ کوئٹہ سیکشن میں زرغون پائپ لائن پروٹیکشن ورک۔

غیر شمار شدہ (Unaccounted-for-Gas)

کمپنی کی مالی کارکردگی پر غیر شمار شدہ گیس (UFG) کے منفی اثرات کے تناظر میں مینجمنٹ اور بورڈ آف ڈائریکٹرز نے "یو ایف جی" میں کمی کی کوششوں پر مسلسل زور دیا ہے۔

مالی سال 21-2020ء کے آغاز پر بورڈ آف ڈائریکٹرز اور مینجمنٹ ایک جامع "یو ایف جی" میں کمی کی اسٹریٹجی سامنے لائے تاکہ بہتری کی گنجائش والے معاملات سے متعلق مجوزہ اقدامات تیزی سے کیے جاسکیں، چنانچہ ڈی ایم ڈی لیول کے ایگزیکٹو کی سربراہی میں ایک نیا ڈویژن قائم کیا گیا ہے، جسے ایک ایس جی ایم کی کل وقتی معاونت کے علاوہ فرنچائز کے تمام شعبوں میں مرکزی اہمیت والے آپریشنز سے متعلق متنوع تجربہ و مہارت رکھنے والے اعلیٰ کارکردگی کے حامل ایگزیکٹوز کی خدمات بھی میسر ہوں گی۔ سال کے دوران متعدد دوررس نتائج کے حامل اقدامات روبہ عمل لائے گئے، بشمول:

1۔ کراچی شہر میں یو ایف جی کم کرنے کے لیے موجودہ پائپ لائنوں پر آپریٹنگ پریشر کم کرنے کی خاطر "20 اور "12 قطر والی پائپ لائنوں کے تاخیر کا شکار پروجیکٹس کی تعمیر کے لیے درکار بیرونی اجازت ناموں کا تیزی سے حصول۔

2۔ بالخصوص سائٹ اور کورنگی انڈسٹریل ایریا میں صنعتی صارفین کو گھریلو نیٹ ورکس سے علیحدہ کرنے کے لیے بڑی مہم شروع کی گئی۔ کورنگی اور سائٹ کے علاقوں میں بالترتیب تقریباً 90 فیصد اور 70 فیصد سیگمنٹیشن مکمل ہوچکی ہے۔ 'یو ایف جی' بچت کے لیے آپریٹنگ پریشرز کو بہتر بنایا گیا ہے۔

3۔ لیکج کے مسئلے پر زیادہ توجہ مرکوز کرنے کے علاوہ جدید ترین GIS سافٹ ویئر اور گاڑی پر نصب گیس لیک ڈیٹیکٹرز کے استعمال کے ذریعے بڑے پیمانے پر نیٹ ورک لیک مانیٹرنگ اور سروے کیے گئے، جس کی ماضی میں مثال نہیں ملتی۔

4۔ ڈسٹری بیوشن پائپ لائنز کی بڑے پیمانے پر بحالی۔

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گیس کی ترسیل (TRANSMISSION)

زیرجائزہ سال کے دوران ٹرانسمیشن ڈویژن نے مندرجہ ذیل سرگرمیاں انجام دیں:

1. ایچ کیو۔کوئٹہ سیکشن میں نئے ایس ایم ایس مستونگ کی فیبریکیشن ،ویلڈنگ اور انسٹالیشن۔
2. ایچ کیو۔1 سیکشن میں اپ۔گریڈڈ ایس ایم ایس کوٹ ڈیجی کی فیبریکیشن ،ویلڈنگ اور انسٹالیشن۔
3. ایس ایم ایس کے۔ٹی پر "6 کنٹرول والوز کی "8 کنٹرول والوز سے تبدیلی (02عدد)۔
4. ایچ کیو۔1 سیکشن میں اپ گریڈڈ ایس ایم ایس کوٹ ڈیجی کی انسٹالیشن کے لیے ILBP "16 پائپ لائن پر 6" dia off-take کی ہاٹ ٹیپنگ۔
5. ایچ کیو۔3 کمپریسر یونٹ B پر dia class 600 "06 ڈسچارج والو کی dia class 900 "6 والو سے تبدیلی کے لیے کولڈ کٹنگ اور ویلڈنگ۔
6. ٹیگ اپ کے لیے ایم وی اے پاک لینڈ اور سی ٹی ایس بن قاسم پر "24 قطر اور "30 قطر کی پائپ لائنز پر کولڈ کٹ۔
7. سی ٹی ایس بن قاسم تا ایم وی اے پاک لینڈ 30" dia x 17 کلومیٹر اضافی آر ایل این جی پائپ لائن کی کمیشننگ۔
8. سیکشن۔IV میں لٹ نالہ اور سکھان ناڑی پر 16"/18"/20" dia ILBP پائپ لائن کی مرمت اور لوئرنگ۔
9. ایم وی اے شکار پور پر پگ لانچر اور ایم وی اے جیکب آباد پر پگ ریسیور کی انسٹالیشن کے ساتھ ایچ کیو۔شکار پور پر پائپنگ موڈیفکیشن کے لیے کولڈ کٹ اور ویلڈنگ۔
10. ایچ کیو۔ایس کے پی سیکشن میں 20" dia IRBP پائپ لائن کی کولڈ کٹنگ اور بخشو کینال، وارہ کینال، گھار کینال، باڑہ کینال، دھامرا کینال اور سحرواہ کینال پر H.D.D submergedpipeline کے ساتھ ٹائی ان۔
11. ایچ کیو۔3 سیکشن میں 24" dia KPD پائپ لائن پر 03عدد Plidco leak clamps کی فیبریکیشن اور ویلڈنگ۔
12. کوٹنگ ریفربشمنٹ 19,116 (Rft)۔
13. کوٹنگ انٹیگریٹی سروے 409 (کلومیٹرز)۔

آؤٹ (کنٹریکٹ سال 5) کے ذریعے بھی اس کا حساب لگایا گیا، جسے ایل این جی ڈپارٹمنٹ نے آزاد تھرڈ پارٹی کنسلٹنٹ کے ذریعے انجام دیا۔ ٹرمینل نے پروڈکٹ کا ایک مالیکیول بھی ضائع نہیں کیا۔

ایل این جی ڈپارٹمنٹ نے محفوظ ٹرمینل آپریشنز کی تصدیق کے لیے ایل این جی انفرااسٹرکچر سے متعلق جگہ "اینگرو وپیکنی ٹرمینل" کا ٹیکنیکل اور سیفٹی آڈٹ بھی کیا۔ EETPL ایل این جی امپورٹ ٹرمینل پر کوئی بڑا واقعہ ریکارڈ نہیں کیا گیا۔

ایل این جی ڈپارٹمنٹ نے مالی سال 21-2020ء کے دوران مندرجہ ذیل کموڈیٹی سپلائرز سے متعلق خدمات (زیرو لاس ٹائم انجری "LTI" کے ساتھ) کامیابی سے انجام دیں۔

ٹرمینل پر آنے والے ایل این جی کارگوز کی تعداد	71
آف لوڈ کی جانے والی ایل این جی کی مقدار	4.4~ ملین میٹرک ٹن
ری گیسیفائیڈ مقدار (ایل این جی سے آر ایل این جی)	~217 BCF

ایل این جی امپورٹ ٹرمینل۔ا کے افتتاح سے مالی سال 21-20 کے اختتام تک EETPL ٹرمینل پر کم و بیش 386 کارگوز کو بحفاظت آف لوڈ کیا گیا، اس کی مقدار تقریباً 24 ملین میٹرک ٹن بنتی ہے، جس کا مطلب تقریباً 1149 BCF کی ری گیسیفکیشن (ایل این جی سے آر ایل این جی) ہے۔

مستقبل کے منصوبے

آنے والے مالی سال میں ایل این جی ڈپارٹمنٹ بنیادی طور پر اپنی توجہ تجریاتی انداز کے ذریعے "ڈرائی ڈاک" کے مابعد مسائل سے نمٹنے پر مرکوز کرے گا تاکہ ری گیسیفکیشن آپریشنز پر اس کا کم سے کم اثر پڑے۔ اس کے علاوہ ایل این جی ڈپارٹمنٹ پوری مدت کے دوران معاہدے پر عملدرآمد کو یقینی بنائے گا تاکہ ٹرمینل آپریشنز کو موثر بنایا جا سکے اور کسی بھی تنازع، ہرجانہ تاخیر (ڈیمرج) اور نقصان کے خطرے سے بچنے کے لیے معاہدے کے ہر پہلو کی باضابطہ نگرانی کو بھی یقینی بنایا جائے۔

لیکویفائیڈ نیچرل گیس

ایل این جی ڈپارٹمنٹ بنیادی طور پر قانونی معاہدے ''ایل ایس اے'' (ایل این جی آپریشنز اینڈ سروسز ایگریمنٹ) کے مطابق EETPL ایل این جی امپورٹ ٹرمینل کے آپریشنز روبہ کار لانے کا ذمہ دار ہے۔ EETPL کے FSRU Exquisite کے غیر متوقع اور غیر منصوبہ بند ''ڈرائی ڈاک'' ہوجانے کے باعث مالی سال 21-2020ء کافی مشکل ثابت ہوا۔ متعلقہ داخلی اسٹیک ہولڈرز کی مدد اور مشترکہ کوششوں کی بدولت ہم غیر منصوبہ بند ڈرائی ڈاک سے پیدا شدہ مسائل سے کامیابی کے ساتھ نمٹ پائے، جس کے دوران ایل این جی ویلیو چین پر معمولی سا اثر پڑا۔ مالی سال کے دوران ایل این جی ڈپارٹمنٹ نے EETPL کے ٹرمینل آپریشنز معاہدے کے عین مطابق اہلیت کے ساتھ اور موثر انداز میں سنبھالے اور کسی رکاوٹ کے بغیر آر ایل این جی سروسز کے ذریعے اپنے کسٹمر سوئی ناردرن گیس پائپ لائن کے لیے خدمات انجام دیں۔

