

# **ACCELERATING TO NEW HEIGHTS**



**Un-Audited Condensed  
Interim Financial Information  
for the quarter ended  
September 30, 2024**





Unconsolidated Condensed Interim Financial Information (Un-Audited)  
for the quarter ended September 30, 2024

# CORPORATE PROFILE

## BOARD OF DIRECTORS

AS ON SEPTEMBER 30, 2024

|                              |             |
|------------------------------|-------------|
| Dr. Shamshad Akhtar          | Chairperson |
| Mr. Muhammad Raziuddin Monem | Director    |
| Ms. Saira Najeeb Ahmed       | Director    |
| Mr. Shakeel Qadir Khan       | Director    |
| Mr. Zafar Abbas              | Director    |
| Mr. Shoiab Javed Hussain     | Director    |
| Dr. Sohail Razi Khan         | Director    |
| Mr. Ayaz Dawood              | Director    |

### ACTING MANAGING DIRECTOR

Mr. Amin Rajput

### COMPANY SECRETARY

Mr. Fawad Ahmed Khan

### AUDITORS

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

### LEGAL ADVISOR

M/s. Liaquat Merchant Associates (LMA)

### REGISTERED OFFICE

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

### CONTACT DETAILS

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Email: [info@ssgc.com.pk](mailto:info@ssgc.com.pk)  
Web: [www.ssgc.com.pk](http://www.ssgc.com.pk)

### SHARE REGISTRAR

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

## BOARD OF DIRECTORS' COMMITTEES

### The Board Human Resource and Remuneration Committee

|                              |             |
|------------------------------|-------------|
| Dr. Shamshad Akhtar          | Chairperson |
| Mr. Muhammad Raziuddin Monem | Director    |
| Ms. Saira Najeeb Ahmed       | Director    |
| Mr. Zafar Abbas              | Director    |
| Mr. Shoiab Javed Hussain     | Director    |

### Board Finance and Procurement Committee

|                        |             |
|------------------------|-------------|
| Ms. Saira Najeeb Ahmed | Chairperson |
| Dr. Sohail Razi Khan   | Director    |
| Mr. Ayaz Dawood        | Director    |
| Mr. Shakeel Qadir Khan | Director    |
| Mr. Zafar Abbas        | Director    |

### Board Audit Committee

|                          |          |
|--------------------------|----------|
| Mr. Ayaz Dawood          | Chairman |
| Ms. Saira Najeeb Ahmed   | Director |
| Dr. Sohail Razi Khan     | Director |
| Mr. Zafar Abbas          | Director |
| Mr. Shoiab Javed Hussain | Director |

### Board Risk Management, Litigation and HSEQA Committee

|                              |          |
|------------------------------|----------|
| Mr. Muhammad Raziuddin Monem | Chairman |
| Mr. Shakeel Qadir Khan       | Director |

### Special Committee on UFG

|                              |             |
|------------------------------|-------------|
| Dr. Shamshad Akhtar          | Chairperson |
| Mr. Muhammad Raziuddin Monem | Director    |
| Mr. Zafar Abbas              | Director    |
| Mr. Shoiab Javed Hussain     | Director    |
| Mr. Shakeel Qadir Khan       | Director    |
| Dr. Sohail Razi Khan         | Director    |
| Mr. Ayaz Dawood              | Director    |

# DIRECTORS' REVIEW

For the first-quarter period ended September 30, 2024

## Financial Overview

The Board of Directors of SSGC is pleased to present the quarterly financial statements for the period ended September 30, 2024.

During the first quarter of FY 2024-25, SSGC has demonstrated exceptional progress in operational efficiency and financial recovery. Building upon the momentum established in the last quarter of FY 2023-24, the Company has sustained Unaccounted-for-Gas (UFG) at 10.01% from 10.14% in the corresponding period last year. This continuity reflects a steadfast commitment to improved operations, business processes, and organizational culture.

Recognizing the critical impact of UFG on profitability, the Board of Directors, in collaboration with management, has actively supported the initiatives undertaken by the dedicated UFG Division to achieve sustainable long-term reductions in UFG losses. Focused efforts have been made to OGRA's Key Monitoring Indicators (KMI), with the aim of achieving 100% compliance in FY 2024-25.

## Financial Highlights

|                              | September<br>2024   | September<br>2023 | Variation |
|------------------------------|---------------------|-------------------|-----------|
|                              | (Rupees in Million) |                   |           |
| Profit before Taxation       | 4,914               | 4,397             | 517       |
| Taxation & Levy              | (43)                | (239)             | 196       |
| Profit after Taxation & Levy | 4,871               | 4,158             | 713       |
| Earnings per share (Rs.)     | 5.53                | 4.72              | 0.81      |

Despite challenging operating environment, SSGC's strategic focus on enhancing operational efficiencies has led to remarkable improvements in UFG metrics. Over the period from FY 2018-19 to FY 2023-24, SSGC achieved a cumulative reduction of approximately 40 BCF in UFG, demonstrating consistent efforts to address operational challenges.

The financial statements are prepared in accordance with OGRA's determination of the Final Revenue Requirement of FY 2023-24, ensuring compliance with regulatory frameworks. The Company's future trajectory is optimistic, underpinned by robust initiatives such as network rehabilitation, zonal management implementation, and technological investments. These initiatives reinforce SSGC's dedication of providing reliable and sustainable gas supplies while enhancing customer satisfaction.

## Profitability and Financial Adjustments

SSGC's profitability is primarily derived from the Guaranteed Return Formula prescribed by OGRA, which is based on the Weighted Average Cost of Capital (WACC). For this period, Financial Statements have been prepared with 20.97% Return on Average Net Operating Fixed Assets before financial charges and taxes (September 2023: 23.45%). However, adjustments related to efficiency benchmarks, including UFG, Human Resource Benchmark Costs, and Provision for Doubtful Debts, impact the bottom line.

The Weighted Average Cost of Gas (WACOG), largely based on USD, has been a significant factor in the Company's financial challenges. During the quarter, the WACOG increased by 4%, from Rs. 1,059.29 per MMCF to Rs. 1,108.38 per MMCF, resulting in incremental UFG disallowance of Rs. 74 million.

In line with OGRA's determination for FY 2023-24 issued on March 27, 2025, UFG disallowance absorbed in this quarter amounted to Rs. 1,739 million (September 2023: Rs. 2,134 million). Finance cost for the period was Rs. 3,415 million (September 2023: Rs. 3,243 million).

During the first quarter of FY 2024-25, UFG of Karachi has been consistently maintained at single digit. Improvements have also been observed in Interior Sindh where UFG is around 7.24% which is under the OGRA benchmark limit. Moreover, in Balochistan region, where UFG percentages has significantly been reduced to 30.3% against 48% of corresponding quarter of last year (2023-24). However, achieving the OGRA benchmark in Balochistan requires a policy decision at the Federal level, and active advocacy efforts are ongoing.

### Operational Enhancements

SSGC has consistently enhanced its organizational structure by implementing measures such as upskilling, training, and optimizing resource utilization. The Small Business Unit (SBU) model, already operational in Karachi and Balochistan, has now been expanded across the franchise area. These changes aim to improve operational efficiency and customer service.

### Provision for Impaired Debts

While OGRA allows provisions for impaired debts related to disconnected customers, SSGC's adoption of IFRS-9 necessitates provisioning based on expected credit losses, including live customers. This forward-looking approach impacted the Company's profitability. The IFRS-9 approach resulted in a disallowance of Rs. 226 million (September 2023: Nil).

### Major Projects and Future Outlook

SSGC remains committed to achieving operational and financial sustainability. Key projects and initiatives include:

- Upgradation works of SMS Larkana & Nawabshah will enable reliable gas pressure control that enhances safety, supports future demand, and ensures continuous, efficient supply.
- An enhanced rehabilitation target of 2,500 km has been set for FY 2024-25, with an average monthly progress exceeding 200 km with active monitoring of rehabilitation and reinforcement projects, conducted on-site inspections to ensure compliance with HSEQA standards.
- A significant number of theft disconnections were carried out during July to September 2024, with 13,439 premises identified and disconnected, cumulatively impacting approximately 36,982 households found using unauthorized gas.
- Inspection of vital installations (SMSs, TBSs, PRSs, Odorizers & CP Stations) by HSEQA in Q1 of FY 2024-25 to identify non-conformities such as leaks and corrosion contributing to UFG.

### Acknowledgments

The Board extends its gratitude to the shareholders, valued customers, and employees for their unwavering support and dedication. We also acknowledge the guidance and assistance provided by the Government of Pakistan, the Ministry of Energy (Petroleum Division), and OGRA in enabling the Company to achieve its objectives. On behalf of the Board.



**Dr. Shamshad Akhtar**  
Chairperson



**M. Amin Rajput**  
Managing Director

**Dated:** June 23, 2025  
**Place:** Karachi

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION


As at September 30, 2024

|   |      | September 30,<br>2024<br>(Un-audited)<br>------(Rupees in '000)----- | June 30,<br>2024<br>(Audited) |
|---|------|--|-------------------------------|
|   | Note |  |                               |
| <b>ASSETS</b>                                 |      |  |                               |
| <b>Non-current assets</b>                     |      |  |                               |
| Property, plant and equipment                 | 5    | 207,488,672  | 203,910,241                   |
| Intangible assets                             |      | 153,928  | 186,844                       |
| Right of use assets                           | 6    | 127,303  | 89,695                        |
| Deferred tax                                  | 7    | 12,682,853   | 11,160,804                    |
| Long term investments                         | 8    | 1,346,057  | 1,340,413                     |
| Long term loans and advances                  |      | 560,161  | 610,309                       |
| Long term deposits                            |      | 22,230   | 21,713                        |
| <b>Total non-current assets</b>               |      | <b>222,381,204</b>   | <b>217,320,019</b>            |
| <b>Current assets</b>                         |      |  |                               |
| Stores, spares and loose tools                |      | 4,033,937  | 4,031,530                     |
| Stock-in-trade                                |      | 3,863,594  | 4,037,257                     |
| Customers' installation work-in-progress      |      | 299,078  | 289,376                       |
| Trade debts                                   | 9    | 134,864,125  | 127,447,585                   |
| Loans and advances                            |      | 914,541  | 1,076,442                     |
| Advances, deposits and short term prepayments |      | 772,770  | 358,483                       |
| Interest accrued                              | 10   | 740,092  | 707,080                       |
| Other receivables                             | 11   | 790,302,932  | 808,932,872                   |
| Taxation - net                                |      | 15,219,314   | 13,862,447                    |
| Cash and bank balances                        |      | 1,185,008  | 1,123,182                     |
| <b>Total current assets</b>                   |      | <b>952,195,391</b>   | <b>961,866,254</b>            |
| <b>TOTAL ASSETS</b>                           |      | <b>1,174,576,595</b>   | <b>1,179,186,273</b>          |

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



**Dr. Shamshad Akhtar**  
Chairperson



**Muhammad Amin Rajput**  
Managing Director




**Wajeeh Uddin Sheikh**  
Chief Financial Officer


## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2024

|   |      | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|---|------|---------------------------------------|-------------------------------|
|   | Note | ----- (Rupees in '000) -----          |                               |
| <b>EQUITY AND LIABILITIES</b>                           |      |                                       |                               |
| <b>EQUITY</b>   |      |                                       |                               |
| <b>Share capital and reserves</b>                       |      |                                       |                               |
| Share capital   |      | 8,809,163                             | 8,809,163                     |
| Reserves  |      | 4,907,401                             | 4,907,401                     |
| Surplus on re-measurement of FVTOCI investments         |      | 225,822                               | 220,178                       |
| Surplus on revaluation of property plant and equipment  |      | 59,835,137                            | 59,835,137                    |
| Accumulated losses                                      |      | (62,983,289)                          | (67,854,673)                  |
| Total equity  |      | 10,794,234                            | 5,917,206                     |
| <b>LIABILITIES</b>                                      |      |                                       |                               |
| <b>Non-current liabilities</b>                          |      |                                       |                               |
| Long term financing                                     | 12   | 27,507,958                            | 34,561,766                    |
| Long term deposits                                      |      | 35,850,368                            | 31,399,978                    |
| Employee benefits                                       |      | 7,507,383                             | 7,262,302                     |
| Payable against transfer of pipeline                    |      | 500,828                               | 523,169                       |
| Deferred credit   | 13   | 5,541,614                             | 5,759,812                     |
| Contract liabilities                                    | 14   | 10,962,900                            | 10,274,822                    |
| Lease liability   |      | 21,305                                | 17,886                        |
| Long term advances                                      |      | 2,449,129                             | 2,508,204                     |
| <b>Total non-current liabilities</b>                    |      | 90,341,485                            | 92,307,939                    |
| <b>Current liabilities</b>                              |      |                                       |                               |
| Current portion of long term financing                  | 12   | 12,666,423                            | 7,978,924                     |
| Current portion of payable against transfer of pipeline |      | 86,441                                | 84,527                        |
| Current portion of deferred credit                      | 13   | 675,198                               | 566,724                       |
| Current portion of contract liabilities                 | 14   | 300,156                               | 286,977                       |
| Current portion lease liability                         |      | 93,008                                | 68,292                        |
| Short term borrowings                                   | 15   | 39,664,460                            | 37,774,786                    |
| Trade and other payables                                | 16   | 1,016,822,668                         | 1,030,601,303                 |
| Unclaimed dividend                                      |      | 285,340                               | 285,340                       |
| Interest accrued  | 17   | 2,847,182                             | 3,314,255                     |
| <b>Total current liabilities</b>                        |      | 1,073,440,876                         | 1,080,961,128                 |
| <b>Total liabilities</b>                                |      | 1,163,782,361                         | 1,173,269,067                 |
| Contingencies and commitments                           | 18   |                                       |                               |
| <b>TOTAL EQUITY AND LIABILITIES</b>                     |      | 1,174,576,595                         | 1,179,186,273                 |