ایل این جی ڈپارٹمنٹ نے تعمیل شرائط کے اعلیٰ درجے کے ساتھ ٹرمینل آپریشنز کی انجام دہی کے لیے مالی سال کے دوران معاہدے کو موثر انداز میں نبھایا۔ ہم نے فلوٹنگ اسٹوریج اینڈ ری گیسیفکیشن یونٹ (FSRU) میں حسب ضرورت انوینٹری لیول برقرار رکھنے کو یقینی بنایا تاکہ ایل این جی کارگوز کو ہرجانہ تاخیر (ڈیمرج) نہ دینا پڑے۔ مالی سال 21-2020ء کے دوران ایسا کوئی واقعہ ریکارڈ پر موجود نہیں، جس میں ایس ایس جی سی کی وجہ سے ہرجانہ تاخیر (ڈیمرج) ادا کیا گیا ہو۔

ایل این جی کارگوز، والیومیٹرک فلو پروفائل اور ٹرمینل آؤٹیج کی منصوبہ بندی کے لیے ایل این جی ڈپارٹمنٹ نے متعلقہ اسٹیک ہولڈرز کے ساتھ مل کر 2021ء کے لیے سالانہ ڈلیوری پروگرام کو حتمی شکل دی۔ ایل این جی ڈپارٹمنٹ نے نازک فیصلہ سازی اور تجزیاتی انداز کی بدولت فعال طریقے سے انوینٹری پروفائل کو برتا۔ ڈپارٹمنٹ نے سوئی سدرن کے مفادات کا تحفظ کرتے ہوئے کسی بھی ناخوشگوار صورتحال سے بچنے کے لیے (1) ایل این جی کارگوز (2) ری گیسیفکیشن نرخوں میں تبدیلی وغیرہ کی ری شیڈولنگ سے متعلق فیصلوں پر بروقت عملدرآمد کیا، جس کی وجہ چاہے کسٹمر SNGPL کی جانب سے محدود مقدار میں آر ایل این جی لینا ہو یا پھر سامنے آنے والا کوئی بھی دوسرا مسئلہ بشمول ایل این جی جہاز کی موخر یا پیشگی برتھنگ، ٹرمینل میں تکنیکی مشکلات وغیرہ۔

اس مالی سال میں ایل این جی ڈپارٹمنٹ نے ایل ایس اے مارجن کی صورت میں 5.7 ملین ڈالر (0.025 امریکی ڈالر فی ایم ایم بی ٹی یو) آمدنی حاصل کی۔ مزید یہ کہ اس سال (retainage) FSRU کا ایندھن خرچ مناسب حد کے اندر ہے، علاوہ ازیں ٹرمینل کے ریٹیج

ڈسٹری بیوشن - کراچی (سندھ)

انفرا اسٹرکچر کی توسیع:

پائپ لائن نیٹ ورک میں معمول کی توسیع	کلومیٹرز	170
موجودہ نیٹ ورک کی تقویت کے لیے ڈالی جانے والی پائپ لائن	کلومیٹرز	13
سسٹم میں شامل ہونے والے نئے صارفین	تعداد	76,609
نئے ٹاؤن بارڈر اسٹیشنز (TBS)	تعداد	6
ٹاؤن بارڈر اسٹیشنز (TBS) کی موڈیفکیشن	تعداد	5

"یو ایف جی" میں کمی لانے سے متعلق سرگرمیاں:

پرانے نیٹ ورک کی بحالی (Rehabilitaion)	کلومیٹرز	99
زیرِ زمین لیک سروے	کلومیٹرز	2,822
زیرِ زمین لیک ریکٹی فکیشن	تعداد	4,447
اوور ہیڈ لیک سروے	تعداد	69,890
اوور ہیڈ لیک ریکٹی فکیشن	تعداد	65,224
قطعہ بندی (Creation of Segments)	تعداد	24

بڑے منصوبے:

- نیٹ ورک کے دور دراز صارفین (Tail End Customers) کے لیے سسٹم پریشر میں اضافہ کرنے کی غرض سے شیر شاہ مین اور سائٹ گیس ٹربائن مین کا 20" dia. x 1.5 km انٹرلنک۔
- نیٹ ورک کے دور دراز صارفین (Tail End Customers) کے لیے سسٹم پریشر میں اضافہ کرنے کی غرض سے "ایس ایم ایس۔ کے ٹی" سے الآصف اسکوائر 12" dia. 3.3 km ایکسٹنشن۔

- گیس خریداری کو کنٹرول کرنے اور ''یو ایف جی'' کی شرح میں کمی لانے کے لیے کوششیں کی گئیں۔
- گیس چوری کرنے والوں کے خلاف کے خلاف سخت اقدامات کیے گئے، اندرون سندھ 23,573 غیر قانونی کنکشنز کو منقطع کیا گیا، گیس چوروں کے خلاف 5 ایف آئی آرز درج کرائی گئیں۔
- وزیر اعظم سیکرٹریٹ، وزیر اعلیٰ سندھ سیکرٹریٹ، ارکان قومی اسمبلی، ارکان صوبائی اسمبلی، عمائدین کی سفارش اور پاکستان سٹیزنز پورٹل کے ذریعے موصول ہونے والی شکایات پر اندرون سندھ 1,400 دیہات کے ابتدائی سروے کا اہتمام کیا گیا۔

''یو ایف جی'' کنٹرول		
قطعہ بندی (Segmentation)	تعداد	44
بحالی (Rehabilitation)	کلومیٹرز	128
زیر زمین لیک سروے	کلومیٹرز	12,126
زیر زمین لیک ریکٹی فکیشن	کلومیٹرز	25,182
اوور ہیڈ لیک سروے	تعداد	473,840
اوور ہیڈ لیک ریکٹی فکیشن	تعداد	169,640
چوری کا انقطاع (Disconnection of Theft)	تعداد	23,288
میٹر کی تبدیلی	تعداد	9,206

نیٹ ورک کی توسیع		
ری انفورسمنٹ	کلومیٹرز	52
چھوٹی اور بڑی توسیع	کلومیٹرز	186
دیہات کو گیس فراہمی	کلومیٹرز	281
اضافی ٹی بی ایس (Additional TBSs)	تعداد	17
اضافی پی آر ایس (Additional PRSs)	تعداد	19
نئے کنکشن (صنعتی / گھریلو / تجارتی)	تعداد	37,827

- ڈسٹری بیوشن پروجیکٹس
- سرجانی اسٹیپ ڈاؤن تا مدینۃ الحکمت 5 x 16" dia کلومیٹر پائپ لائن
- پی ایس ایم مین گیٹ تا یوسف گوٹھ 6.2 x 16" dia کلومیٹر پائپ لائن
- کے ٹی تا ٹی پی ایس معمار سی این جی 10 x 16" dia کلومیٹر پائپ لائن
- عظیم پورہ تا جام صادق پل 09 x 20" کلومیٹر پائپ لائن
- ایس ایم ایس شیدی گوٹھ تا فوجی کالونی 11 x 20" کلومیٹر پائپ لائن

یہ منصوبے کراچی کے ڈسٹری بیوشن نیٹ ورک کو توسیع دینے کے لیے بنائے گئے ہیں تا کہ آپریشنل لچک میں اضافہ ہو اور گیس فراہمی برقرار رکھی جا سکے۔

ڈسٹری بیوشن ڈویژن

مالی سال 2020-21ء کے دوران کمپنی کے ڈسٹری بیوشن ڈویژن نے متعدد اقدامات کیے، جو مندرجہ ذیل ہیں:

اندرون سندھ: زیر جائزہ سال کے دوران ڈسٹری بیوشن ڈپارٹمنٹ نے اندرون سندھ درج ذیل سرگرمیاں انجام دیں۔

سرگرمیاں		کامیابیاں	
	زیریں سندھ	بالائی سندھ	مجموعی اندرون سندھ
قطعات (Segment)	30	14	44
زیرز مین لیک ریکٹی فکیشن (کلومیٹرز)	7,739	4,387	12,126
زیرز مین لیک ریپئرز (تعداد)	18,514	6,668	25,182
اوور ہیڈ لیک ریکٹی فکیشن (تعداد)	121,289	48,351	1,69,640
بحالی (کلومیٹرز)	98	31	128
چوری کا پتا چلانا (تعداد)	17,221	6,352	23,573

- سپریم کورٹ کے حکم کے مطابق گیس فیلڈز کے اطراف 5 کلومیٹر کے دائرے (Radius) میں اور دور دراز دیہی علاقوں کے سماجی ومعاشی حالات میں بہتری لانے کے لیے 281 کلومیٹر طویل گیس پائپ لائن بچھائی گئی اور 96 نئے دیہات کو گیس کی سہولت فراہم کی گئی۔

SSGC

مندرجہ بالا پائپ لائن منصوبے انڈسٹریل پارکس اور SEZ کی ری گیسیفکیشن کے لیے بنائے گئے ہیں، جس کے نتیجے میں صنعتی پیداوار اور جی ڈی پی میں بہتری، برآمدات کے ذریعے مثبت توازن ادائیگی میں مدد ملے گی اور بیروزگاری میں کمی آنے کے علاوہ مقامی افراد کی مالی حالت بہتر ہوگی۔ ان منصوبوں کے لیے تمام سرمایہ حکومت پاکستان، وزارت توانائی (پٹرولیم ڈویژن) کے ذریعے فراہم کرے گی، یہ تمام منصوبے پی ایس ڈی پی اسکیم کے تحت ہیں۔

- ## ایچ کیو۔ بی اور ایچ کیو۔2 نواب شاہ پر نئے کمپریسر یونٹس کی تنصیب اور تبدیلی

ایچ کیو۔2 نواب شاہ پر کمپریشن بڑھانے کے لیے 200 MMscfd گنجائش والا ایک نیا اضافی کمپریسر درکار ہوگا۔ علاوہ ازیں ایچ کیو۔ بی میں 2 موجودہ مشینوں کی تبدیلی کے علاوہ ایک عدد نیا کمپریسر یونٹ بھی نصب کیا جائے گا۔

- ## ایس ایم ایس سندھ یونی ورسٹی تا ایس ایم ایس پاک لینڈ 30" dia x125 کلومیٹر لوپ لائن

یہ منصوبہ ایس ایس جی سی کے انڈس لیفٹ بینک پائپ لائن سسٹم کی پائپ لائن گنجائش کو بڑھانے کے لیے بنایا گیا ہے، اس سے آپریشن کی گنجائش اور لچک میں اضافہ ہوگا۔

- ## کیو پی ایل کے انٹیگریٹی چیک کے لیے "12 قطر کی کیو پی ایل بحالی اور انٹیلی جنٹ پگنگ

مین والو اسمبلیز کے 14 پائپنگ سیٹ اپس پر موڈیفکیشن ورک جاری ہے۔

- ## ایس ایم ایس ٹھٹھہ کی اپ گریڈیشن

ٹھٹھہ کا موجودہ ایس ایم ایس سیٹ اپ 30 سال پرانا ہے، جو اپنی زیادہ سے زیادہ گنجائش پر چلایا جا رہا ہے اور مستقبل کی لوڈ ضروریات پوری نہیں کر سکے گا، اس لیے اپ گریڈیشن کی ضرورت ہے۔

- ## ایس ایم ایس کاٹھور تا ایس ایم ایس سرجانی 24"dia x 31 کلومیٹر پائپ لائن پروجیکٹ

یہ منصوبہ آپریشنل کارکردگی کو بہتر بنانے اور کراچی کے مغربی ریجن کی گیس ڈسٹری بیوشن گنجائش 269 MMCFD تک بڑھانے کے لیے بنایا گیا ہے۔

عملی امور کا تجربہ (آپریشنل اوورویو)

سوئی سدرن کی بنیادی اقدار، بہترین کارکردگی، ٹیم ورک، شفافیت، تخلیقی کردار اور اسٹیک ہولڈرز کی ذمہ داری کے رہنماء اصولوں پر عمل پیرا ہے۔ ایس ایس جی سی، کمپنی کے مشن کے مطابق مسلسل بڑھتے ہوئے اپنے کسٹمر بیس کو محفوظ، قابل بھروسہ اور قابل استطاعت انداز میں قدرتی گیس کی سہولت بہم فراہمی کے لیے کوشاں ہے۔

ٹیکنیکل سروسز ڈویژن

زیر جائزہ سال کے دوران ٹیکنیکل سروسز ڈویژن نے مندرجہ ذیل سرگرمیاں انجام دیں:

سی ٹی ایس بن قاسم تا ایس ایم ایس پاک لینڈ 30"x17 کلومیٹر پائپ لائن

یہ منصوبہ ایس ایم ایس پاک لینڈ پر آر ایل این جی کی MMCFD 600 تک اضافی مقدار وصول کرنے اور موسم سرما کے عروج پر قدرتی گیس کی طلب پوری کرنے کے لیے زیر عمل لایا گیا۔ اس کا دسمبر 2020ء میں کامیابی کے ساتھ افتتاح ہوا۔

ایچ کیو۔ شکارپور میں نئے ٹربو کمپریسر یونٹ کی تنصیب

بلوچستان ریجن کو گیس فراہمی کا تسلسل یقینی بنانے کے لیے MMCFD 200 گنجائش والے کمپریسر یونٹ کی تنصیب نومبر 2020ء میں کامیابی کے ساتھ عمل میں آئی۔

مستقبل کا ڈویلپمنٹل / ڈپارٹمنٹل منصوبہ

ٹیکنیکل سروسز کے مستقبل کے منصوبے درج ذیل ہیں:

(i) ایس ایم ایس پاک لینڈ سے دھابیجی پر نئے ایس ایم ایس تک 12"x09 کلومیٹر پائپ لائن

(ii) بن قاسم انڈسٹریل پارک کو گیس کی فراہمی کے لیے 12"x3.5 کلومیٹر پائپ لائن منصوبہ

(iii) 16" dia x8.784 کلومیٹر بوستان پائپ لائن منصوبہ

SSGC

اظہارِ تشکر

ڈائریکٹرز اپنے قابل قدر شیئر ہولڈرز اور صارفین کی جانب سے مسلسل تعاون اور سرپرستی پر ستائش کا اظہار کرتے ہیں۔ اس موقع پر ہم تمام ملازمین کے عزم کو بھی سراہنا چاہتے ہیں، جنھوں نے ادارے کو درپیش متعدد چیلنجوں کے باوجود سخت محنت کی۔ ہم حکومت پاکستان، وزارت توانائی اور آئل اینڈ گیس ریگولیٹری اتھارٹی کی جانب سے ملنے والی مسلسل رہنمائی اور تعاون کا اعتراف بھی ریکارڈ پر لانا چاہتے ہیں۔ بورڈ سبکدوش ہونے والے ڈائریکٹرز کے پالیسی سازی میں کردار اور مسائل حل کرنے کے لیے یکسو لائحہ عمل پر ان سب کا بطور خاص شکریہ ادا کرنا چاہتا ہے۔

از طرف بورڈ،

ڈاکٹر شمشاد اختر
چیئرپرسن، بورڈ آف ڈائریکٹرز

عمران منیار
منیجنگ ڈائریکٹر/چیف ایگزیکٹو آفیسر

9 جنوری 2023

ایک ادارے (ایس ایس جی سی) سے حکومتِ پاکستان کے دوسرے ادارے (واپڈا) کی جانب ادائیگی کے بہاؤ کو ظاہر کرتا ہے۔ لہٰذا ''ای سی سی'' نے 07 فروری 2018ء کو ہونے والے اپنے اجلاس میں پٹرولیم ڈویژن اور پاور ڈویژن کو تمام اسٹیک ہولڈرز کی مشاورت سے طریقہ کار وضع کرنے کی ہدایت کے ساتھ ہرجانہ سے دستبرداری کی تجویز کی اصولی طور پر منظوری دے دی۔

تمام اسٹیک ہولڈرز (SSGC، CPPA-G اور HCPCL) عدم ترسیل کی مدت کو ''دائرہ اختیار سے باہر واقعہ'' (Other Force Majeure Event) تصور کرتے ہوئے GSA کی مدت کو عدم ترسیل کی مدت تک توسیع دینے کے لیے طریقہ کار کو حتمی شکل دینے میں مصروف ہیں۔ SSGC اور HCPCL کے درمیان GSA ستمبر 2019 میں ختم ہوگیا تھا جبکہ HCPCL اور CPPA-G کے درمیان پاور پرچیز ایگریمنٹ (PPA) 2029ء تک نافذ العمل ہے۔

ہرجانہ کی مجموعی مالیت 8 ارب روپے بنتی ہے، جس میں سے 3.9 ارب روپے LPS کے ریورسل، LD چارجز پر سود اور قانونی اخراجات کی مد میں 'اوگرا' کی جانب سے منظور کیے گئے ہیں اور باقی ماندہ 4.1 ارب روپے ''HCPCL سے قابل وصول رقم'' کے طور پر بک کیے گئے ہیں، جنہیں ''ای سی سی'' کی منظوری کے مطابق LDs کی ایڈجسٹمنٹ کے ساتھ ایڈجسٹ کیا جائے گا۔

اہم نکات

مندرجہ بالا امور کے علاوہ بیرونی آڈیٹرز، میسرز BDO ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 30 جون 2021ء کو ختم ہونے والے مالی سال کی آڈٹ رپورٹ میں بعض دیگر مخصوص معاملات کی طرف بھی توجہ مبذول کرائی ہے۔ ان معاملات پر تاثرات درج ذیل ہیں:

(i) مختلف عدالتوں میں زیرِالتواء مقدمات اور دعوے، جن کا نتیجہ غیر یقینی ہے؛

(ii) کمپنی کے مستقبل کے آپریشنز کے تسلسل کا انحصار حکومت پاکستان کے سپورٹ لیٹر پر ہے، جس نے ادارے کی حیثیت کو برقرار رکھنے کے لئے ضروری مالی مدد فراہم کرنے کی تصدیق کی ہے؛ اور

(iii) ''ایس ایس جی سی'' نے یکم جولائی 2012ء سے حکومت کے زیرِ کنٹرول E&P کمپنیوں (او جی ڈی سی ایل، پی پی ایل اور جی ایچ پی ایل) کو واجب الاداLPS اخراجات کی منظوری اس وقت تک روک دی ہے، جب تک ''ایس ایس جی سی'' کو ''پی ایس ایم ایل'' اور ''کے الیکٹرک'' سے LPS آمدنی حاصل نہیں ہوتی۔