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

  
Dr. Shamshad Akhtar  
Chairperson

  
Muhammad Amin Rajput  
Managing Director

  
Wajeeh Uddin Sheikh  
Chief Financial Officer

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS


For the Quarter ended September 30, 2024

|   |      | Quarter ended<br>September 30,<br>2024 | Quarter ended<br>September 30,<br>2023 |
|---|------|--|--|
|   |      | (Un-Audited)                           |  |
|   | Note | ------(Rupees in '000)-----            |  |
| Revenue from Contracts with Customers - Gas Sales | 19   | 132,941,056                            | 72,109,494                             |
| Tariff adjustments                                | 20   | (17,952,763)                           | 46,929,879                             |
| Net sales   |      | 114,988,293                            | 119,039,373                            |
| Cost of sales                                     | 21   | (110,367,613)                          | (112,095,250)                          |
| <b>Gross profit</b>                               |      | <b>4,620,680</b>                       | <b>6,944,123</b>                       |
| Administrative and selling expenses               |      | (1,807,487)                            | (1,668,302)                            |
| Other operating expenses                          | 22   | (268,939)                              | (1,457,997)                            |
| Allowance for expected credit loss                |      | (1,790,596)                            | (401,466)                              |
|   |      | (3,867,022)                            | (3,527,765)                            |
| Other income                                      | 23   | 753,658                                | 3,416,358                              |
|   |      | 7,576,146                              | 4,224,397                              |
| <b>Profit before finance cost and taxation</b>    |      | <b>8,329,804</b>                       | <b>7,640,755</b>                       |
| Finance cost                                      |      | (3,415,350)                            | (3,243,462)                            |
| <b>Profit before taxation</b>                     |      | <b>4,914,454</b>                       | <b>4,397,293</b>                       |
| Levy  |      |  |  |
| Minimum tax differential                          |      | (40,300)                               | (238,634)                              |
| Final tax   |      | (2,770)                                | (195)                                  |
|   |      | (43,070)                               | (238,829)                              |
| <b>Profit / (loss) before taxation</b>            |      | <b>4,871,384</b>                       | <b>4,158,464</b>                       |
| Taxation  | 24   | -                                      | -                                      |
| <b>Profit for the period</b>                      |      | <b>4,871,384</b>                       | <b>4,158,464</b>                       |
| <b>Earning per share - basic and diluted</b>      | 25   | <b>5.53</b>                            | <b>4.72</b>                            |

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



Dr. Shamshad Akhtar  
Chairperson



Muhammad Amin Rajput  
Managing Director



Wajeeh Uddin Sheikh  
Chief Financial Officer



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**For the Quarter ended September 30, 2024**

|   | Quarter ended                |                    |
|---|------------------------------|--------------------|
|   | September 30, 2024           | September 30, 2023 |
|   | (Un-Audited)                 |                    |
|   | ----- (Rupees in '000) ----- |                    |
| Profit for the period   | 4,871,384                    | 4,158,464          |
| Other comprehensive income  |                              |                    |
| Items that will not be reclassified to profit or loss in subsequent periods:                              |                              |                    |
| Unrealised profit on re-measurement of financial assets at fair value through other comprehensive income. | 5,644                        | 26,692             |
| <b>Total comprehensive income for the period</b>  | <b>4,877,028</b>             | <b>4,185,156</b>   |

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



**Dr. Shamshad Akhtar**  
Chairperson



**Muhammad Amin Rajput**  
Managing Director



**Wajeeh Uddin Sheikh**  
Chief Financial Officer

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

## For the Quarter ended September 30, 2024

|   | Issued,<br>subscribed<br>and paid-up<br>capital | Capital<br>reserves | Revenue<br>reserves | Surplus on re-<br>measurement<br>of FVTOCI<br>investments<br>(Rupees in '000) | Surplus on<br>revaluation<br>of property<br>plant and<br>equipment | Accumulated<br>losses | Total       |
|---|---|---------------------|---------------------|---|--|-----------------------|-------------|
| Balance as at July 1, 2023 (Audited)                                | 8,809,163                                       | 234,868             | 4,672,533           | 115,177   | 59,835,137   | (76,354,791)          | (2,687,913) |
| Total comprehensive income for the quarter ended September 30, 2023 |   |                     |                     |   |  |                       |             |
| Profit for the period   | -   | -                   | -                   | -   | -  | 4,158,464             | 4,158,464   |
| Other comprehensive income for the period                           | -   | -                   | -                   | 26,692  | -  | -                     | 26,692      |
| Total comprehensive income for the period                           | -   | -                   | -                   | 26,692  | -  | 4,158,464             | 4,185,156   |
| Balance as at September 30, 2023                                    | 8,809,163                                       | 234,868             | 4,672,533           | 141,869   | 59,835,137   | (72,196,327)          | 1,497,243   |
| Balance as at July 1, 2024 (Audited)                                | 8,809,163                                       | 234,868             | 4,672,533           | 220,178   | 59,835,137   | (67,854,673)          | 5,917,206   |
| Total comprehensive income for the quarter ended September 30, 2024 |   |                     |                     |   |  |                       |             |
| Profit for the period   | -   | -                   | -                   | -   | -  | 4,871,384             | 4,871,384   |
| Other comprehensive income for the period                           | -   | -                   | -                   | 5,644   | -  | -                     | 5,644       |
| Total comprehensive income for the period                           | -   | -                   | -                   | 5,644   | -  | 4,871,384             | 4,877,028   |
| Balance as at September 30, 2024                                    | 8,809,163                                       | 234,868             | 4,672,533           | 225,822   | 59,835,137   | (62,983,289)          | 10,794,234  |

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



Dr. Shamshad Akhtar  
Chairperson



Muhammad Amin Rajput  
Managing Director




Wajeeh Uddin Sheikh  
Chief Financial Officer


## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW

For the Quarter ended September 30, 2024

|  |      | Quarter ended                |                       |
|--|------|------------------------------|-----------------------|
|  |      | September 30,<br>2024        | September 30,<br>2023 |
|  |      | (Un-Audited)                 |                       |
| CASH FLOW FROM OPERATING ACTIVITIES                    | Note | ----- (Rupees in '000) ----- |                       |
| Profit / (loss) before taxation                        |      | 4,914,454                    | 4,397,293             |
| Adjustments for non-cash and other items               | 26   | 8,686,368                    | 5,779,019             |
| Working capital changes                                | 27   | (3,987,807)                  | (4,219,388)           |
| Financial charges paid                                 |      | (3,869,040)                  | (3,737,763)           |
| Employee benefits paid                                 |      | (49,131)                     | (60,744)              |
| Payment for retirement benefits                        |      | (1,023,185)                  | (385,181)             |
| Long term deposits received - net                      |      | 4,449,873                    | 981,793               |
| Loans and advances to employees - net                  |      | 212,049                      | 201,091               |
| Interest income and return on term deposits received   |      | 107,454                      | 64,735                |
| Income taxes paid                                      |      | (2,921,986)                  | (360,903)             |
| Net cash generated from operating activities           |      | 6,519,049                    | 2,659,952             |
| CASH FLOW FROM INVESTING ACTIVITIES                    |      |                              |                       |
| Payments for property, plant and equipment             |      | (5,954,360)                  | (5,662,811)           |
| Payments against transfer of pipeline                  |      | (33,933)                     | (33,933)              |
| Proceeds from sale of property, plant and equipment    |      | 28,703                       | 33,478                |
| Dividend received                                      |      | 18,469                       | 1,305                 |
| Net cash used in investing activities                  |      | (5,941,121)                  | (5,661,961)           |
| CASH FLOW FROM FINANCING ACTIVITIES                    |      |                              |                       |
| Repayments of local currency loans                     |      | (2,366,609)                  | (2,333,333)           |
| Repayment of customer finance                          |      | -                            | (69)                  |
| Repayment of lease liability                           |      | (39,167)                     | (32,351)              |
| Net cash used in financing activities                  |      | (2,405,776)                  | (2,365,753)           |
| Net (decrease) / increase in cash and cash equivalents |      | (1,827,848)                  | (5,367,762)           |
| Cash and cash equivalents at beginning of the period   |      | (36,651,604)                 | (33,711,686)          |
| Cash and cash equivalents at end of the period         | 28   | (38,479,452)                 | (39,079,448)          |

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

  
Dr. Shamshad Akhtar  
Chairperson

  
Muhammad Amin Rajput  
Managing Director

  
Wajeeh Uddin Sheikh  
Chief Financial Officer

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

## For the Quarter ended September 30, 2024

### 1. STATUS AND NATURE OF BUSINESS

**1.1** Sui Southern Gas Company Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 2017 (repealed Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange. The Company came into being on March 30, 1989 after the amalgamation of Karachi Gas Company, Indus Gas Company and Sui Gas Transmission Company. The main activity of the Company is transmission and distribution of natural gas in Sindh and Balochistan. The Company is also engaged in certain activities related to the gas business including the manufacturing and sale of gas meters and construction contracts for laying of pipelines.

The registered office of the Company is situated at SSGC House, Sir Shah Muhammad Suleman Road, Block 14, Gulshan- e-Iqbal, Karachi. The meter manufacturing plant is situated at its' registered office.

| <u>Region</u> | <u>Address</u>  |
|---------------|---|
| 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       | SSGC Karachi terminal opposite Safari Park Main University Road, Karachi. |
| Hyderabad     | SSGC Regional Office, Opp. New Eidgah, National Highway Qasimabad,        |
| Nawabshah     | SSGC Regional Office, Near Sikandar Art Gallery Housing Society,          |
| 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) under the OGRA Ordinance, 2002, the Company is provided with a minimum annual return before taxation based on Weighted Average Cost of Capital ('WACC') on the average net operating assets excluding financial, 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).

## **2 BASIS FOR PREPARATION**

### **2.1 Statement of compliance**

These unconsolidated condensed interim financial statements for the three months period ended September 30, 2024 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These unconsolidated condensed interim financial statements do not include all the statements and disclosures required for full annual unconsolidated financial statements and should be read in conjunction with the annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2024 which have been prepared in accordance with accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual unconsolidated financial statements.

**2.3** The comparative unconsolidated statement of financial position presented in these unconsolidated condensed interim statement of financial position has been extracted from the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2024, whereas the comparative unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity are extracted from the unaudited unconsolidated condensed interim financial statements for the quarter ended September 30, 2023.

### **2.4 Basis of measurement**

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention unless stated otherwise.

### **2.5 Functional and presentation currency**

These condensed interim unconsolidated financial statements have been presented in Pakistani Rupee, which is the functional and presentation currency of the Company.

## **3 MATERIAL ACCOUNTING POLICIES INFORMATION**

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim unconsolidated financial statements are same as those for the preceding annual unconsolidated financial statements for the year ended June 30, 2024.

### **3.1 Initial application of standards, amendments or an interpretation to existing standards**

#### **a) Standards, amendments and interpretations to accounting standards that are effective in the current period**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2024, but are considered not to be relevant or expected to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

#### **b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company**

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2024, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

## **4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

**4.1** Significant accounting policies and methods of computation applied for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in preparation of the annual unconsolidated audited financial statements of the Company for the year ended June 30, 2024.

**4.2** The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited unconsolidated financial statements for the year ended June 30, 2024.

Further, the charge in respect of staff retirement benefits has been recognised on the basis of Actuarial projection for FY 2024-25, hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

**4.3** There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2024. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on this condensed interim financial statements.