KE اور PSML سے قابلِ وصول رقم

مالی سال 21-2020ء کے دوران کے الیکٹرک (KE) اور پاکستان اسٹیل ملز لمیٹڈ (PSML) کی ڈیفالٹ شدہ وصولی کی صورت حال گزشتہ سالوں کی طرح ہی رہی۔ انتظامیہ KE اور PSML کے خلاف دائر ریکوری کے مقدمے کی تن دہی سے پیروی کر رہی ہے۔ اس کے ساتھ ہی انتظامیہ متعلقہ وزارتوں کے ساتھ مسلسل رابطے میں ہے تاکہ ''کے ای'' اور ''پی ایس ایم ایل'' سے بقایاجات کی وصولی کو تیز کیا جا سکے۔ توقع ہے کہ جیسے ہی حکومت پاکستان کی طرف سے یہ معاملہ مستقل طور پر حل کر دیا جائے گا، کمپنی کی مجموعی مالی حالت بہتر ہو جائے گی۔ 30 جون 2021ء کے مطابق KE اور PSML کے خلاف LPS سمیت کمپنی کا دعویٰ بالترتیب 132 ارب اور 74 ارب روپے کا ہے۔

سوئی ناردرن گیس کمپنی اور واپڈا سے قابلِ وصول LPS

کمپنی کو مجموعی طور پر گردشی قرضوں کی صورت حال کی وجہ سے SNGPL اور واپڈا کی طرف جمع شدہ قابل وصول رقوم کی عدم ادائیگی کے مسئلے کا سامنا ہے۔ تاہم طے شدہ شرائط و ضوابط کی بنیاد پر کمپنی واجب الادا رقم کے مقابل LPS جمع کر رہی ہے۔ کمپنی روزانہ کی بنیاد پر متعلقہ سرکاری حکام کو اس صورت حال سے آگاہ کر رہی ہے اور امید کرتی ہے کہ جب قومی سطح پر گردشی قرضے کا معاملہ طے کر لیا جائے گا تو یہ مسئلہ بھی حل ہو جائے گا۔

HCPCL سے قابلِ وصول رقم

''ایس ایس جی سی'' کا میسرز حبیب اللہ کوسٹل پاور کمپنی (پرائیویٹ) لمیٹڈ (ایچ سی پی سی ایل) کے ساتھ ایک معاہدہ تھا، جس میں منجملہ دیگر نکات کے پختہ عزم/ہرجانہ مشخصہ (LDs) بھی شامل تھے۔ ''ایچ سی پی سی ایل'' نے 30 نومبر 2015 کو انٹرنیشنل چیمبر آف کامرس، سنگاپور کے قواعد کے تحت ثالثی کے لیے درخواست دائر کی تھی۔ یہ تنازع SSGC کی طرف سے HCPCL کو (GSA کے تحت گیس فراہمی کے پختہ معاہدے کے باوجود) دسمبر 2009ء سے گیس کی عدم فراہمی یا کم فراہمی کے متعلق تھا۔ 30 اپریل 2018ء کو ثالثی کی کارروائی کا فیصلہ بین الاقوامی عدالت برائے ثالثی نے HCPCL کے حق میں جاری کیا اور کمپنی (ایس ایس جی سی) "HCPCL" کو حتمی معاوضے کے طور پر زرِ تلافی، ہرجانہ، سود اور قانونی و پیشہ ورانہ چارجز ادا کرنے کی پابند ہے۔

ہرجانہ کی رقم میں HCPCL کی جانب سے کمپنی کے خلاف جس جرمانے کا دعویٰ کیا گیا ہے، وہ CPPA-G / واپڈا کی طرف سے HCPCL پر عائد کیے گئے جرمانے کا نتیجہ ہے۔ یہ واضح طور پر کسی بھی دعویدار فریق کو کوئی خاطر خواہ فائدہ پہنچائے بغیر حکومتِ پاکستان کے

کے پیش نظر مالی سال 21-2020ء کے لیے ای سی ایل پروویژننگ کا ازسرِنو جائزہ لیا گیا اور اس طرح پروویژننگ کی ضرورت کو کم کر کے 2.2 ارب روپے کر دیا گیا ہے جو گزشتہ سال 3.6 ارب روپے تھا۔ اس کے نتیجے میں، ڈس الاؤنس کا اثر گزشتہ سال کے 2.7 ارب روپے کے مقابلے میں 1.3 ارب روپے رہ گیا۔

ماضی کے حیران کن نقصانات کو جذب کرنا

''ایس ایس جی سی'' کے مالیاتی امور پر ایک اور مثبت اثر جون 2020 میں حیران کن نقصانات کی 7.3 ارب روپے کی آخری قسط کو جذب کرنے کا ہے، جو سندھ ہائی کورٹ کے 25 نومبر 2016 کے اس فیصلے سے متعلق ہے، جس میں ''ایس ایس جی سی'' کے UFG بینچ مارک اور کچھ غیر آپریٹنگ آمدنیوں کے بارے میں عدالتی فیصلے کے خلاف حکم امتناع کو مسترد کر دیا گیا تھا۔ عدالتی حکم کا کل اثر 36.7 ارب روپے تھا، جو کہ 5 سالوں پر محیط تھا۔ اس میں سے 50 فیصد کو مالی سال 16-2015ء میں جذب کر لیا گیا جبکہ مالی سال 17-2016ء سے مالی سال 19-2018ء تک ہر سال مزید 10 فیصد کو جذب کیا گیا اور آخر میں مالی سال 20-2019ء میں باقی ماندہ 20 فیصد کو جذب کر لیا گیا۔

مالی لاگت

''ایس ایس جی سی'' کو 4.6 ارب روپے کے مالی اخراجات برداشت کرنے پڑتے ہیں، جس کی بنیادی وجہ RLNG کی کراچی پورٹ سے ساون تک ترسیل کے لیے پائپ لائن انفراسٹرکچر کی مالی اعانت کے لیے حاصل کیا گیا طویل مدتی قرضہ ہے، جو شمالی ریجن کی توانائی کی ضروریات کو پورا کرنے کے لیے RLNG کو SNGPL نیٹ ورک تک پہنچاتا ہے۔

تاہم، گیس ڈیولپمنٹ سرچارج میں جمع ہونے والے کنزیومر پرائس میں متوقع اضافے کی وجہ سے قلیل مدتی قرضے پر آنے والی مالی لاگت کو اب اوگرا نے Allow کر دیا ہے۔ اس کے مطابق رواں سال میں 1.4 ارب روپے منظور کیے گئے ہیں۔

ایکسٹرنل آڈیٹرز کی رپورٹ میں ترمیم

بیرونی آڈیٹرز میسرز BDO ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2021 کو ختم ہونے والے مالی سال کی آڈٹ رپورٹ میں 'کے الیکٹرک' اور 'پی ایس ایم ایل' پر واجب الادا رقم، 'ایس این جی پی ایل' اور واپڈا سے قابل وصول لیٹ پیمنٹ سرچارج (ایل پی ایس) اور حبیب اللہ کوسٹل پاور کمپنی (پرائیویٹ) لمیٹڈ سے قابل وصول رقم کے متعلق اپنی ترمیم شدہ رائے کا اظہار کیا ہے۔

''اوگرا'' نے ''ایس ایس جی سی'' کے 'آر ایل این جی' کی مد میں جی آئی سی، لائن پیک اور 'یو ایف جی' کی حد تک 1.34 ارب روپے مالیت کے گزشتہ سال کے کلیمز منظور کر لیے اور 'آئی ایف آر ایس 16' کی مد میں بھی 0.16 ارب روپے منظور کیے ہیں: رائٹ آف یوز ایسٹس۔

مالی سال 20-2019ء کے مقابلے میں، جس میں 21.4 ارب روپے کا بعد از ٹیکس خسارہ رپورٹ کیا گیا تھا، رواں سال کے منافع میں نمایاں بہتری آئی ہے اور بعد از ٹیکس رپورٹ کیا جانے والا منافع 1.9 ارب روپے ہے۔ منافع میں بہتری کی وجہ جون 2020ء میں 7.3 ارب روپے کی حد تک حیران کن نقصانات کے مکمل جذب اور موجودہ ٹیکس واجبات کی حد تک موخر ٹیکس اثاثہ جات کو تسلیم کیے جانے اور ریٹائرمنٹ کی مراعات سے متعلق واجبات کے از سر نو حساب کتاب سے حاصل شدہ فوائد پر 3.2 ارب روپے مالیت کے موخر ٹیکس واجبات کو قرار دیا جاتا ہے۔ باقی ماندہ 12.8 ارب روپے مندرجہ ذیل وجوہات کی بناء پر آپریشنل فعالیت کو ظاہر کرتے ہیں:

''آر ایل این جی' کاروبار پر ''یو ایف جی'' الاؤنس کی تحویلیت

''سوئی سدرن'' وزارت توانائی (پٹرولیم ڈویژن) اور اس کے علاوہ اسلام آباد ہائی کورٹ کے ذریعے 'اوگرا' کو ڈسٹری بیوشن نیٹ ورک میں آر ایل این جی بزنس پر اصل ''یو ایف جی' کی اجازت دینے پر آمادہ کرنے کے لیے بھرپور کوششیں کرتی رہی ہے۔ اسلام آباد ہائی کورٹ کے حکم امتناع کے نتیجے میں اوگرا نے 21-2020ء کے ''ڈی ایف آر آر'' کی بنیاد پر اصل 'یو ایف جی' کی اجازت دے دی ہے۔

تاہم اب بھی بلند 'یو ایف جی ڈس الاؤنس' کی بنیادی وجہ یہ ہے کہ 'اوگرا' 11 مئی 2018ء کو اقتصادی رابطہ کمیٹی (ای سی سی) کی جانب سے منظور کردہ سمری کے ذریعے 'ایس ایس جی سی' کو دیے گئے 'آر ایل این جی' والیوم ہینڈلنگ بینیفٹ کو قبول نہیں کر رہا ہے۔ 'سوئی سدرن' مینجمنٹ اور بورڈ آف ڈائریکٹرز کی بھرپور پیروی کے نتیجے میں 'اوگرا' نے 'آر ایل این جی' پر 'یو ایف جی' کی حد اور دونوں سوئی کمپنیوں یعنی 'سوئی سدرن' اور 'سوئی ناردن' پر اس کے اثرات کا تعین کرنے کے لئے ایک کنسلٹنٹ کی خدمات حاصل کی ہیں۔ اگر یہ فائدہ 'ایس ایس جی سی' کو دے دیا جاتا تو خالص 'یو ایف جی ڈس الاؤنس' میں تقریباً 14.2 ارب روپے کی کمی ہو جاتی۔

ناقص قرضوں کے خلاف پروویژن

اوگرا صرف منقطع صارفین سے متعلق آپریٹنگ اخراجات کے طور پر خراب قرضوں کے خلاف پروویژن دیتا ہے۔ تاہم ''آئی ایف آر ایس -9'' کو اپنانے پر متوقع کریڈٹ نقصان کی بنیاد پر پروویژن دیا جا رہا ہے جو کہ پیش بینی والی اپروچ ہے، جس میں لائیو صارفین کے خلاف پروویژن کی بھی ضرورت ہوتی ہے، نتیجے کے طور پر گزشتہ ادوار میں کمپنی کا منافع بری طرح متاثر ہوا۔

موجودہ مدت میں، اس مد میں ہمارے متوقع نقصانات کو کم کرنے کے لئے، انتظامیہ نے سخت وصولی مہم کی منصوبہ بندی کی ہے۔ اس اقدام

مالیاتی جائزہ

زیرِ جائزہ مدت کے دوران کمپنی نے واجب الادا قرضوں کی وجہ سے بڑی پابندیوں (Disallowances) اور مالیاتی لاگتوں کی شمولیت کے بعد 1.9 ارب روپے کا خالص منافع بعداز ٹیکس درج کرایا۔

ان مالیاتی جھلکیوں کا خلاصہ درج ذیل ہے:

	2020-21	2019-20	فرق
		(ملین روپے)	
منافع/(نقصان) قبل از ٹیکس	1,135	(19,049)	20,184
ٹیکسیشن	821	(2,344)	3,165
منافع/(نقصان) بعداز ٹیکس	1956	(21,393)	23,349
آمدنی فی شیئر (روپے)	2.22	(24.28)	26.5

''سوئی سدرن'' کی منافع بخشی کا تعین 'اوگرا' کے تجویز کردہ 'گارنٹیڈ ریٹرن فارمولا' کے تحت کیا جاتا ہے۔ اس فارمولے کے تحت 'ایس ایس جی سی' کو فنانشل چارجز اور ٹیکس لاگو ہونے سے پہلے اوسط خالص آپریٹنگ فکسڈ اثاثوں پر 17.43 فیصد منافع کی اجازت دی گئی تھی۔ تاہم 'اوگرا' کارکردگی سے متعلق معیارات مثلاً غیر شمارشدہ گیس (UFG)، انسانی وسائل کی بینچ مارک لاگت، مشکوک قرضوں اور کچھ دیگر اخراجات/ چارجز کی بنیاد پر آمدن کی ضروریات کا تعین کرتے ہوئے نامنظور/ ایڈجسٹمنٹ کرتی ہے۔ یہ عدم منظوری/ ایڈجسٹمنٹ کمپنی کے منافع پر اثرانداز ہوتی ہے۔

مالی سال 2020-21ء میں 'ایس ایس جی سی' کا 15.6 ارب روپے کا منافع منظور (Allow) کیا گیا تھا۔ تاہم، اوگرا نے ''یوایف جی'' کی مد میں 15.2 ارب روپے، IFRS9 فنانشل انسٹرومنٹس کی تعمیل میں متوقع کریڈٹ نقصان کی مد میں 3.1 ارب روپے نامنظور (Disallow) کر دیے جبکہ بینچ مارک پر ایچ آر لاگت کی مد میں 2.6 ارب روپے کے حصول کو منظور (Allow) کیا ہے۔

SSGC

توانائی کا جائزہ

پاکستان دنیا کا چھٹا بڑا ملک ہے، جس کی آبادی 2020ء میں 215 ملین اور اس کا رقبہ 827,268 مربع کلومیٹر ہے۔ مجموعی بنیادی توانائی رسد 83.8 mmtoe ہے، جو گزشتہ سال کے 86.3 mmtoe کے مقابلے میں 2.8 فیصد کم ہے۔ توانائی کی رسد میں کمی کی وجہ معاشی شرح نمو میں تخفیف کے باعث ملک میں توانائی کی طلب میں کمی آنا ہے۔

پاکستان کا بنیادی توانائی کی رسد کا مجموعہ قدرتی گیس، کوئلہ، تیل، قابل تجدید (ری نیو ایبلز) اور پن بجلی پر مشتمل ہے۔ اس میں زیادہ تناسب مقامی گیس (35 فیصد) کا ہے، تیل، کوئلے اور ایل این جی کا حصہ بالترتیب 25.7، 15.4 اور 10.6 فیصد بنتا ہے۔ قدرتی گیس ملک میں توانائی کا سب سے بڑا ذریعہ ہے، جس کا مجموعی رسد میں تناسب 45 فیصد (39 mmtoe) ہے۔ پاکستان کا توانائی شعبہ اپ اسٹریم سیکٹر، آئل ڈاؤن اسٹریم سیکٹر، گیس ڈاؤن اسٹریم سیکٹر اور پاور سیکٹر پر مشتمل ہے۔ اپ اسٹریم سیکٹر 24 ایکسپلوریشن اینڈ پروڈکشن (E&P) کمپنیوں پر مشتمل ہے، جو ملک بھر کو مقامی تیل اور گیس فراہم کرتی ہیں۔


E-1

SSGC

انسانی وسائل کی اصلاحات

اپنے قیام کے بعد سے بورڈ نے انسانی وسائل اور ادارہ جاتی اصلاحات کے ایجنڈے پر لگاتار عمل کیا ہے کیونکہ یہ ایس ایس جی سی کی تبدیلی کی کلید ہے۔ اسٹیک ہولڈرز کی توقعات کے مطابق بہتر نتائج حاصل کرنے کے لیے اعلیٰ معیار کی کارکردگی کا جائزہ اور نتائج پر مبنی احتساب کو ادارہ جاتی بنایا جارہا ہے۔

اس مقصد کو حاصل کرنے کے لیے، انتظامیہ سخت KPIs کی حمایت کی کارکردگی پر مبنی نئی تشخیص کے معیار کو لاگو کرنے کے عمل میں ہے۔ ڈی ایم ڈی اور ایس جی ایم سطح کے عہدوں کی ملازمت کی تفصیلات تیار کی گئی ہیں اور ایم ڈی، ڈی ایم ڈی اور ایس جی ایم کے کارکردگی کے نظام کے کی پی آئی کو حکمت عملی بنانے کے لیے بھی تیار کیا گیا ہے جو مینجمنٹ کی نچلی سطح تک نیچے کی طرف بڑھایا جائے گا۔

نئی ایمپلائمنٹ ہینڈ بک منظور کی گئی ہے اور اس کے نفاذ کے لیے پالیسیوں اور ضوابط کو بہترین طریقوں سے ہم آہنگ کیا جارہا ہے۔

- مسابقتی، میرٹ پر مبنی، مارکیٹ بیس بھرتی کو تیز اور شفاف بنانے کی اجازت دینا۔
- انتظامیہ کو اہل بنانا کہ وہ عملے کو منطقی بنا سکے، ٹیموں کو نئی مہارتوں اور اخلاقیات اور اقدار سے آراستہ کرے۔
- کی پی آئی کی بنیاد پر کارکردگی کو جزا و سزا دینے کے لیے انسانی وسائل کے نئے ترغیبی فریم ورک کو اپنانا، کھلی اور شفاف بھرتی اور فروغ اور جانشین کی منصوبہ بندی متعارف کرانا۔
- پیشگی ریٹائرمنٹ اور چھٹیوں کے فوائد وغیرہ سے متعلق قواعد کو نظر ثانی کر کے لیبر مارکیٹ کی سختیوں کو ختم کرنا۔
- اضافی افرادی قوت کو منطقی بنانے اور تیسری پارٹی کے معاہدے پر نظر ثانی کے لیے لچک دار طریقوں کا اطلاق۔

کمپنی اپنے ایچ آر فنکشن کا اندازہ نئی ایمپلائمنٹ ہینڈ بک کی ضروریات کے مطابق کر رہی ہے اور ایچ آر فنکشن میں ضروری تبدیلی رواں سال کے دوران متعارف کرائی جائے گی۔

- پالیسی کے طور پر، اخراجات میں کمی کے اقدامات کے ذریعے بجٹ کے اخراجات میں کمی کی گئی، گذشتہ تین سالوں میں مناسب فزیبلٹی کے کام کی بنیاد پر سرمایہ کاری کے اخراجات کی سخت جانچ پڑتال کو یقینی بنایا گیا۔
- بجٹ کی عقل مندی سے حاصل ہونے والی بچت سے ٹرانسمیشن اور تقسیم کے نظام کی بحالی کے لیے بجٹ مختص کرنے میں مدد ملے گی جو ASME کے معیار اور UFG کمی کی سرگرمیوں کے مطابق ہے۔
- موجودہ پائپ لائن نیٹ ورک کی سلیت کو برقرار رکھنے کے لیے، انتظامیہ کو B31ASME.....8S معیار کے مطابق پائپ لائن سلیت مینجمنٹ سسٹم کے مکمل نفاذ کے لیے 3 سال کے اندر منصوبہ پیش کرنے کا کام دیا گیا ہے جس میں ملوث عملے کی تربیت اور ترقیاتی پہلو کو پورا کرنے کا منصوبہ بھی شامل ہے۔اس سلسلے میں اب تک کی پیشرفت ہدف کے مطابق ہے
- انٹرپرائز کی ترقی کے ذریعے رسک مینجمنٹ فنکشن کو مضبوط کیا گیا ہے

خطرے کا انتظام (ERM) اور گورننس ڈھانچہ:

الف-خطرے کے انتظام کا عمل: خطرے کی نشاندہی، تشخیص اور اس کے معیار اور تخفیف کا طریقہ کار۔

ب-خطرے کے انتظام کے لیے ایک سٹیئرنگ کمیٹی اور خطرے کے ڈیش بورڈ تیار کیا گیا ہے۔

ج-انفارمیشن سیکیورٹی مینجمنٹ سسٹم) آئی ایس ایم ایس (فنکشن تیار کیا گیا ہے اور ای آر ایم سافٹ ویئر حاصل کیا گیا ہے۔

- مجموعی طور پر مانیٹرنگ میکانزم بہتر ہو رہا ہے اور نتائج پیدا کر رہا ہے:

الف-گیس سپلائرز سے آف اسپیسیفیکیشن ڈسکاؤنٹس اور ڈسکاؤنٹس کی وصولی

ب-گھریلو صارفین کی تاخیر سے واجبات کی وصولی میں بہتری کے ساتھ ساتھ منقطع.....