**4.4** The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited unconsolidated financial statements as at and for the year ended June 30, 2024.

|  | September 30,<br>2024<br>(Un-audited)<br>------(Rupees in '000)----- | June 30,<br>2024<br>(Audited) |
|--|--|-------------------------------|
| <b>5 PROPERTY, PLANT AND EQUIPMENT</b> |  |                               |
| Operating assets                       | <b>188,434,415</b>   | 189,159,124                   |
| Capital work-in-progress               | <b>19,054,257</b>  | 14,751,117                    |
|  | <b><u>207,488,672</u></b>  | <u>203,910,241</u>            |

**5.1** Following is the movement in property, plant and equipment during the period / year:

|  |                           |                    |
|--|---------------------------|--------------------|
| Operating fixed assets (WDV) - opening balance                             | <b>189,159,124</b>        | 174,831,452        |
| Add: Additions (including transfers from CWIP)<br>during the period / year | <b>1,672,328</b>          | 23,835,499         |
|  | <b>190,831,452</b>        | 198,666,951        |
| Less: Disposals during the period / year (WDV)                             | <b>(7,392)</b>            | (755,086)          |
| Less: Depreciation charge for the period / year                            | <b>(2,389,645)</b>        | (8,752,741)        |
| Operating fixed assets (WDV) - closing balance                             | <b><u>188,434,415</u></b> | <u>189,159,124</u> |

**5.2** Following additions / transfer and deletions were made during the period in operating fixed

|                                  | September 30,<br>2024<br>(Un-audited)<br>------(Rupees in '000)----- |                    |
|----------------------------------|--|--------------------|
|                                  | Additions<br>(Cost)  | Deletion<br>(Cost) |
| Buildings on leasehold land      | 812  | -                  |
| Gas transmission pipeline        | 265,624  | -                  |
| Gas distribution system          | 1,013,570  | -                  |
| Telecommunication                | 4,740  | -                  |
| Plant and machinery              | 111,231  | -                  |
| Tools and equipment              | 14,893   | -                  |
| Compressors                      | 24,194   | -                  |
| Motor vehicles                   | 191,733  | (29,556)           |
| Furniture and fixture            | 3,086  | -                  |
| Office equipment                 | 3,004  | -                  |
| Computer and ancillary equipment | 39,441   | -                  |
|                                  | <b><u>1,672,328</u></b>  | <u>(29,556)</u>    |

|   | September 30,<br>2024<br>(Un-audited)<br>------(Rupees in '000)----- | June 30,<br>2024<br>(Audited) |
|---|--|-------------------------------|
| <b>5.3 Capital work in progress</b>             |  |                               |
| Projects:                                       |  |                               |
| Gas distribution system                         | 7,676,078  | 4,013,805                     |
| Gas transmission system                         | 1,299,777  | 1,145,682                     |
| Cost of buildings under construction and others | 1,336,481  | 1,050,610                     |
|   | <b>10,312,336</b>  | 6,210,097                     |
| Stores and spares held for capital projects     | 8,931,800  | 8,732,885                     |
| LPG air mix plant                               | 262,673  | 260,687                       |
|   | <b>9,194,473</b>   | 8,993,572                     |
| Impairment of capital work in progress          | (452,552)  | (452,552)                     |
|   | <b>19,054,257</b>  | 14,751,117                    |

**5.3.1** Additions to capital expenditures incurred during the period amounting to Rs. 5,954 million (June 2024: Rs. 23,705 million).

## 6 RIGHT OF USE ASSETS

|                                    |                |          |
|------------------------------------|----------------|----------|
| Cost                               | 231,612        | 181,527  |
| Accumulated depreciation           | (104,309)      | (91,832) |
| Net book value                     | <b>127,303</b> | 89,695   |
| <b>Cost</b>                        |                |          |
| Opening balance                    | 181,527        | 166,732  |
| Additions during the period        | 63,420         | 104,681  |
| Derecognition during the period    | (13,335)       | (89,886) |
| Ending balance                     | <b>231,612</b> | 181,527  |
| <b>Accumulated depreciation</b>    |                |          |
| Opening balance                    | 91,832         | 93,095   |
| Depreciation charge for the period | 24,320         | 82,894   |
| Derecognition during the period    | (11,843)       | (84,157) |
| Ending balance                     | <b>104,309</b> | 91,832   |

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



|  |  | September 30,<br>2024<br>(Un-audited)<br>------(Rupees in '000)----- | June 30,<br>2024<br>(Audited) |
|--|--|--|-------------------------------|
| <b>7 DEFERRED TAX</b>  | Note   |  |                               |
| Opening  |  | 11,160,804   | 8,366,320                     |
| Recognized during the period   |  | 1,522,048  | 2,794,484                     |
| Closing  |  | 12,682,853   | 11,160,804                    |
| <b>7.1</b>   | As at September 30, 2024, the Company has a net deferred tax asset of Rs. 26,429 million (June 30, 2024: Rs. 30,316 million) out of which a deferred tax asset amounting to Rs. 12,682 million (June 30, 2024: Rs. 11,161 million) has been recognised and remaining balance of Rs 13,747 million (June 30, 2024: Rs. 19,155 million) is unrecognised. |  |                               |
| <b>8 LONG TERM INVESTMENTS</b>   |  |  |                               |
| Investment in related party- at cost   |  | 1,083,708  | 1,083,708                     |
| Investment - at fair value through<br>other comprehensive income   | 8.1  | 262,349  | 256,705                       |
|  |  | 1,346,057  | 1,340,413                     |
| <b>8.1 Investment - at fair value through other comprehensive income</b>                                 |  |  |                               |
| <b>Investment in related parties</b>   |  |  |                               |
| Sui Northern Gas Pipelines Limited<br>2,414,174 (June 2024: 2,414,174) ordinary<br>shares of Rs. 10 each |  | 153,879  | 153,228                       |
| Pakistan Refinery Limited<br>3,150,000 (June 2024: 3,150,000) ordinary<br>shares of Rs. 10 each          |  | 73,899   | 73,080                        |
| <b>Other investments</b>   |  |  |                               |
| United Bank Limited<br>118,628 (June 2024: 118,628) ordinary<br>shares of Rs. 10 each                    |  | 34,571   | 30,397                        |
|  |  | 262,349  | 256,705                       |
| <b>9 TRADE DEBTS</b>   |  |  |                               |
| Considered good  |  |  |                               |
| secured  |  | 40,739,645   | 29,021,667                    |
| unsecured  |  | 94,124,480   | 98,425,918                    |
|  | 9.1 & 9.2  | 134,864,125  | 127,447,585                   |
| Considered doubtful  |  | 29,235,964   | 27,445,368                    |
|  |  | 164,100,089  | 154,892,953                   |
| Less: Allowance for expected credit loss   | 9.3  | (29,235,964)   | (27,445,368)                  |
|  |  | 134,864,125  | 127,447,585                   |

- 9.1** It includes receivable from K-Electric Limited (KE) related to the sale of indigenous gas amounting to Rs. 26,582 million, including a long outstanding balance of Rs. 26,289 million (June 2024 Rs. 26,289 million), excluding Gas Infrastructure Development Cess (GIDC).

As KE has been continuously defaulting and not making principle as well as LPS payment, the Company filed a suit against KE in the Honourable High Court of Sindh in November 2012, for recovery of Rs. 55,705 million including principal outstanding amounting to Rs. 45,705 million on account of the supply of gas and Rs. 10,000 million on account of LPS. In addition, KE has also filed a case against the Company in the Honourable 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.

The above suit has been filed based 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 highest of:

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

Despite the agreement, KE continuously defaulted on installment payments, and the Company therefore charged LPS up to June 2016. However, in line with opinions from firms of Chartered Accountants, the management decided to recognize LPS on a receipt basis effective from July 1, 2012, and accordingly reversed the LPS income that had been recognized from June 30, 2012 onwards.

However, the Company maintains a memorandum records which indicate an aggregate LPS income of Rs. 186,048 million (June 2024: Rs. 178,696 million) including LPS income for the period ended September 30, 2024 of Rs. 7,352 million (June 2024: Rs. 31,936 million) which has not been recognized in the unconsolidated financial statements. As of the reporting date, the aggregate legal claim on account of disputed balances works out to be Rs. 212,337 million.

In view of the legal counsel of the Company, the management considers outstanding balance as good and recoverable. The legal counsel also viewed that the Company has a valid 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 June 2022, a Task Force was constituted by the then Prime Minister to resolve issues/disputes related to KE. During their meetings, it was decided to enter into a multi-party Mediation Agreement in order to resolve KE's receivables and payables issues between all the stakeholders. Accordingly, after deliberations, a Mediation Agreement has been executed between the Stakeholders. The Federal Cabinet also ratified the decision, and the Mediation Agreement was also cleared by the Law & Justice Division. Parties have submitted their respective claims to the Mediator, and the mediation is now in process.

- 9.2** It includes receivables from Pakistan Steel Mills Corporation Limited (PSML) amounting to Rs. 21,778 million (June 2024: Rs. 21,778 million) which includes a LPS of Rs. 2,050 million (June 2024: Rs. 2,050 million) receivable against sale of indigenous gas. This includes an overdue amount of Rs. 21,778 million (June 2024: Rs. 21,604 million) as at September 30, 2024.

The PSML has been defaulting and not making payments of principal as well as LPS, therefore Company charged LPS up to June 2016. However, in line with opinions from firms of Chartered Accountants, the management decided to recognize LPS on a receipt basis effective from July 1, 2012, and accordingly reversed the LPS income that had been recognized from June 30, 2012 onwards.

However, the Company maintains a memorandum account shown aggregate LPS income of Rs. 75,231 million (June 2024: Rs. 74,345 million) including LPS income for the period ended September 30, 2024 of Rs. 886 million (June 2024: Rs. 9,876 million) which has not been recognized in the unconsolidated financial statements.

The Company filed a suit in the Honourable High Court of Sindh in April 2016, for recovery of its outstanding amount of gas bills and LPS aggregate claim amounting to Rs. 41,354 million up to February 2016.

On April, 2016, the Honourable 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 upto the extent of this amount.

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.

Currently, PSML's financial position is adverse, and has no capacity to repay its obligations on its own. It's management believes that in case the financial asset is not realised from PSML, the entire amount as appeared in books of accounts will be claimed from OGRA in the determination of revenue requirements of the Company.

| September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|---------------------------------------|-------------------------------|
| ----- (Rupees in '000) -----          |                               |

### 9.3 The movement in allowance for expected credit loss is as follows:

|                                  |            |            |
|----------------------------------|------------|------------|
| Opening balance                  | 27,445,368 | 25,495,071 |
| Provision made during the period | 1,790,596  | 1,950,297  |
| Ending balance                   | 29,235,964 | 27,445,368 |

| September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|---------------------------------------|-------------------------------|
| ----- (Rupees in '000) -----          |                               |

## 10 INTEREST ACCRUED

Interest accrued on late payment of bills / invoices from:

|   |           |           |
|---|-----------|-----------|
| - Jamshoro Joint Venture Limited (JJVL)                     | 239,689   | 239,689   |
| Interest accrued on sales tax refund                        | 487,739   | 487,739   |
| Interest accrued on Bank deposits                           | 96,331    | 62,619    |
| Interest accrued on loan to SSGC Alternate Energy (Pvt) Ltd | 2,408     | -         |
| Interest accrued on loan to SSGC LPG Ltd                    | 26,325    | 29,433    |
|   | 852,492   | 819,480   |
| Provision against impaired accrued income                   | (112,400) | (112,400) |
|   | 740,092   | 707,080   |

|   |      | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|---|------|---------------------------------------|-------------------------------|
|   | Note | ------(Rupees in '000)-----           |                               |
| <b>11 OTHER RECEIVABLES</b>                             |      |                                       |                               |
| Tariff adjustments indigenous gas - receivable from GoP | 11.1 | 548,914,309                           | 564,329,233                   |
| Receivable for sale of gas condensate                   |      | 4,347                                 | 4,347                         |
| Receivable from SNGPL                                   | 11.2 | 146,216,351                           | 145,795,900                   |
| Receivable from JJVL                                    | 11.3 | 2,262,314                             | 2,262,314                     |
| Staff pension fund                                      |      | 429,924                               | -                             |
| SSGC LPG Ltd  |      | 7,780                                 | 7,743                         |
| Receivable from Pakistan LNG Ltd                        |      | 1,458,382                             | 1,353,924                     |
| Gas infrastructure development cess receivable          |      | 6,865,872                             | 6,894,354                     |
| Receivable from GPO against gas bill collection         | 11.4 | 2,315,215                             | 2,315,215                     |
| Sales tax receivable                                    | 11.5 | 83,535,858                            | 87,370,580                    |
| Sindh sales tax receivable                              |      | 582,653                               | 766,751                       |
| Receivable against asset contribution                   | 11.6 | 196,387                               | 231,767                       |
| Miscellaneous receivable                                | 11.7 | 58,308                                | 145,512                       |
|   |      | <u>792,847,700</u>                    | <u>811,477,640</u>            |
| Provision against impaired receivables                  |      | <u>(2,544,768)</u>                    | <u>(2,544,768)</u>            |
|   |      | <u>790,302,932</u>                    | <u>808,932,872</u>            |

**11.1 Tariff adjustments indigenous gas - receivable from GoP**

|                                    |                    |                    |
|------------------------------------|--------------------|--------------------|
| Opening balance                    | 564,329,233        | 498,763,608        |
| Recognized during the period       | (15,701,721)       | 63,878,757         |
| Subsidy for LPG air mix operations | 286,797            | 1,686,868          |
| Ending balance                     | <u>548,914,309</u> | <u>564,329,233</u> |

**11.2 Receivable balance from SNGPL comprises of the following:**

|  |        | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|--|--------|---------------------------------------|-------------------------------|
|  | Note   | ------(Rupees in '000)-----           |                               |
| Differential tariff                      |        | 4,284,080                             | 4,284,080                     |
| Uniform cost of gas                      | 11.2.2 | 15,818,845                            | 15,818,845                    |
| Uniform cost of RLNG                     |        | 20,000,000                            | 20,000,000                    |
| Lease rentals                            |        | 1,609,135                             | 1,609,134                     |
| Contingent rent                          |        | 19,529                                | 19,529                        |
| LSA Margins                              |        | 3,092,372                             | 3,032,074                     |
| Capacity and utilisation charges of RLNG |        | 61,969,936                            | 54,587,819                    |
| RLNG transportation income               |        | 39,422,454                            | 46,444,419                    |
|  |        | <u>146,216,351</u>                    | <u>145,795,900</u>            |

- 11.2.1** Up to September 30, 2024, the Company has invoiced an amount of Rs. 256,826 million, including Sindh Sales Tax of Rs. 30,316 million, to SNGPL in respect of capacity and utilization charges (terminal charges), LNG Service Agreement (LSA) margins and transportation charges relating to RLNG.