ج-پچھلے دو مالی سالوں کے دوران، پرانے بقایا ملازمتوں کو سرمایہ کاری کی گئی......

د-انوینٹری مینجمنٹ کے عمل کو بہتر بنانا، خاص طور پر زیادہ سے زیادہ خریداری، دوبارہ آرڈرنگ، لاگت کو لے جانے اور بروقت لکھنے پر کنٹرول۔

ہ-نمایاں شدہ غیر ریکارڈ شدہ پائپ لائن آف لیس اوور پروجیکٹس

و-قانونی خدمات کے محکمہ کی تنظیم نو

ز-زمین کے ریکارڈوں کی ڈیجیٹلائزیشن

ح-آئی ٹی حکمت عملی کی تیاری اور آئی ٹی اسٹیئرنگ کمیٹی کا قیام۔

ایچ ایس ای کیو سی پاسپورٹ تیار کیا گیا ہے اور عملے کی تربیت کو تیز کیا جا رہا ہے۔

بورڈ نے یوایف جی میں کمی کی حکمت عملی کے تیز رفتار نفاذ کے لیے انتظامیہ کو مشورہ دیا ہے جس میں خصوصی زور دیا گیا ہے:

ا-کراچی کے لیے UFG کو کم کرنے کے لیے زیادہ ھدف بنانے کے نقطہ نظر کے تحت بورڈ نے UFG کی ذمہ داری کو اعلیٰ انتظامیہ کو دوبارہ تفویض کیا اور ڈی ایم ڈی کی سطح پر نگرانی کو تقسیم کیا۔

ب۔کراچی ریجن میں زونل لیول مینجمنٹ کا عمل شروع کیا گیا ہے، یوایف جی کی کوششوں کی تاثیر میں اضافہ کیا گیا ہے۔نیٹ ورک سیگمنٹیشن اور ازسرنو انتظام کرنے کے منصوبوں پر خصوصی توجہ دی گئی ہے،اس کے علاوہ متعدد غیر استعمال شدہ علاقوں کے سلسلے میں مناسب حل کے نفاذ کے علاوہ جو UFG کا سبب بنتے ہیں۔

ج۔یوایف جی میں کمی کے لیے سرمایہ کاری پروگرام کا آغاز جس کے تحت لیکج کے زیادہ واقعات کے ساتھ پرانے نیٹ ورک کو نمایاں طور پر اپ گریڈ کیا جائے گا، جبکہ میٹر کی چوری اور چوری کے خلاف ریگولیٹری کارروائی کو خاص طور پر بلوچستان اور اندرونی سندھ میں بڑھایا جائے گا۔اس کے علاوہ کراچی میں غیر مجاز صارفین کی جانب سے گیس کے دعوے اٹھانے کے لیے وسیع پیمانے پر تعاون کے ذریعے ایک خصوصی فریم ورک تیار کیا گیا ہے۔

د-14 سیلز میٹر اسٹیشنوں (ایس ایم ایس) میں ایف یو جی پر قابو پانا، جس میں الیف یو جی کا ایک اہم حصہ ہے۔کراچی میں پائلٹ پروجیکٹ کے طور پر 50 ٹاؤن بارڈر اسٹیشنوں (ٹی بی ایس) کو مکمل طور پر خودکار بنانے کا اقدام کیا گیا ہے جس کا مقصد موثر آپریشنل مینجمنٹ کے ذریعے کنٹرول بڑھانا اور اخراجات کو کم کرنا ہے۔

ہ-بلوچستان کے خطے میں UFG کو کم کرنے پر زیادہ توجہ دی گئی ہے۔تفصیلی کاروباری مطالعہ کیا گیا ہے اور چھ (06) قابل عمل حل تیار کیے گئے ہیں اور متعلقہ حکومتوں (صوبائی اور وفاقی) کے سامنے پیش کیے گئے ہیں۔کمپنی ایس ایس جی سی کے منظور شدہ حل کے نفاذ کے لیے صوبائی اور وفاقی حکومت کی حمایت حاصل کر رہی ہے۔

مینجمنٹ نے UFG کمی کی حکمت عملی کے مؤثر نفاذ کے ذریعے UFG کمی کے لیے مقرر KPIs کے مطابق خود کو جوابدہ رکھنے پر اتفاق کیا ہے۔

- کمپنی کے تنظیمی چارٹ میں اصلاح کی گئی ہے جس کا مقصد آپریشن میں کارکردگی میں اضافہ اور تنظیم میں احتساب کے معیار کو بڑھانا ہے۔
- دیگر چیزوں کے علاوہ، ایک علیحدہ کوالٹی اشورینس ڈیپارٹمنٹ قائم کیا جا رہا ہے اور کوالٹی اشورینس ڈیپارٹمنٹ کے سربراہ براہ راست مینجنگ ڈائریکٹر کو رپورٹ کریں گے۔
- مینجمنٹ کا کام ایس ایس جی سی کو وسائل کا استعمال کرتے ہوئے ایک چست، موثر اور موثر تنظیم بنانا ہے تا کہ اسٹیک ہولڈرز کو زیادہ سے زیادہ قدر ملے اور لاگت کی کارکردگی اور تاثیر کو بڑھا سکے۔انتظامیہ نے مالی سال 22-2021 کے لیے مقرر کردہ سخت بجٹ اہداف کو حاصل کیا ہے۔

ایس ایس جی سی کے پاس اپنی نوعیت کا میٹر مینوفیکچرنگ پلانٹ (ایم ایم پی) ہے جو پورے جنوب مشرقی ایشیا میں واحد گھریلو گیس میٹر (جی۔1.6 اور جی۔4) مینوفیکچرنگ پلانٹ ہے۔

بین الاقوامی معیار کے گیس میٹروں کی مقامی تیاری کے لیے کمپنی نے ایک نئی ٹیکنالوجی ٹرانسفر اور لائسنس معاہدے پر بات چیت کی ہے اور اسے حتمی شکل دے دی ہے، جس کے ساتھ ساتھ تمام واجب الادا اور ریگولیٹری تقاضوں کی اطمینان بخش تعمیل کی گئی ہے۔ اس نئے معاہدے سے ایس ایس جی سی کو کمپنی میٹر کے طور پر نامزد گیس میٹر تیار کرنے میں مدد ملی۔ اس طرح گیس میٹر کی لوکلائزیشن مکمل ہوئی اور مقامی مواد کو موجودہ 53 فیصد سے بڑھا کر 97 فیصد کردیا گیا۔ درآمدات کی تبدیلی کے ذریعے ایس ایس جی سی کو غیر ملکی کرنسی کی کافی بچت حاصل ہوگی۔ ایس ایس جی سی کے میٹر مینوفیکچرنگ پلانٹ کو نئی ٹیکنالوجی ٹرانسفر اینڈ لائسنس معاہدے کے بعد اپ گریڈ کیا گیا ہے اور پیداواری عمل میں بہتری لائی گئی ہے، جس سے پاکستانی شہریوں کے لیے اضافی کاروباری اور روزگار کے مواقع پیدا ہوں گے۔

ایس ایس جی سی کی آپریشنل اور مالی کارکردگی کو مضبوط کرنا

نومبر 2019 میں عہدہ سنبھالنے کے بعد سے بورڈ متعدد چیلنجوں سے عہدہ برآ ہوا ہے لیکن اس نے کمپنی کے مفادات کا تحفظ کیا ہے۔ بورڈ نے اپنی انٹرنل گورننس مضبوط کرنے کے اقدامات کے علاوہ نیٹ ورک کی اپ گریڈیشن کو تیز کرنے اور کاروبار کو بڑھانے کے لیے انتظامیہ کو ہدایات جاری کی ہیں۔ بورڈ نے انسانی وسائل کی اصلاحات کے نفاذ کی حوصلہ افزائی کی ہے، کارپوریٹ تاثیر اور کارکردگی کو بہتر بنانے کے لیے تنظیمی اصلاحات کے ذریعے افعال کو ہموار کرنے کا مطالبہ کیا ہے۔ بورڈ نے ایس ایس جی سی کی کارروائیوں کے تقریباً تمام اہم شعبوں میں کارپوریٹ حکمت عملی اور ایکشن پلان کا نئے سرے سے جائزہ لینے کی حوصلہ افزائی کی تاکہ اسے مالی اور آپریشنل طور پر پائیدار بنایا جاسکے۔