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

In addition to the same, the Ministry of Energy (MOE) 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 a monthly basis by SNGPL, however, outstanding receivable balances before June 2020 amounting to Rs. 99,267 million included in the aggregate receivable balance of Rs. 145,796 million stands disputed as of the reporting date.

Subsequent to June 30, 2024, with the mutual consent of both Sui companies, an exercise was initiated to reconcile the long outstanding balances pertaining prior to June 2020. Resultantly, the Company made a settlement with SNGPL and received a payment of Rs. 89,587 million against the outstanding amount of Rs. 99,267 million on different counts. The Company is in the process of reconciling remaining pending matters with SNGPL and is hopeful that these will be sorted out in due course.

- 11.2.2** This represents receivable from SNGPL against Cost of Gas Equalization to be adjusted against any shortfall, if any, in Final Revenue Requirement (FRR) determined by the Oil and Gas Regulatory Authority (OGRA). The Ministry of Energy (Petroleum Division) has directed SNGPL and SSGCL to enter into a 'Cost of Gas Equalization Agreement' to facilitate the adjustments arising out of FRR. The agreement is currently pending execution between the parties.
- 11.3** This amount comprises of receivable in respect of royalty income & fuel charges, sale of liquid petroleum gas, sale of natural gas liquids, Federal Excise Duty (FED), Sindh Sales Tax (SST) on franchise services, receivable against excess paid processing charges from JJVL and receivable from JJVL at the rate of ad-hoc 57% value of LPG / NGL extraction as per the agreement signed between the Company and JJVL pursuant to Honorable Supreme Court of Pakistan (SCP) order dated December 04, 2018 amounting to Rs. 19 million (June 2024: Rs. 19 million), Rs. 108 million (June 2024: Rs. 108 million), Rs. 1,070 million (June 2024: Rs. 1,070 million), Rs. 646 million (June 2024: Rs. 646 million), Rs. 419.6 million (June 2024: Rs. 419.6 million) respectively.
- 11.4** This represents receivable balance from Pakistan Post Office against gas bills collected from January 2022 to March 2022 and deposited in Government Treasury. The Company recovered outstanding amount of Rs. 2,000 million on April 18, 2025 from Pakistan Post Office. The management is making efforts to recover the remaining amount.

- 11.5** This represents sales tax refunds arose due to excess of Average Purchase Cost over Average Sales Price, uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. These 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 and then 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. Subsequent to period-end, Sales Tax refunds of Rs. 4.4 Billion were realized by the Company while Management is making vigorous efforts for realisation of remaining refunds.
- 11.6** This represents receivable from Mari Gas Company Limited, Spud Energy Pty Limited, PKP Exploration Limited and Government Holdings (Private) Limited (referred as BJV) in respect of Zarghun gas transmission pipeline under pipeline contribution agreement. The receivable has been recognised using discounted cash flow technique.
- 11.7** This includes a balance of Rs. 13.7 million (June 2024: Rs. 13 million), which includes an accrued mark-up of Rs. 2.4 million (June 2024: Rs. 1.8 million) on receivable balance from SSGC Alternate Energy (Private) Limited, a related party. This receivable balance carries a markup at the rate of 22.47% (June 2024: 22.47%) and is repayable on demand.

| 12 | LONG TERM FINANCING                                   | Note               | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|----|---|--------------------|---------------------------------------|-------------------------------|
|    |   |                    | ----- (Rupees in '000) -----          |                               |
|    | Secured   |                    |                                       |                               |
|    | Loans from banking companies                          | 12.1 & 12.2 & 12.3 | 39,250,378                            | 41,616,617                    |
|    | Unsecured   |                    |                                       |                               |
|    | Customer finance                                      |                    | 119,295                               | 119,364                       |
|    | Government of Sindh loans                             |                    | 804,708                               | 804,709                       |
|    |   |                    | 924,003                               | 924,073                       |
|    | Subtotal  |                    | 40,174,381                            | 42,540,690                    |
|    | Less: current portion shown under current liabilities |                    |                                       |                               |
|    | Loans from banking companies                          |                    | (12,479,167)                          | (7,791,667)                   |
|    | Customer finance                                      |                    | (590)                                 | (590)                         |
|    | Government of Sindh loans                             |                    | (186,666)                             | (186,667)                     |
|    |   |                    | (12,666,423)                          | (7,978,924)                   |
|    |   |                    | 27,507,958                            | 34,561,766                    |

- 12.1** A long term finance facility amounting to Rs. 21,000 million was sanctioned in March 2022 from a syndicate of banks. This financial arrangement has been secured by GoP guarantee. During the period repayment of Rs.2,334 million has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.10 % per annum.
- 12.2** A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. During the period no repayment has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.50 % per annum.
- 12.3** These loans / financial arrangements are secured by pari passu charge by way of hypothecation on all present and future movable / fixed capital assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

|   |   | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|---|---|---------------------------------------|-------------------------------|
|   |   | ----- (Rupees in '000) -----          |                               |
| 13  | DEFERRED CREDIT   | Note                                  |                               |
| Government of Pakistan contributions / grants       |   |                                       |                               |
|   | Opening Balance   | 4,514,118                             | 3,840,646                     |
|   | Additions / adjustments during the period                             | 17,280                                | 1,048,699                     |
|   | Transferred to unconsolidated statement of profit or loss 13.1 & 13.2 | (135,560)                             | (375,227)                     |
|   | Ending balance  | 4,395,838                             | 4,514,118                     |
| Government of Sindh (Conversion of loan into grant) |   |                                       |                               |
|   | Opening Balance   | 1,736,245                             | 1,784,919                     |
|   | Additions during the period   | 41,795                                | 80,482                        |
|   | Transferred to unconsolidated statement of profit or loss             | (31,776)                              | (129,156)                     |
|   | Ending balance  | 1,746,264                             | 1,736,245                     |
| Government of Sindh grants                          |   |                                       |                               |
|   | Opening Balance   | 76,173                                | 84,095                        |
|   | Transferred to unconsolidated statement of profit or loss 13.3        | (1,463)                               | (7,922)                       |
|   | Ending balance  | 74,710                                | 76,173                        |
|   |   | 6,216,812                             | 6,326,536                     |
|   | Less: Current portion of deferred credit                              | (675,198)                             | (566,724)                     |
|   |   | 5,541,614                             | 5,759,812                     |

- 13.1** This represents amount received from the Government of Pakistan for supply of gas to new towns and villages and the same is recognised as grant when the conditions specified by the Government are met. This amount is amortised over the useful life of related projects.
- 13.2** Return on assets (ROA) is not allowed by OGRA on pipelines constructed / built under the deferred credit arrangements. However, Unaccounted for Gas ("UFG") losses on such pipelines are considered in the determination of the Company's guaranteed return.
- 13.3** 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, is subsequently measured at its initial fair value of Rs. 170 million based on net of waiver. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in unconsolidated statement of profit or loss on the basis of pattern of recognition, as expenses (the cost the grant intends to compensate).

|      |   | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |            |
|------|---|---------------------------------------|-------------------------------|------------|
|      | Note  | ----- (Rupees in '000) -----          |                               |            |
| 14   | CONTRACT LIABILITIES                                      |                                       |                               |            |
|      | Contribution from customers                               | 14.1&14.2                             | 3,710,817                     | 3,768,214  |
|      | Advance received from customers for laying of mains, etc. |                                       | 7,252,083                     | 6,506,608  |
|      |   |                                       | 10,962,900                    | 10,274,822 |
| 14.1 | Contribution from customers                               |                                       |                               |            |
|      | Opening Balance   |                                       | 4,055,191                     | 3,841,959  |
|      | Additions / adjustments during the period                 |                                       | 30,821                        | 517,904    |
|      | Transferred to unconsolidated statement of profit or loss |                                       | (75,039)                      | (304,672)  |
|      |   |                                       | 4,010,973                     | 4,055,191  |
|      | Less: Current portion of contributions from customers     |                                       | (300,156)                     | (286,977)  |
|      | Ending balance  |                                       | 3,710,817                     | 3,768,214  |

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

## **15 SHORT TERM BORROWINGS**

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 50,000 million (June 2024: Rs. 50,000 million) and carry mark-up ranging from 0.1% to 1.00% (June 2024: 0.1% to 1.00%) 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.

The aggregate unavailed short term borrowing facilities amounted to Rs.10,336 million (June 2024: Rs. 12,225 million).



|  |      | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|--|------|---------------------------------------|-------------------------------|
|  | Note | ----- (Rupees in '000) -----          |                               |
| <b>16. TRADE AND OTHER PAYABLES</b>                  |      |                                       |                               |
| Creditors for:                                       |      |                                       |                               |
| - Indigenous gas                                     | 16.1 | 838,947,408                           | 857,841,931                   |
| - RLNG   |      | 104,707,235                           | 104,832,095                   |
|  |      | <b>943,654,643</b>                    | 962,674,026                   |
| Tariff adjustments RLNG- payable to GoP              | 16.2 | 37,199,282                            | 34,946,646                    |
| Service charges payable to EETPL                     |      | 3,395,795                             | 3,141,619                     |
| Accrued liabilities / bills payable                  |      | 12,407,995                            | 12,350,447                    |
| Provision for compensated absences - non executives  |      | 344,377                               | 339,377                       |
| Payable to gratuity fund                             |      | 4,896,429                             | 4,904,419                     |
| Payable to provident fund                            |      | 10,211                                | 10,206                        |
| Staff pension fund                                   |      | -                                     | 199,836                       |
| Liquidated damages payable to JPCL                   |      | 4,309,571                             | 1,533,994                     |
| Deposits / retention money                           |      | 1,158,932                             | 1,162,486                     |
| Advance for sharing right of way                     |      | 18,088                                | 18,088                        |
| Withholding tax payable                              |      | 141,481                               | 95,329                        |
| Sales tax and Federal Excise Duty                    |      | 413,682                               | 603,480                       |
| Provincial sales tax payable                         |      | 1,175                                 | 1,170                         |
| Gas infrastructure development cess payable          |      | 6,865,872                             | 6,894,354                     |
| Unclaimed Term Finance Certificate redemption profit |      | 1,800                                 | 1,800                         |
| Workers' profit participation fund (WPPF)            | 16.3 | 1,180,524                             | 911,973                       |
| Others   |      | 822,811                               | 812,053                       |
|  |      | <b>1,016,822,668</b>                  | <b>1,030,601,303</b>          |

- 16.1** This includes Rs. 691,356 million (June 2024: Rs. 692,696 million) payable to Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holdings (Private) Limited (GHPL) in respect of gas purchases.

In addition to the above, it includes payable to Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rs. 11,807 million (June 2024: Rs. 10,934 million) which stands outstanding as of the reporting date. Subsequent to the year-end, the Company paid Rs. 9,257 million to SNGPL for indigenous gas supplies.

On December 12, 2017, the Ministry of Energy in pursuance of the decision of Economic Coordination Committee (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 its 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 period, the Company has recorded purchases of 8 BCF (June 2024: 29 BCF) from SNGPL, amounting to Rs. 31,207 million (June 2024: Rs. 123,533 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 the Company, however, outstanding payable balances in respect of RLNG purchases before June 2020 amounting to Rs. 90,321 million included in the aggregate payable of Rs. 104,832 million stands disputed as of the reporting date.