مندرجہ ذیل اہم اصلاحات کی گئی ہیں

- بورڈ کی ہدایات کے ذریعے ادارہ سازی کے بعد، وقف UFG ڈویژن (ڈپٹی منیجنگ ڈائریکٹر اور سینئر جنرل منیجر کی سربراہی میں) UFG کمی کی کوششوں کی محتاط طریقے سے رہنمائی کررہا ہے۔ UFG میں کمی کے تحت اہداف کے حصول کی کوشش کی جارہی ہے۔ نتیجے کے طور پر، کمپنی بھر میں UFG اعداد و شمار میں کمی آئی ہے یعنی مالی سال 2020-21 میں 13 بی سی ایف۔ اس کے علاوہ، کمپنی نے گیس کی تقسیم کے کنٹرول میں ابھرتے ہوئے چیلنجوں کے باوجود تقریباً اسی سطح پر UFG کو روکنے میں کامیابی حاصل کی ہے۔ پچھلے تین برسوں میں یو ایف جی سے پیدا ہونے والی بچت میں تقریباً 11 ارب روپے کی 15 بی سی ایف کی کمی ہوئی ہے۔
- اس کے باوجود بلوچستان ریجن میں UFG کے اعداد و شمار ناقابل قبول حد تک بلند ہیں اور کمپنی کے مجموعی منافع پر منفی اثر ڈالتے رہتے ہیں۔ UFG کو قابل قبول سطح تک کم کرنے کا ہدف ابھی تک حاصل نہیں کیا جاسکا ہے لیکن فی الحال نقصانات کو بتدریج کم کیا جارہا ہے۔

2-گیس کا معیار بہتر بنانا

ایس ایس جی سی-اے ای غیر فعال گیس انجیکشن کے ذریعے قدرتی گیس کا معیار بہتر بنانے کے منصوبے کے نفاذ کے لیے اوگرا کے ساتھ قریبی تعاون میں ہے۔اس پروجیکٹ سے 8-10 ایم ایم ایس سی ایف ڈی قدرتی گیس کی بچت ہوگی جو ایس ایس جی سی اور ایس ایس جی سی-اے ای دونوں کے ساتھ ساتھ جنوبی فرنچائز علاقے میں قدرتی گیس کے صارفین کے لیے بھی فائدہ مند ہوگی۔

3-بائیو گیس کی صلاحیت سے فائدہ اٹھانا

ایس ایس جی سی پاکستان کی پہلی بائیو گیس/بائیو میتھین سپلائی چین کی ترقی کو آگے بڑھا رہا ہے جو بلٹ اون آپریٹ کی بنیاد پر ہوگی اور تجارتی شرائط پر یوٹیلیٹی نیٹ ورک سے منسلک ہوگی۔ایس ایس جی سی مناسب ٹینڈر کی ضروریات کے ساتھ ساتھ فرنٹ اینڈ انجینئرنگ ڈیزائن اور ڈرافٹ پالیسی فریم ورک کی تیز رفتار ترقی کے لیے کنسلٹنٹ کے ساتھ مل کر کام کر رہی ہے۔ٹینڈر کی اشاعت کا ہدف فروری 2023 کے پہلے ہفتے ہے۔

4-کوئلے سے گیس کے ذریعے مصنوعی گیس انقلاب کو آگے بڑھانا

ایس ایس جی سی-اے ای نے متعدد متعلقہ اسٹیک ہولڈرز جیسے ممکنہ سرمایہ کاروں، ٹیکنالوجی فراہم کرنے والوں اور کاروباری اداروں کو شامل کیا ہے تاکہ مصنوعی گیس کی پیداوار کے لیے تھر کے کوئلے کے ذخائر کے استعمال کی بنیاد پر پائیدار کاروبار کی ترقی کی طرف بڑھ سکیں۔اس سلسلے میں مزید ترقی کے لیے مفاہمت نامے پر دستخط کیے گئے ہیں۔

5-ایس ایس جی سی-ایل پی جی

ٹرمینل اور متعلقہ ڈاؤن اسٹریم آپریشنز کے ذریعے کاروبار کو فروغ دینے کے لیے بھرپور کوششیں کی جا رہی ہیں۔2022 کے دوران ایس ایس جی سی ایل پی جی پاکستان میں ایل پی جی کا سب سے بڑا جہاز لائی اور اس کے ٹرمینل کا استعمال 80 فیصد تک بڑھایا جو ایک نئی اونچائی تھی۔ایس ایس جی سی ایل پی جی نے اپنی فرنچائز میں نئی دکانیں تیار کیں اور پہلی بار ایس این جی پی ایل کو ایل پی جی فراہم کیں۔ٹرمینل میں ذخیرہ کرنے کی سہولیات کو بڑھانے کے منصوبے تیار کیے گئے ہیں تاکہ بڑھتی ہوئی مقدار کو سپورٹ کیا جا سکے۔کمپنی کے پاس اپنے ٹرمینل آپریشنز کو دیگر اجناس میں متنوع کرنے کے منصوبے بھی ہیں تاکہ اس کے موجودہ کاروبار کی چکروت کو کم کیا جا سکے۔

ایس ایس جی سی کو درپیش ایک اہم مسئلہ جس نے اس کے آپریشن کو منفی طور پر متاثر کیا ہے وہ حکومت کی جانب سے گیس کی فروخت کی قیمتوں میں اضافے میں غیر ضروری تاخیر ہے۔ اس غیر معمولی تاخیر کی وجہ سے قیمتِ فروخت اور مقررہ قیمت کے درمیان فرق اکٹھا ہو گیا ہے اور بیلنس شیٹ میں جی ڈی ایس وصولی کے طور پر208 ارب روپے کی رقم کی عکاسی کی گئی ہے۔ وفاقی حکومت نے2021 کے دوران اوگرا آرڈیننس میں ترامیم کیں تاکہ گیس کی یوٹیلیٹیز کے تقاضوں میں درآمد شدہ گیسوں) آر ایل این جی(کی لاگت شامل کی جاسکے۔ ان ترامیم نے اوگرا کو عوامی سماعت کے بغیر گیس کی قیمتوں پر فیصلہ کرنے کا اختیار بھی دیا ہے جہاں مقررہ قیمت کو صرف کنویں پر گیس کی قیمتوں اور درآمد شدہ گیسوں کی لاگت میں نظر ثانی کی وجہ سے نظر ثانی کرنے کی ضرورت ہے۔ ان ترامیم کے اثرات گیس کی خدمات فراہم کرنے والی کمپنیوں پر پڑتے ہیں۔ تاہم ان تبدیلیوں کے نفاذ کا ابھی انتظار ہے۔

مقامی گیس کے ذخائر ختم ہونے کے منظر نامے میں ایس ایس جی سی کے آپریشنز کو پائیدار بنانے کے لیے بورڈ نے انتظامیہ کو کفایت شعاری اور اضافی سرمایہ کاری اور شراکت داری کے مواقع تلاش کرنے کی ہدایت کی ہے۔

اپنے کاروبار کے شعبوں میں تنوع لانے کے مقصد سے کمپنی اپنی ذیلی کمپنیوں یعنی الٹرنیٹ انرجی (پرائیویٹ) لمیٹڈ اور ایس ایس جی سی ایل پی جی (پرائیویٹ) لمیٹڈ کے ذریعے توانائی کے شعبے کے مختلف منصوبوں / اقدامات کے کاروباری امکانات کا مطالعہ کر رہی ہے۔ اس کی تفصیلات درج ذیل ہیں:

1- غیر مختص گیس مارکیٹ میں لانا

ایس ایس جی سی اے

ملک میں بہت سی گیس بنیادی طور پر فیلڈز ای اینڈ پی پالیسیوں کی طرف سے مقرر کردہ قیمتیں پیداوار کے لیے ناقابلِ عمل ہونے کی وجہ سے کسی گیس یوٹیلیٹی کمپنی (یعنی ایس ایس جی سی اور ایس این جی پی ایل) کو گیس نہیں کی گئی ہے۔ ایس ایس جی سی-اے ای تیسری پارٹی کے رسائی کے انتظامات کے ذریعے غیر مختص گیس فیلڈز سے قدرتی گیس کی حتمی صارفین تک ترسیل آسان بنانے کے لیے کام کر رہی ہے۔ کمپنی نے ایک ای اینڈ پی آپریٹر کے ساتھ 10 ایم ایم ایس سی ایف ڈی قدرتی گیس کی گیس خریداری کا باضابطہ معاہدہ کیا ہے اور اسی طرح کے انتظامات کے ذریعے190 ایم ایم ایس سی ایف ڈی غیر مختص شدہ قدرتی گیس حاصل کرنے کے لیے کام کر رہی ہے، جو ضروری صفائی / پروسیسنگ کے بعد سسٹم میں دستیاب ہوگی۔

SSGC

سالانہ رپورٹ 2021ء

ڈائریکٹرز رپورٹ

عزیز شیئر ہولڈرز،

بورڈ نے شیئر ہولڈرز کو 30 جون 2021 کو ختم ہونے والے مالی سال کی 67 ویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ساتھ آڈیٹرز کی رپورٹ کی منظوری دی تھی۔

چار مشکل سال گزرنے کے بعد، کمپنی کے مالیاتی گوشوارے ایک بار پھر سال کے لیے 1.955 ارب روپے منافع اور 2.22 روپے فی شیئر آمدنی) ای پی ایس(ظاہر کررہے ہیں۔ یو ایف جی بینچ مارک کے حوالے سے فیصلے کے خلاف سندھ ہائی کورٹ کے حکم امتناعی کی برخاستگی کے ایک نتیجے کے طور پر مالی سال 2011 سے مالی سال 2015 تک کی مدت سے متعلق 36.7 ارب روپے کا خسارہ جذب کرنا نومبر 2016 میں مخصوص نان آپریٹنگ آمدنیاں گزشتہ سالوں میں نقصانات کی ایک اہم وجہ تھی۔