As disclosed in note 11.2.1, an exercise was initiated to reconcile the long-outstanding balances pertaining prior to June 2020. Resultantly, the Company made a settlement with SNGPL and make a payment of Rs. 94,997 million against the outstanding amount of Rs. 104,832 million on different counts. The Company is in the process of reconciling remaining pending matters with SNGPL and hopeful that these will be sorted out in due course.

|   | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|---|---------------------------------------|-------------------------------|
|   | ----- (Rupees in '000) -----          |                               |
| <b>16.2 Tariff adjustments RLNG - payable to GoP</b>  |                                       |                               |
| Opening balance                                       | 34,946,646                            | 23,826,990                    |
| Recognized during the period                          | 2,251,042                             | 10,662,765                    |
| GOP adjustment / (subsidy) on RLNG tariff             | 1,594                                 | 456,891                       |
| Ending balance  | <u>37,199,282</u>                     | <u>34,946,646</u>             |
| <b>16.3 Workers' Profit Participation Fund (WPPF)</b> |                                       |                               |
| Opening balance                                       | 911,973                               | 376,347                       |
| Charge for the period                                 | 258,655                               | 484,746                       |
| Interest on WPPF                                      | 9,896                                 | 50,880                        |
| Ending balance  | <u>1,180,524</u>                      | <u>911,973</u>                |
| <b>17. INTEREST ACCRUED</b>                           |                                       |                               |
| Long term financing - loans from banking companies    | 1,274,169                             | 1,059,521                     |
| Long term deposits from customers                     | 336,272                               | 880,238                       |
| Short term borrowings                                 | 1,137,458                             | 1,275,213                     |
| Late payment surcharge on processing charges          | 99,283                                | 99,283                        |
|   | <u>2,847,182</u>                      | <u>3,314,255</u>              |

## 18. CONTINGENCIES AND COMMITMENTS

**18.1** Detailed below are contingencies primarily in the nature of tax and other legal disputed matters;

**18.1.1** The management has reversed Late Payment Surcharge (LPS) expense with effect from July 01, 2001 to June 30, 2016 amounting to Rs. 42,054 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense since FY 2016-17 in the financial statements. The Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from K-Electric (KE) and Pakistan Steel Mills Limited (PSML). As at September 30, 2024 aggregate unrecognized LPS expense amounting to Rs. 297,534 (June 2024: 275,296).

**18.1.2** As disclosed in note 11.3, the Company had negative margins while doing business with Jamshoro Joint Venture Limited (JJVL) in financial year 2015-16 due to decline in oil prices and consequent decline in margins in LPG / NGL business. Consequently, the Company sent termination notices to JJVL dated May 4, 2016, against which JJVL obtained a stay order from the Honourable High Court of Sindh (SHC). The aggregate balance due from JJVL amounts to Rs. 2,262 (June 2024: Rs. 2,262 million) million which includes LPS of Rs. 240 million (June 2024: Rs. 240 million).

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

The 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 SCP, the Company shut down the supply of gas to JJVL plant accordingly.

Subsequently, the Honourable Supreme Court of Pakistan (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 Jamshoro Joint Venture Limited (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 SCP any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

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

The Company after concurrence of its Board informed SCP that it does not accept the proposal submitted by JJVL and asked SCP to appoint a firm of Chartered Accountants to come up with an agreement mutually beneficial for both the parties. After considering all the points, SCP appointed a third party firm of Chartered Accountants which shall deemed to be the receivers of SCP 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 SCP.

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

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

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

- 18.1.3** The Company has discontinued the gas supply to Habibullah Coastal Power Company Limited (HCPCL) after the expiry of 20 years Gas Sales Agreement. In order to secure the outstanding gas receivables amounting to Rs. 1,113 million, the Company has opted for encashment of HCPCL bank guarantees which are sufficient, as of the reporting date, to recover the same. In response, HCPCL filed a suit 1570 of 2019 and obtained stay from the Honorable High Court of Sindh (SHC) regarding encashment of bank guarantees by the Company. In view of the available bank guarantee, no provision has been made in these unconsolidated financial statements.

- 18.1.4** The tax authorities had passed an order for FY 2017-18 creating Federal Excise Duty (FED) demand on RLNG, having tax impact of Rs. 2,951 million.

The Company has also filed an application with the tax department for the constitution of the Alternative Dispute Resolution Committee (ADRC) on the matter of Federal Excise Duty (FED) on LNG into RLNG.

Based on the advice of its tax advisor, the management is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated financial statements.

- 18.1.5** Tax Authorities had passed sales tax order for FY 2017-18 on issues of non-charging of Sales Tax on RLNG – Indigenous Gas Swap and RLNG transportation income. The tax exposure is Rs 23,649 million.

The Company has also filed application with the FBR for constitution of Alternative Dispute Resolution Committee (ADRC) on the matter of sales tax on RLNG – Indigenous Gas Swap.

Based on the advice of its tax advisor, the management is confident that the case will be in its favor of the Company (since same matter has already been closed in favour of SNGPL), therefore, no provision has been made in these unconsolidated financial statements as the Company.

- 18.1.6** Previously the Income Tax Appellate Tribunal (ITAT) had decided an Appeal in favor of Income Tax Department on the issue of capital gain made on disposal of LPG business in the financial year ended June 30, 2001 resulting in a tax impact of Rs. 143 million. Management has filed an appeal before Honorable High Court of Sindh (SHC). The management is of the view that sale of LPG business being in nature of slump transaction was not chargeable to tax under the provisions of Income Tax Ordinance, 2001.

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

- 18.1.7** Income tax authorities have passed Orders for the Tax Years 2007, 2008, 2009, 2013, 2014, 2015 & 2017 disallowing tax depreciation on fixed assets held under musharaka arrangement, having a tax impact of Rs. 2,214 million.

All the orders were contested before Commissioner (Appeals) who decided the case in the favour of the Company. Currently, the case is pending adjudication before Appellate Tribunal Inland Revenue (ATIR) and Alternative Dispute Resolution Committee (ADRC).

The management is confident on advice of its legal counsel that the case will be in favour of the Company, therefore, no provision has been made in the unconsolidated financial statements.

- 18.1.8** Large Taxpayer Office (LTO) have passed an order disallowing cost of gas purchased based on lost as UFG (in excess of OGRA Benchmark) for financial year (FY) 2008-09, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21, having cumulative tax impact of Rs. 56,634 million.

LTO Karachi has also passed Assessment Order for FY 2021-22 levying tax on UFG (in excess of OGRA Benchmark) deducted by OGRA from Revenue Requirements of the Company. Tax Exposure on this account is Rs. 13,120 million.

Currently, the cases are sub-judice before Appellate Tribunal Inland Revenue (ATIR) and Alternative Dispute Resolution Committee (ADRC).

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

The management is confident on advice of its legal counsel that the case will be in favour of the Company, therefore, no provision has been made in the unconsolidated financial statements.

- 18.1.9** The Additional Commissioner Inland Revenue passed an order against the Company with demand along with default surcharge and penalty for incorrect adjustment of withholding sales tax against input invoices for the period July 2017 to April 2018. The principal tax demand of Rs. 1,235 million was recovered by the tax department.

Currently, the matter is sub-judice before Alternative Dispute Resolution Committee (ADRC).

The management is confident on advice of its legal counsel that the case will be in favour of the Company, therefore, no provision has been made in the unconsolidated financial statements.

- 18.1.10** The Tax Authorities passed order against the Company for Tax Year 2010 disallowing brought forward turnover tax credit adjustment of year 2008 amounting to Rs. 414 million. The case was defended in Sindh High Court (SHC) who decided the case against the Company (based on similar judgment in another company's case).

The Company has filed an appeal before Honorable Supreme Court of Pakistan (SCP) against SHC judgment.

The management is confident on advice of its legal counsel that the case will be in favour of the Company, therefore, no provision has been made in the unconsolidated financial statements.

- 18.1.11** As disclosed in Note 9 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 2019-20, on said unrecognized interest income from KE and PSML having tax impact of Rs 29,442 million. 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.

The Income Tax Authorities also passed an assessment order for FY 2020- 21 on the same issue, having a tax impact of Rs. 6,285 million, which was defended before the Alternative Dispute Resolution Committee (ADRC) under the newly introduced appeal mechanism under section 134A of the Income Tax Ordinance 2001. ADRC decided issue of unrecognized interest income from KE & PSML against the Company (subject to deduction of the claim of corresponding unrecognised interest expense to E&P Companies).

The Income Tax Authorities also passed an assessment order for FY 2021- 22 on the same issue, having a tax impact of Rs. 7,733 million, which is being defended before the Alternative Dispute Resolution Committee (ADRC).

The management is confident on advice of its legal counsel that the case will be in favour of the Company, therefore, no provision has been made in the unconsolidated financial statements.

- 18.1.12** The Tax Authorities have passed an order for Tax year 2015, disallowing interest expense on delayed payment to Energy and Petroleum (E&P) Companies for gas purchases as well as taxing benefit of lower interest rate on Government of Sindh loans, among other observations, having a tax impact of Rs. 3,135 million.

The matter was contested before Commissioner (Appeals) who decided the case in favour of the Company. Currently, the case is pending adjudication before ADRC.

The management is confident on advice of its legal counsel that the case will be in favour of the Company, therefore, no provision has been made in the unconsolidated financial statements.

- 18.1.13** The Company is subject to various other claims totaling Rs. 11,073 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

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

- 18.1.15** As of September 30, 2024, the Company has an aggregate net disputed difference of Rs. 44,649 million with Sui Northern Gas Pipelines Limited (SNGPL), mainly due to capacity and utilization charges, RLNG transportation income, withheld RLNG invoices and differential tariff gain.

|  | September 30,<br>2024<br>(Un-audited)<br>------(Rupees in '000)----- | June 30,<br>2024<br>(Audited) |
|--|--|-------------------------------|
| <b>18.1.16</b> Claims against the Company not acknowledged as debt | <b>3,542,868</b>   | 3,542,868                     |
| <b>18.2</b> <b>Commitments</b>                                     |  |                               |
| <b>18.2.1</b> Guarantees issued on behalf of the Company           | <b>11,371,855</b>  | 11,371,855                    |
| <b>18.2.2</b> Commitments for capital and other expenditure        | <b>6,277,081</b>   | 5,524,345                     |

|   |      | Quarter ended                |                    |
|---|------|------------------------------|--------------------|
|   |      | September 30, 2024           | September 30, 2023 |
|   |      | (Un-audited)                 |                    |
|   |      | ----- (Rupees in '000) ----- |                    |
| <b>19 REVENUE FROM CONTRACTS WITH CUSTOMERS - GAS SALES</b> | Note |                              |                    |
| <b>Sales</b>  |      |                              |                    |
| Indigenous gas  |      | 116,270,688                  | 51,439,008         |
| RLNG  |      | 40,114,661                   | 33,658,801         |
|   |      | 156,385,349                  | 85,097,809         |
| <b>Less: Sales tax</b>                                      |      |                              |                    |
| Indigenous gas  |      | (17,270,906)                 | (7,888,553)        |
| RLNG  |      | (6,173,387)                  | (5,099,762)        |
|   |      | (23,444,293)                 | (12,988,315)       |
| Net sales   |      | 132,941,056                  | 72,109,494         |
| <b>20 TARIFF ADJUSTMENTS</b>                                |      |                              |                    |
| Indigenous gas  | 20.1 | (15,701,721)                 | 46,996,735         |
| RLNG  |      | (2,251,042)                  | (66,856)           |
|   |      | (17,952,763)                 | 46,929,879         |
| <b>20.1 Tariff adjustment - indigenous gas</b>              |      |                              |                    |
| Price increase adjustment for the period                    |      | (15,414,924)                 | 47,356,302         |
| Subsidy for LPG air mix operations                          |      | (286,797)                    | (359,567)          |
|   |      | (15,701,721)                 | 46,996,735         |
| <b>21 COST OF SALES</b>                                     |      |                              |                    |
| Cost of gas   | 21.1 | 103,666,666                  | 106,287,914        |
| Transmission and distribution costs                         |      | 6,700,947                    | 5,807,336          |
|   |      | 110,367,613                  | 112,095,250        |
| <b>21.1 Cost of gas</b>                                     |      |                              |                    |
| Opening gas in pipelines                                    |      | 2,214,091                    | 1,945,446          |
| RLNG purchases  |      | 31,206,511                   | 26,027,339         |
| Indigenous gas purchases                                    |      | 72,639,525                   | 80,745,847         |
|   |      | 106,060,127                  | 108,718,632        |
| Gas consumed internally                                     |      | (210,619)                    | (146,221)          |
| Closing gas in pipelines                                    |      | (2,182,842)                  | (2,284,497)        |
|   |      | (2,393,461)                  | (2,430,718)        |
|   |      | 103,666,666                  | 106,287,914        |

Quarter ended  
September 30, September 30,  
2024 2023  
(Un-audited)  
------(Rupees in '000)-----

**22 OTHER OPERATING EXPENSES**

|                                    |                |                  |
|------------------------------------|----------------|------------------|
| Workers' profit participation fund | 258,655        | 231,436          |
| Auditors' remuneration             | 1,863          | 2,120            |
| Sports expenses                    | 7,992          | 5,711            |
| Corporate social responsibility    | 429            | -                |
| Exchange loss                      | -              | 1,218,730        |
|                                    | <b>268,939</b> | <b>1,457,997</b> |