ایس ایس جی سی ایک انتہائی منضبط ماحول میں کام کرتی ہے اور مالیاتی گوشوارے حتمی آمدنی کے تقاضوں پر اوگرا کے فیصلے پر مبنی ہیں۔ یو ایف جی میں مالی سال 2019-20 میں 17.25 فیصد کے مقابلے میں مالی سال 2020-21 میں 15.31 فیصد تک کی منافع کی بڑی وجوہات ہیں جس سے 7.1 ارب روپے کا مثبت اثر ہوا جب کہ مالیاتی لاگت مالی سال 2019-20 میں 7.2 ارب روپے کے مقابلے میں مالی سال 2020-21 میں مستعدی سے 4.6 ارب روپے کی سطح تک محدود رکھی گئی۔ اس کے علاوہ مالی سال 2020-21 کے دوران اوگرا کی جانب سے زیر التوا دعووں کی معمولی تعداد کی اجازت دی گئی۔ تاہم، اوگرا کے فیصلے میں، وفاقی کابینہ کے ای سی سی کی طرف سے کیس نمبر ECC-37/09/2018 بتاریخ 11 مئی 2018 کے اپنے فیصلے کے ذریعے اوگرا کو جاری کردہ پالیسی رہنما خطوط کے نفاذ سے متعلق ایک اہم دعویٰ نامکمل رہا۔ جس میں اوجی آر اے کو مشورہ دیا گیا ہے کہ وہ ہینڈل کیے گئے حجم کی بنیاد پر غیر شمار شدہ گیس (UFG) کے حساب کتاب کی اجازت دی جائے۔ اوگرا کے فیصلے میں تاخیر کا UFG کے حجم پر کافی مالی اثر پڑا اور حکومت کے اعلیٰ ترین پالیسی پلیٹ فارمز بشمول ای سی سی، سی سی او ای اور وفاقی کابینہ میں اس کا اعلان کیا گیا ہے۔ ان پالیسی ہدایات کو نافذ نہ کرنے سے کمپنی کی مالی صحت پر سنگین اثرات مرتب ہوئے ہیں اور حکومت کے سماجی و اقتصادی ایجنڈے اور کمپنی کی فلاح و بہبود کو نقصان پہنچا ہے۔ اوگرا کی جانب سے ایف آر آر درخواست میں دعویٰ کردہ مجموعی آر ایل این جی والیوم ہینڈلنگ حجم بینیفٹ، 52.4 ارب روپے پر موجود ہے، لیکن 30 جون 2021 تک اس کی اجازت نہیں دی گئی ہے۔

Sui Southern Gas Company Limited

67th Annual General Meeting for the year ended 2020-21

FORM OF PROXY

I / We, ____
of ____
being a member of Sui Southern Gas Company Limited and holder of ______________________
ordinary Share(s) vide Registered Folio / CDC Account # _____________________________
hereby Appoint Mr. / Mrs. / Miss. ____________________ of ______________________
Folio # / CDC Account #____________________ holding CNIC #____________________ or failing whom
Mr./ Mrs./ Miss. ____________________ of ________________Folio / CDC Account #________________
holding CNIC # ____________________ as my / our proxy to attend and vote on my / our behalf at the Annual General Meeting (AGM) of the Company to be held on Friday, February 10, 2023, at 11:00 am, at SSGC Head Office, Karachi, as well as through electronic means / video link facility and /or any adjournment thereof.

Signed under my / our hand this __________________ day of ______________ 2023.

SIGNED IN PRESENCE OF:

Signature of Witness (1)

Name: ____

Address: ____

CNIC # : ____

Signature of Witness (2)

Name: ____

Address: ____

CNIC # : ____

Signature should match with the specimen signature with the Company

Notes:

1. A Member entitled to attend and vote at the Meeting may appoint a proxy in writing to attend the Meeting and vote on the Member's behalf. A proxy must be a member of the Company, except for corporate entities. Duly completed form(s) of proxy must be deposited at SSGC Head Office, SSGC House, Sir Shah Suleman Road, Block-14, Gulshan-e-lqbal, Karachi, not later than 48 hours before the time fixed for the Meeting. Please note that the Form(s) of Proxy received after the stated time would be considered invalid.
2. CDC Account Holders are requested to strictly follow the guidelines mentioned in Circular # 1 of 2000 of SECP.
3. In case of individuals, the account holders or sub-account holders, whose registration details are uploaded as per the regulations shall submit the proxy form as per the below requirements:
   I. Attested copies of valid CNIC or the passport of the beneficial owner(s) and the proxy shall be furnished with the Form of Proxy.
   II. The proxy shall produce his / her valid original CNIC or original passport at the time of the Meeting.
4. In case of a corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with a Form of Proxy to the Company.
5. The Form of Proxy must be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on that Form.
6. If a Member appoints more than one proxy and more than one instrument of proxy is deposited by a Member with the Company, all such instruments of proxy shall be rendered invalid.

سوئی سدرن گیس کمپنی لمیٹڈ

سال مختتمہ 21-2020 کے لیے 67واں سالانہ اجلاسِ عام

پراکسی فارم

میں/ہم ____

کے ____

رکن سوئی سدرن گیس کمپنی لمیٹڈ اور حامل ____________________ عام شیئرز بذار جسٹرڈ فولیو/

سی ڈی سی اکاؤنٹ نمبر __________ جناب/محترمہ __________ کے __________ قومی شناختی کارڈ نمبر __________ یا عدم دستیابی جناب/محترمہ

__________ کے __________ شناختی کارڈ نمبر __________ میری/ہماری نمائندہ (پراکسی) کے طور پر شرکت اور رائے دہی میری

جانب سے حاصل استحقاق پر کمپنی کے سالانہ اجلاس عام (اے جی ایم) منعقدہ 10 فروری 2023، بروز جمعہ، بوقت صبح 11 بجے، بمقام ایس ایس جی سی ہیڈ آفس کراچی۔ اس کے ساتھ بذریعہ الیکٹرانک/ویڈیو لنک سہولت اور/یا اس کا کوئی التوا۔

میرے دستخط/میری جانب سے جاری __________ مورخہ __________ 2023

دستخط کو کمپنی میں کیے گئے دستخط کے مطابق ہونا چاہیے

دستخط کے وقت موجود شرکاء:

دستخط گواہ-1:

نام ____________________

پتہ ____________________

شناختی کارڈ نمبر ____________________

دستخط گواہ-2:

نام ____________________

پتہ ____________________

شناختی کارڈ نمبر ____________________

____

____

دستخط لازمی طور پر کمپنی میں رجسٹرڈ نمونہ کے دستخط کے مطابق ہوں

نوٹس:

(1) اجلاس میں شرکت اور ووٹ دینے کا حقدار ممبر میٹنگ میں شرکت کے لیے تحریری طور پر ایک نمائندہ (پراکسی) مقرر کرسکتا/سکتی ہے اور ممبر کی جانب سے ووٹ دے سکتا/سکتی ہے۔ ایک نمائندے کو کمپنی کا ممبر ہونا ہے۔ نمائندگی کے لیے فارم اجلاس کے لیے مقررہ وقت سے 48 گھنٹے قبل ایس ایس جی سی کے مرکزی دفتر ایس ایس جی سی ہاؤس، سرشاہ سلیمان روڈ، بلاک 14 گلشن اقبال، کراچی میں جمع کرائے جائیں۔ براہِ کرم یہ بھی نوٹ کریں کہ مقررہ وقت کے بعد موصول ہونے والے نمائندگی (پراکسی) فارم پر غور نہیں کیا جائے گا۔

(2) سی ڈی سی اکاؤنٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ ایس ای سی پی کے سرکلر نمبر 1 سال 2000 میں درج ذیل ہدایات پر سختی سے عمل کریں۔

(3) کسی انفرادی معاملے پر اکاؤنٹ ہولڈرز یا ذیلی اکاؤنٹ ہولڈر جن کی رجسٹریشن کی تفصیلات وضوابط کے مطابق اپ لوڈ کی گئی ہیں۔ درج ذیل تقاضوں کے مطابق نمائندگی فارم (پراکسی فارم) جمع کرائیں۔

(i) تصدیق شدہ شناختی کارڈ کی کاپی یا بینیفیشل مالک کے پاسپورٹ کی کاپی، نمائندے کو نمائندگی کے فارم (پراکسی فارم) کے ساتھ پیش کیا جائے۔

(ii) نمائندہ اجلاس میں شرکت کے وقت اپنا اصل شناختی کارڈ کارڈ یا اصل پاسپورٹ پیش کرے گا/گی۔

(4) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی کے دستخط کے نمونے کے ساتھ کمپنی کو جمع کرایا جائے (اگر پہلے فراہم نہ کیا گیا ہو)

(5) نمائندگی کے فارم پر 2 افراد کی گواہی موجود ہو، جن کے نام، ایڈریس اور شناختی کارڈ نمبر فارم پر درج ہوں۔

(6) اگر کوئی ممبر ایک سے زیادہ نمائندے (پراکسی) کا تقرر کرتا ہے یا نمائندگی (پراکسی) کے لیے ایک سے زیادہ فارم جمع کراتا ہے تو ایسے تمام پراکسی کے فارم قبول نہیں ہوں گے۔

Sui Southern Gas Company Limited

If undelivered, please return to Shares Department:
SSGC House, Sir Shah Suleman Road, Block 14,
Gulshan-e-Iqbal, Karachi-75300, Pakistan.
Tel.: +92-21-9902-1031
www.ssgc.com.pk
ssgc.official | ssgc_official | ssgcofficial

SPECTRUM VMLY&R