**23 OTHER INCOME**

**Income from financial assets**

|  |                  |                  |
|--|------------------|------------------|
| Income for receivable against asset contribution   | 3,912            | 8,217            |
| Interest income on loan to related party   | 26,325           | 34,992           |
| Late payment surcharge   | 2,308,751        | 609,192          |
| Interest income on late payment of gas bills from SNGPL  | -                | 286,301          |
| Liquidity damages recovered  | 36,809           | 14,564           |
| Return on term deposits and profit and loss bank account   | 114,141          | 35,469           |
| Interest income on late payment of gas bills from<br>Water & Power Development Authority (WAPDA) | -                | 197,570          |
| Dividend income  | 18,469           | 1,305            |
|  | <b>2,508,407</b> | <b>1,187,610</b> |

**Income from other than financial assets**

|  |                  |                  |
|--|------------------|------------------|
| Sale of gas condensate - net   | -                | 22,359           |
| Meter manufacturing division profit - net                            | 397,240          | (32,738)         |
| Meter rentals  | 398,007          | 402,305          |
| RLNG transportation income   | 2,905,667        | 1,850,077        |
| Recognition of income against deferred credit and contract liability | 215,807          | 193,782          |
| Income from LPG air mix distribution - net                           | 52,825           | 61,654           |
| Income from sale of tender documents                                 | 1,768            | 1,843            |
| Scrap sales  | 20,290           | 31,730           |
| Recoveries from customer   | 14,600           | 24,660           |
| Gain on disposal of property, plant and equipment                    | 21,311           | 27,993           |
| Reversal against impaired stores and spares                          | 7,600            | 9,665            |
| Amortization of Government grant                                     | 1,463            | 2,052            |
| Rental income from SSGC LPG Ltd                                      | 409              | 362              |
| Exchange gain  | 600,617          | -                |
| LSA margins against RLNG   | 414,422          | 426,005          |
| Miscellaneous  | 15,713           | 15,038           |
|  | <b>7,576,146</b> | <b>4,224,397</b> |



|  |      | Quarter ended               |                    |
|--|------|-----------------------------|--------------------|
|  |      | September 30, 2024          | September 30, 2023 |
|  |      | (Un-audited)                |                    |
|  |      | ------(Rupees in '000)----- |                    |
| <b>24 TAXATION</b>   | Note |                             |                    |
| Current tax  |      | 1,565,119                   | 4,085,608          |
| Deferred tax   |      | (1,522,049)                 | (3,846,779)        |
|  |      | <u>43,070</u>               | <u>238,829</u>     |
| <b>25 EARNING PER SHARE - BASIC AND DILUTED</b>                      |      |                             |                    |
| Earning for the period   |      | <u>4,871,384</u>            | <u>4,158,464</u>   |
| Average number of ordinary shares                                    |      | <u>880,916,309</u>          | <u>880,916,309</u> |
| Earning per share - basic and diluted                                |      | <u>5.53</u>                 | <u>4.72</u>        |
| <b>26 ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS</b>                   |      |                             |                    |
| Provisions   | 26.1 | 2,467,593                   | 1,096,666          |
| Depreciation on owned assets   |      | 2,389,645                   | 2,053,266          |
| Depreciation on right of use assets                                  |      | 24,320                      | 22,614             |
| Amortization of intangibles  |      | 32,917                      | 32,859             |
| Finance cost   |      | 3,396,173                   | 3,222,836          |
| Amortization of transaction cost                                     |      | 5,794                       | 6,710              |
| Amortization of Government grant                                     |      | (1,463)                     | (2,052)            |
| Recognition of income against deferred credit and contract liability |      | (243,838)                   | (202,720)          |
| Dividend income  |      | (18,469)                    | (1,305)            |
| Interest income and return on term deposits                          |      | (140,466)                   | (554,332)          |
| Gain on disposal of property plant and equipment                     |      | (21,311)                    | (27,993)           |
| Decrease in long term advances                                       |      | (59,075)                    | (380,456)          |
| Increase in deferred credit and contract liability                   |      | 835,371                     | 492,300            |
| Increase in payable against transfer of pipeline                     |      | 13,506                      | 15,256             |
| Finance cost on lease liability                                      |      | 5,671                       | 5,370              |
|  |      | <u>8,686,368</u>            | <u>5,779,019</u>   |
| <b>26.1 PROVISIONS</b>   |      |                             |                    |
| Reversal of Provision against slow moving / obsolete stores          |      | (7,649)                     | (9,137)            |
| Allowance for expected credit loss                                   |      | 1,790,596                   | 439,068            |
| Reversal of Provision against compensated absences                   |      | (13,039)                    | -                  |
| Provision for post retirement medical and free gas supply facilities |      | 312,251                     | 319,136            |
| Provision against retirement benefit                                 |      | 385,434                     | 347,599            |
|  |      | <u>2,467,593</u>            | <u>1,096,666</u>   |

Quarter ended  
September 30, September 30,  
2024 2023  
(Un-audited)  
----- (Rupees in '000) -----

## 27 WORKING CAPITAL CHANGES

### Decrease / (Increase) in current assets

|   |             |              |
|---|-------------|--------------|
| Stores and spares                             | (14,403)    | (186,758)    |
| Stock-in-trade                                | 173,664     | (409,579)    |
| Customers' installation work-in-progress      | (9,702)     | (5,185)      |
| Trade debts                                   | (9,207,136) | 8,776,901    |
| Advances, deposits and short term prepayments | (414,287)   | 48,159       |
| Other receivables                             | 19,059,866  | (54,426,378) |
|   | 9,588,002   | (46,202,840) |

### (Decrease) / Increase in current liabilities

|                          |              |             |
|--------------------------|--------------|-------------|
| Trade and other payables | (13,575,809) | 41,983,452  |
|                          | (3,987,807)  | (4,219,388) |

## 28 CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD

|                        |              |              |
|------------------------|--------------|--------------|
| Cash and bank balances | 1,185,008    | 800,624      |
| Short term borrowings  | (39,664,460) | (39,880,072) |
|                        | (38,479,452) | (39,079,448) |

## 29 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 terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

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

Quarter ended  
September 30, September 30,  
2024 2023  
(Un-audited)  
----- (Rupees in '000) -----

### Government related entities

|   |            |            |
|---|------------|------------|
| - Purchase of fuel and lubricant                        | 107,974    | 26,845     |
| - Sale of gas and allied charges inclusive of sales tax | 22,300,647 | 19,166,148 |
| - Gas purchases - Indigenous gas                        | 43,007,782 | 44,380,682 |

Quarter ended  
September 30, September 30,  
2024 2023  
(Un-audited)  
----- (Rupees in '000) -----

|   | Relationship            |            |            |
|---|-------------------------|------------|------------|
| <b>Government related entities</b>                      |                         |            |            |
| - Gas purchases - RLNG                                  |                         | 31,206,511 | 26,027,339 |
| - Sale of condensate                                    |                         | -          | 26,679     |
| - Sale of gas meters - spare parts                      |                         | 1,712,622  | 349        |
| - Rent  |                         | 2,670      | 3,497      |
| - Insurance premium                                     |                         | 49,501     | 35,845     |
| - Royalty   |                         | 96         | 500        |
| - Licence fee   |                         | 92,926     | 34,200     |
| - PPRA fee  |                         | 3,050      | 4,140      |
| - Telecommunication                                     |                         | 390        | 417        |
| - Electricity expenses                                  |                         | 97,651     | 88,468     |
| - Interest income                                       |                         | -          | 483,871    |
| - Markup expense on short term finance                  |                         | -          | 69,773     |
| - RLNG transportation income                            |                         | 2,905,667  | 1,850,077  |
| - LPG purchases   |                         | 182,641    | 232,590    |
| - Income against LNG service agreement                  |                         | 414,422    | 426,005    |
| - Dividend income                                       |                         | 17,164     | -          |
| - Markup income on bank deposits                        |                         | 2,879      | 3,054      |
| <b>Karachi Grammar School</b>                           | Associate               |            |            |
| - Sale of gas and allied charges inclusive of sales tax |                         | 15         | 15         |
| <b>Key management personnel</b>                         |                         |            |            |
| - Remuneration  |                         | 60,002     | 41,721     |
| <b>Pakistan Institute of Corporate Governance</b>       | Associate               |            |            |
| - Subscription / trainings                              |                         | 212        | -          |
| * <b>Engro Fertilizers Limited</b>                      | Associate               |            |            |
| - Sale of gas and allied charges inclusive of sales tax |                         | -          | 2,265      |
| * <b>Indus Hospital</b>                                 | Associate               |            |            |
| - Sale of gas and allied charges inclusive of sales tax |                         | -          | 467        |
| <b>Pakistan Stock Exchange Limited</b>                  | Associate               |            |            |
| - Sale of gas and allied charges inclusive of sales tax |                         | 25         | 25         |
| - Subscription  |                         | 2,124      | 1,986      |
| ** <b>Pakistan Cables Limited</b>                       | Associate               |            |            |
| - Sale of gas and allied charges inclusive of sales tax |                         | 119,398    | -          |
| <b>SSGC LPG Limited</b>                                 | Wholly owned subsidiary |            |            |
| - Interest on loan                                      |                         | 26,325     | 34,992     |
| - Rental Income   |                         | 409        | 362        |

|  |                         | Quarter ended                |                    |
|--|-------------------------|------------------------------|--------------------|
|  |                         | September 30, 2024           | September 30, 2023 |
|  |                         | (Un-audited)                 |                    |
| Relationship                               |                         | ----- (Rupees in '000) ----- |                    |
| <b>SSGC Alternate Energy (Pvt) Limited</b> | Wholly owned subsidiary |                              |                    |
| - Recoverable expenses                     |                         | 163                          | 2,667              |
| - Mark-up income on receivable balance     |                         | 590                          | -                  |
| <b>Staff retirement benefit plans</b>      | Employee benefit plan   |                              |                    |
| - Contribution to provident fund           |                         | 119,020                      | 121,595            |
| - Contribution to pension fund             |                         | 249,500                      | 289,963            |
| - Contribution to gratuity fund            |                         | 135,934                      | 138,522            |

\* Balances with these parties have been disclosed till the month of common directorship.

\*\* Comparative balances with these parties have not been disclosed as these parties were not related parties in last period.

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

29.2 Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice.

29.3 Remuneration to the executive officers of the Company and loans and advances to them are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Company is received at rates prescribed by the Government of Pakistan.

29.4 Amount (due to) / receivable from / investment in related parties

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

|  | September 30, 2024           | June 30, 2024 |
|--|------------------------------|---------------|
|  | (Un-audited)                 | (Audited)     |
|  | ----- (Rupees in '000) ----- |               |
| <b>Government related entities - various</b> |                              |               |
| - Sale of gas and allied charges             | 55,814,563                   | 58,057,508    |
| - Net investment in finance lease            | 1,609,135                    | 1,609,134     |
| - Gas purchases - Indigenous gas             | (709,770,819)                | (709,357,094) |
| - Gas purchases - RLNG                       | (104,707,236)                | (104,832,096) |
| - Sale of gas condensate                     | 4,365                        | 4,365         |
| - Gas meters and spare parts                 | 2,942,239                    | 2,706,361     |
| - Uniform cost of gas                        | 15,818,846                   | 15,818,846    |
| - Uniform cost of gas-RLNG                   | 20,000,000                   | 20,000,000    |
| - Cash at bank                               | 182,251                      | 171,906       |
| - Stock loan                                 | 1,503                        | 1,503         |
| - Gas supply deposit                         | (221,457)                    | (220,520)     |

|  |                         | September 30,<br>2024<br>(Unaudited) | June 30,<br>2024<br>(Audited) |
|--|-------------------------|--------------------------------------|-------------------------------|
|  | Relationship            | ----- (Rupees in '000) -----         |                               |
| - Contingent rent                          |                         | 19,529                               | 19,529                        |
| - Differential tariff                      |                         | 4,284,080                            | 4,284,080                     |
| - Capacity and utilisation charges of RLNG |                         | 61,969,936                           | 54,587,819                    |
| - RLNG transportation income               |                         | 40,880,836                           | 47,798,343                    |
| - LSA margins                              |                         | 3,092,372                            | 3,032,075                     |
| - Advance for sharing right of way         |                         | (18,088)                             | (18,088)                      |
| - Advance against LPG purchases            |                         | 145,414                              | 143,306                       |
| - Long term deposits                       |                         | 8,867                                | 11,435                        |
| - Prepayment                               |                         | 416,263                              | 140,748                       |
| - Dividend receivable                      |                         | 5,355                                | -                             |
| <b>Karachi Grammar School</b>              | Associate               |                                      |                               |
| - Sale of gas and allied charges           |                         | 5                                    | 5                             |
| - Gas supply deposit                       |                         | (22)                                 | (22)                          |
| <b>Pakistan Stock Exchange</b>             | Associate               |                                      |                               |
| - Sale of gas and allied charges           |                         | 8                                    | 8                             |
| - Gas supply deposit                       |                         | (99)                                 | (99)                          |
| <b>Pakistan Cables Limited</b>             | Associate               |                                      |                               |
| - Sale of gas and allied charges           |                         | 35,360                               | 37,856                        |
| - Gas supply deposit                       |                         | (1,189)                              | (1,189)                       |
| <b>SSGC LPG Limited</b>                    | Wholly owned subsidiary |                                      |                               |
| - Long term investment                     |                         | 1,063,708                            | 1,063,708                     |
| - Interest on loan                         |                         | 26,325                               | 29,433                        |
| - Long term loan                           |                         | 425,000                              | 450,000                       |
| - Current maturity of long term loan       |                         | 75,000                               | 75,000                        |
| - Short term loan                          |                         | 474,287                              | 533,573                       |
| - LPG sales                                |                         | 5,698                                | 5,698                         |
| - Rent on premises                         |                         | 674                                  | 637                           |
| - Receivable against management fees       |                         | 1,408                                | 1,408                         |

|  | September 30,<br>2024<br>(Unaudited) | June 30,<br>2024<br>(Audited) |
|--|--------------------------------------|-------------------------------|
| Relationship                               | ----- (Rupees in '000) -----         |                               |
| <b>SSGC Alternate Energy (Pvt) Limited</b> | Wholly owned subsidiary              |                               |
| - Long term investment                     | 20,000                               | 20,000                        |
| - Other receivables                        | 11,354                               | 11,191                        |
| - Accrued markup income                    | 2,408                                | 1,818                         |

### 30 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 assess their performance. As a result, management has identified the following two segments:

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

#### Segment revenue and results

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

|  | Quarter ended<br>September 30,<br>2024<br>(Un-audited) | September 30,<br>2023 |
|--|--|-----------------------|
|  | ----- (Rupees in '000) -----                           |                       |
|  | Segment profit / (loss)                                |                       |
| <b><u>Return on Assets net of UFG disallowance</u></b> |  |                       |
| Gas transmission                                       | 2,906,148  | 3,077,303             |
| Gas distribution and marketing                         |  |                       |
| - Lower Sindh  | 1,699,213  | 2,816,666             |
| - Upper Sindh  | 1,004,348  | 794,519               |
| - Balochistan  | (1,228,118)  | (2,778,486)           |
| Meter manufacturing                                    | 5,481  | 6,600                 |
| Total segment results                                  | 4,387,072  | 3,916,602             |
| Unallocated  |  |                       |
| Finance cost   | (3,415,350)  | (3,243,462)           |
| Other income - net                                     | 3,942,732  | 3,724,153             |
| Profit before tax                                      | 4,914,454  | 4,397,293             |

|   | September 30,<br>2024<br>(Un-audited)<br>------(Rupees in '000)----- | June 30,<br>2024<br>(Audited) |
|---|--|-------------------------------|
| <b>Segment assets and liabilities</b>                                   |  |                               |
| <b>Segment assets</b>   |  |                               |
| Gas transmission  | 288,472,769  | 288,912,683                   |
| Gas distribution and marketing  |  |                               |
| - Lower Sindh   | 556,947,953  | 565,899,744                   |
| - Upper Sindh   | 130,356,087  | 155,345,150                   |
| - Balochistan   | 178,603,759  | 150,430,278                   |
| Meter manufacturing   | 1,829,264  | 1,829,267                     |
| Total segment assets  | 1,156,209,832  | 1,162,417,122                 |
| Unallocated   |  |                               |
| - Loans and advances  | 1,474,702  | 1,076,442                     |
| - Taxation - net  | 15,219,314   | 13,862,447                    |
| - Interest accrued  | 487,739  | 707,080                       |
| - Cash and bank balances  | 1,185,008  | 1,123,182                     |
|   | 18,366,763   | 16,769,151                    |
| Total assets as per unconsolidated statement of financial position      | 1,174,576,595  | 1,179,186,273                 |
| <b>Segment liabilities</b>  |  |                               |
| Gas transmission  | 155,099,016  | 158,151,577                   |
| Gas distribution and marketing  |  |                               |
| - Lower Sindh   | 574,895,436  | 597,706,123                   |
| - Upper Sindh   | 129,813,408  | 154,712,934                   |
| - Balochistan   | 303,847,226  | 262,571,157                   |
| Meter manufacturing   | 127,275  | 127,276                       |
|   | 1,008,683,345  | 1,015,117,490                 |
| Total liabilities as per unconsolidated statement of financial position | 1,163,782,361  | 1,173,269,067                 |

### 31 FAIR VALUE OF MEASUREMENT

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

#### 31.1 Fair value of financial instruments

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

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

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

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

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

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

|  | As at September 30, 2024 |         |         |         |
|--|--------------------------|---------|---------|---------|
|  | Level 1                  | Level 2 | Level 3 | Total   |
|  | -----Rupees in '000----- |         |         |         |
| <b>Assets</b>                                  |                          |         |         |         |
| <b>Fair value through OCI Financial Assets</b> |                          |         |         |         |
| Quoted equity securities                       | 262,349                  | -       | -       | 262,349 |

|  | As at June 30, 2024      |         |         |         |
|--|--------------------------|---------|---------|---------|
|  | Level 1                  | Level 2 | Level 3 | Total   |
|  | -----Rupees in '000----- |         |         |         |
| <b>Assets</b>                                  |                          |         |         |         |
| <b>Fair value through OCI Financial Assets</b> |                          |         |         |         |
| Quoted equity securities                       | 256,705                  | -       | -       | 256,705 |

The Company has not disclosed the fair values of all other financial assets and liabilities as their carrying amounts are reasonable approximation of their fair values.

### 31.2 Fair value of other assets

Freehold land and leasehold land are stated at revalued amount as at reporting date, the fair value hierarchy is as follows:

|                | As at September 30, 2024 |                   |
|----------------|--------------------------|-------------------|
|                | Level 2                  | Fair Value        |
|                | -----Rupees in '000----- |                   |
| Freehold land  | 43,452,760               | 43,452,760        |
| Leasehold land | 17,079,104               | 17,079,104        |
|                | <u>60,531,864</u>        | <u>60,531,864</u> |
|                |                          |                   |
|                | As at June 30, 2024      |                   |
|                | Level 2                  | Fair Value        |
|                | -----Rupees in '000----- |                   |
| Freehold Land  | 43,452,760               | 43,452,760        |
| Leasehold Land | 17,079,104               | 17,079,104        |
|                | <u>60,531,864</u>        | <u>60,531,864</u> |

## 32 GENERAL

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

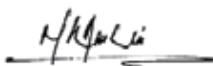
**32.2** Corresponding figures have been rearranged and reclassified, wherever necessary.

## 33 DATE OF AUTHORISATION

These unaudited unconsolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on June 23 2025.



**Dr. Shamshad Akhtar**  
Chairperson



**Muhammad Amin Rajput**  
Managing Director



**Wajeeh Uddin Sheikh**  
Chief Financial Officer





Consolidated Condensed Interim Financial Information (Un-Audited)  
for the quarter ended September 30, 2024

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION


As at September 30, 2024

|   |      | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|---|------|---------------------------------------|-------------------------------|
|   | Note | ----- (Rupees in '000) -----          |                               |
| ASSETS  |      |                                       |                               |
| Non-current assets                            |      |                                       |                               |
| Property, plant and equipment                 | 5    | 211,098,363                           | 207,513,021                   |
| Intangible assets                             |      | 153,928                               | 186,844                       |
| Right of use assets                           | 6    | 142,436                               | 104,742                       |
| Deferred tax                                  | 7    | 12,631,438                            | 11,045,364                    |
| Long term investments                         | 8    | 262,349                               | 256,705                       |
| Long term loans and advances                  |      | 135,161                               | 185,309                       |
| Long term deposits                            |      | 23,238                                | 22,721                        |
| Total non-current assets                      |      | 224,446,913                           | 219,314,706                   |
| Current assets                                |      |                                       |                               |
| Stores, spares and loose tools                |      | 4,039,306                             | 4,037,364                     |
| Stock-in-trade                                |      | 4,032,953                             | 4,486,443                     |
| Customers' installation work-in-progress      |      | 299,078                               | 289,376                       |
| Trade debts                                   | 9    | 134,906,328                           | 127,486,086                   |
| Loans and advances                            |      | 365,254                               | 367,869                       |
| Advances, deposits and short term prepayments |      | 855,051                               | 443,476                       |
| Interest accrued                              | 10   | 711,359                               | 679,451                       |
| Other receivables                             | 11   | 790,555,506                           | 809,220,151                   |
| Taxation - net                                |      | 17,481,634                            | 16,126,534                    |
| Short term investments                        |      | 129,223                               | 129,223                       |
| Cash and bank balances                        |      | 1,600,710                             | 2,135,525                     |
| Total current assets                          |      | 954,976,402                           | 965,401,498                   |
| TOTAL ASSETS                                  |      | 1,179,423,315                         | 1,184,716,204                 |

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



**Dr. Shamshad Akhtar**  
Chairperson



**Muhammad Amin Rajput**  
Managing Director



**Wajeeh Uddin Sheikh**  
Chief Financial Officer

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2024

|   |      | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|---|------|---------------------------------------|-------------------------------|
|   | Note | ----- (Rupees in '000) -----          |                               |
| <b>EQUITY AND LIABILITIES</b>                           |      |                                       |                               |
| <b>EQUITY</b>   |      |                                       |                               |
| <b>Share capital and reserves</b>                       |      |                                       |                               |
| Share capital   |      | 8,809,163                             | 8,809,163                     |
| Reserves  |      | 4,907,401                             | 4,907,401                     |
| Surplus on re-measurement of FVTOCI investments         |      | 225,822                               | 220,178                       |
| Surplus on revaluation of property plant and equipment  |      | 60,742,638                            | 60,742,638                    |
| Accumulated losses                                      |      | (60,434,396)                          | (65,629,182)                  |
| Total equity  |      | 14,250,628                            | 9,050,198                     |
| <b>LIABILITIES</b>                                      |      |                                       |                               |
| <b>Non-current liabilities</b>                          |      |                                       |                               |
| Long term financing                                     | 12   | 27,507,958                            | 34,561,767                    |
| Long term deposits                                      |      | 36,622,805                            | 32,160,682                    |
| Employee benefits                                       |      | 7,516,167                             | 7,270,658                     |
| Payable against transfer of pipeline                    |      | 500,828                               | 523,169                       |
| Deferred credit   | 13   | 5,541,614                             | 5,759,812                     |
| Contract liabilities                                    | 14   | 10,962,900                            | 10,274,822                    |
| Lease liability   |      | 44,399                                | 40,730                        |
| Long term advances                                      |      | 2,449,129                             | 2,508,204                     |
| <b>Total non-current liabilities</b>                    |      | 91,145,800                            | 93,099,844                    |
| <b>Current liabilities</b>                              |      |                                       |                               |
| Current portion of long term financing                  | 12   | 12,666,423                            | 7,978,924                     |
| Current portion of payable against transfer of pipeline |      | 86,441                                | 84,527                        |
| Current portion of deferred credit                      | 13   | 675,198                               | 566,724                       |
| Current portion of contract liabilities                 | 14   | 300,156                               | 286,977                       |
| Current portion lease liability                         |      | 93,622                                | 68,706                        |
| Short term borrowings                                   | 15   | 39,664,460                            | 37,774,786                    |
| Trade and other payables                                | 16   | 1,017,351,648                         | 1,032,149,553                 |
| Short term deposits                                     |      | 56,417                                | 56,370                        |
| Unclaimed dividend                                      |      | 285,340                               | 285,340                       |
| Interest accrued  | 17   | 2,847,182                             | 3,314,255                     |
| <b>Total current liabilities</b>                        |      | 1,074,026,887                         | 1,082,566,162                 |
| <b>Total liabilities</b>                                |      | 1,165,172,687                         | 1,175,666,006                 |
| Contingencies and commitments                           | 18   |                                       |                               |
| <b>TOTAL EQUITY AND LIABILITIES</b>                     |      | 1,179,423,315                         | 1,184,716,204                 |

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

**Dr. Shamshad Akhtar**  
Chairperson

**Muhammad Amin Rajput**  
Managing Director

**Wajeeh Uddin Sheikh**  
Chief Financial Officer

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS


For the Quarter ended September 30, 2024

|   |    | Quarter ended<br>September 30, 2024 | Quarter ended<br>September 30, 2023 |
|---|----|-------------------------------------|-------------------------------------|
|   |    | (Un-Audited)                        |                                     |
| Note  |    | (Rupees in '000)                    |                                     |
| Revenue from Contracts with Customers - Gas Sales | 19 | 132,941,056                         | 72,109,494                          |
| Tariff adjustments                                | 20 | (17,952,763)                        | 46,929,879                          |
| Net sales   |    | 114,988,293                         | 119,039,373                         |
| Cost of sales                                     | 21 | (110,367,613)                       | (112,095,250)                       |
| <b>Gross profit</b>                               |    | <b>4,620,680</b>                    | <b>6,944,123</b>                    |
| Administrative and selling expenses               |    | (1,852,236)                         | (1,721,784)                         |
| Other operating expenses                          | 22 | (268,939)                           | (1,458,256)                         |
| Allowance for expected credit loss                |    | (1,790,596)                         | (401,466)                           |
|   |    | (3,911,771)                         | (3,581,506)                         |
|   |    | 708,909                             | 3,362,617                           |
| Other income                                      | 23 | 8,015,573                           | 4,953,551                           |
| <b>Profit before finance cost and taxation</b>    |    | <b>8,724,482</b>                    | <b>8,316,168</b>                    |
| Finance cost                                      |    | (3,416,641)                         | (3,310,062)                         |
| <b>Profit before taxation</b>                     |    | <b>5,307,841</b>                    | <b>5,006,106</b>                    |
| Levy  |    |                                     |                                     |
| Minimum tax differential                          |    | (68,096)                            | (137,901)                           |
| Final tax   |    | (2,770)                             | (195)                               |
|   |    | (70,866)                            | (138,096)                           |
| <b>Profit / (loss) before taxation</b>            |    | <b>5,236,975</b>                    | <b>4,868,010</b>                    |
| Taxation  | 24 | (42,189)                            | (326,226)                           |
| <b>Profit for the period</b>                      |    | <b>5,194,786</b>                    | <b>4,541,784</b>                    |
| <b>Earning per share - basic and diluted</b>      | 25 | <b>5.90</b>                         | <b>5.16</b>                         |

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



Dr. Shamshad Akhtar  
Chairperson



Muhammad Amin Rajput  
Managing Director




Wajeeh Uddin Sheikh  
Chief Financial Officer

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**For the Quarter ended September 30, 2024**

|   | Quarter ended                |                     |
|---|------------------------------|---------------------|
|   | September 30, 2024           | 'September 30, 2023 |
|   | (Un-Audited)                 |                     |
|   | ----- (Rupees in '000) ----- |                     |
| Profit for the period   | 5,194,786                    | 4,541,784           |
| Other comprehensive income  |                              |                     |
| Items that will not be reclassified to profit or loss in subsequent periods:                              |                              |                     |
| Unrealised profit on re-measurement of financial assets at fair value through other comprehensive income. | 5,644                        | 26,692              |
| <b>Total comprehensive income for the period</b>  | <b>5,200,430</b>             | <b>4,568,476</b>    |

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



**Dr. Shamshad Akhtar**  
Chairperson



**Muhammad Amin Rajput**  
Managing Director



**Wajeeh Uddin Sheikh**  
Chief Financial Officer

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY


### For the Quarter ended September 30, 2024

|   | Issued,<br>subscribed<br>and paid-up<br>capital | Capital<br>reserves | Revenue<br>reserves | Surplus on re-<br>measurement<br>of FVTOCI<br>investments<br>(Rupees in '000) | Surplus on<br>revaluation<br>of property<br>plant and<br>equipment | Accumulated<br>losses | Total       |
|---|---|---------------------|---------------------|---|--|-----------------------|-------------|
| Balance as at July 1, 2023 (Audited)                                | 8,809,163                                       | 234,868             | 4,672,533           | 115,177   | 60,742,638   | (75,591,728)          | (1,017,349) |
| Total comprehensive income for the quarter ended September 30, 2023 |   |                     |                     |   |  |                       |             |
| Profit for the period   | -   | -                   | -                   | -   | -  | 4,541,784             | 4,541,784   |
| Other comprehensive income for the period                           | -   | -                   | -                   | 26,692  | -  | -                     | 26,692      |
| Total comprehensive income for the period                           | -   | -                   | -                   | 26,692  | -  | 4,541,784             | 4,568,476   |
| Balance as at September 30, 2023                                    | 8,809,163                                       | 234,868             | 4,672,533           | 141,869   | 60,742,638   | (71,049,944)          | 3,551,127   |
| Balance as at July 1, 2024 (Audited)                                | 8,809,163                                       | 234,868             | 4,672,533           | 220,178   | 60,742,638   | (65,629,182)          | 9,050,198   |
| Total comprehensive income for the quarter ended September 30, 2024 |   |                     |                     |   |  |                       |             |
| Profit for the period   | -   | -                   | -                   | -   | -  | 5,194,786             | 5,194,786   |
| Other comprehensive income for the period                           | -   | -                   | -                   | 5,644   | -  | -                     | 5,644       |
| Total comprehensive income for the period                           | -   | -                   | -                   | 5,644   | -  | 5,194,786             | 5,200,430   |
| Balance as at September 30, 2024                                    | 8,809,163                                       | 234,868             | 4,672,533           | 225,822   | 60,742,638   | (60,434,396)          | 14,250,628  |

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



**Dr. Shamshad Akhtar**  
Chairperson



**Muhammad Amin Rajput**  
Managing Director





**Wajeeh Uddin Sheikh**  
Chief Financial Officer

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW**  
**For the Quarter ended September 30, 2024**

|  |             | Quarter ended                |                    |
|--|-------------|------------------------------|--------------------|
|  |             | September 30, 2024           | September 30, 2023 |
|  |             | (Un-Audited)                 |                    |
|  |             | ----- (Rupees in '000) ----- |                    |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>             | <b>Note</b> |                              |                    |
| Profit before finance cost and taxation                |             | 5,307,841                    | 5,006,106          |
| Adjustments for non-cash and other items               | 26          | 8,741,298                    | 6,862,722          |
| Working capital changes                                | 27          | (4,699,595)                  | (3,395,124)        |
| Financial charges paid                                 |             | (3,863,660)                  | (3,811,548)        |
| Employee benefits paid                                 |             | (48,703)                     | (59,383)           |
| Payment for retirement benefits                        |             | (1,023,184)                  | (375,647)          |
| Long / short term deposits received - net              |             | 4,462,170                    | 41,417             |
| Loans and advances to employees - net                  |             | 52,763                       | 116,805            |
| Interest income and return on term deposits received   |             | 117,163                      | 35,470             |
| Income taxes paid                                      |             | (3,054,229)                  | (781,460)          |
| Net cash generated from operating activities           |             | 5,991,864                    | 3,639,358          |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>             |             |                              |                    |
| Payments for property, plant and equipment             |             | (6,023,951)                  | (5,721,996)        |
| Payments against transfer of pipeline                  |             | (33,933)                     | (33,933)           |
| Proceeds from sale of property, plant and equipment    |             | 29,054                       | 36,693             |
| Dividend received                                      |             | 18,469                       | 1,305              |
| Net cash used in investing activities                  |             | (6,010,361)                  | (5,717,931)        |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>             |             |                              |                    |
| Repayments of local currency loans                     |             | (2,366,609)                  | (2,333,333)        |
| Repayment of customer finance                          |             | -                            | (69)               |
| Repayment of lease liability                           |             | (39,383)                     | (35,580)           |
| Net cash used in financing activities                  |             | (2,405,992)                  | (2,368,982)        |
| Net (decrease) / increase in cash and cash equivalents |             | (2,424,489)                  | (4,447,555)        |
| Cash and cash equivalents at beginning of the period   |             | (35,639,261)                 | (34,427,829)       |
| Cash and cash equivalents at end of the period         | 28          | (38,063,750)                 | (38,875,384)       |

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

  
**Dr. Shamshad Akhtar**  
Chairperson

  
**Muhammad Amin Rajput**  
Managing Director

  
**Wajeeh Uddin Sheikh**  
Chief Financial Officer

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

**1 THE GROUP AND ITS OPERATIONS**

**1.1 The "Group" consists of:**

**Holding Company**

- Sui Southern Gas Company Limited

**Subsidiary Company**

- SSGC LPG Limited
- SSGC Alternate Energy (Private) Limited

| Percentage of holding |      |
|-----------------------|------|
| 2024                  | 2023 |
| %                     | %    |
| 100                   | 100  |
| 100                   | 100  |

**Sui Southern Gas Company Limited**

Sui Southern Gas Group Limited ("the Holding Group") is a public limited Group incorporated in Pakistan under the Companies Act, 2017 (repealed Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange. The Holding Group came into being on March 30, 1989 after the amalgamation of Karachi Gas Group, Indus Gas Group and Sui Gas Transmission Group. The main activity of the Holding Group is transmission and distribution of natural gas in Sindh and Balochistan. The Holding Group 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 Muhammad Suleman Road, Block 14, Gulshan- e-Iqbal, Karachi, whereas, meter manufacturing plant is situated at its' registered office.

| Region          | Address   |
|-----------------|---|
| Karachi West    | 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       | Opposite New Eidgah, National Highway Qasimabad, Hyderabad.               |
| Nawabshah       | Near Sikandar Art Gallery Housing Society, Nawabshah.                     |
| Sukkur          | Golimar Road, SITE Area Sukkur.   |
| Larkana         | Near Shaikh Zaid Women Hospital, Larkana.                                 |
| Quetta          | Samungli Road, Quetta.  |

**SSGC LPG Limited**

SSGC LPG Limited (the Group) is a public limited Group incorporated in Pakistan on October 23, 2009 under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017). During the year, the Group has converted its status from private limited Group to public limited Group. The principal activities of the Group are sourcing, marketing, mixing, blending, change in composition of LPG and sales of Liquefied Petroleum Gas (LPG) and provision of terminal and storage services.



The Group acquired the assets including LPG import terminal, bulk storage at Port Qasim and bottling plants at Haripur and Muridke through the High Court of Sindh auction during October 2011.

**The Subsidiary Group 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 Sheikhhpura Bedad Road, Muridke Punjab through the High Court of Sindh auction during October 2011.

The main activity of the Subsidiary Group is sourcing, marketing and sales of Liquefied Petroleum Gas (LPG) and providing of terminal and storage services.

**SSGC Alternate Energy (Private) Limited**

SSGC Alternate Energy was incorporated in Pakistan on 08 September 2022 under the Companies Act, 2017 as a Private Limited Group. The principal activity of the Group will be to provide production, storage, sale, supply and distribution of conventional and alternate energy. The registered office of the Group is situated at SSGC House, Street no. 48, Shah Suleman Road, Block 14, Gulshan-e-Iqbal, Karachi. The Group is a wholly owned subsidiary of Sui Southern Gas Group Limited "the parent Group".

**1.2 Basis of consolidation**

These condensed interim consolidated financial statements include the financial statements of the Holding Group and its Subsidiaries.

A Group is a subsidiary, if the Holding Group directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Holding Group obtains control and continue to be consolidated until the date when such.

Control is achieved when the Group:

- has power over the investee;
- is exposed or has rights, to variable returns from involvement with the investee ; and
- has the ability to use its power to affect its returns.

The assets and liabilities of the subsidiary have been consolidated on a line by line basis and the carrying value of the investment held by the Holding Group has been eliminated against corresponding holding in subsidiary' shareholders' equity in the condensed interim consolidated financial statements.

Inter-Group transactions, balances and unrealized gain / (losses) on transactions between Group are eliminated. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where the ownership of a subsidiary is less than hundred percent and therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance. However, there is no NCI is recorded, as the subsidiary is 100% owned by the Holding Group.

However, the Holding Group and its subsidiaries constitute a Group. Wherever a matter in these condensed interim consolidated financial statements specifically pertains to the Holding Group or its subsidiary, the terms 'Holding Group' or 'the Subsidiary Group' are used. Otherwise, the term 'Group' is used to collectively refer to the Holding Group and the Subsidiary Group.

### **1.3 Regulatory framework**

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA) under the OGRA Ordinance, 2002, the Group is provided with a minimum annual return before taxation based on Weighted Average Cost of Capital ("WACC") from the year 2019 in place of the fixed rate of return of the average operating assets excluding interest, other non-operating expenses and non-operating income from the reference figures.

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).

## **2 BASIS FOR PREPARATION**

### **2.1 Statement of compliance**

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed for the preparation and presentation of these condensed interim consolidated financial statements.

**2.2** These consolidated condensed interim financial statements do not include all the statements and disclosures required for full annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group as at and for the year ended June 30, 2024 which have been prepared in accordance with accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

**2.3** The comparative consolidated statement of financial position presented in these consolidated condensed interim statement of financial position has been extracted from the annual audited consolidated financial statements of the Group for the year ended June 30, 2024, whereas the comparative consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of cash flows and consolidated condensed interim statement of changes in equity are extracted from the unaudited consolidated condensed interim financial statements for the quarter ended September 30, 2023.

### **2.4 Basis of measurement**

These condensed interim consolidated financial statements have been prepared under the historical cost convention unless stated otherwise.

## **2.5 Functional and presentation currency**

These condensed interim consolidated financial statements have been presented in Pakistani Rupee, which is the functional and presentation currency of the Group.

## **3 MATERIAL ACCOUNTING POLICIES INFORMATION**

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim consolidated financial statements are same as those for the preceding annual consolidated financial statements for the year ended June 30, 2024.

### **3.1 Initial application of standards, amendments or an interpretation to existing standards**

#### **a) Standards, amendments and interpretations to accounting standards that are effective in the current period**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2024, but are considered not to be relevant or expected to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim financial statements.

#### **b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group**

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 01, 2024, but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these condensed interim financial statements.

## **4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

#### **4.1 Significant accounting policies and methods of computation applied for the preparation of these consolidated condensed interim financial statements are the same as those applied in preparation of the annual consolidated audited financial statements of the Group for the year ended June 30, 2024.**

#### **4.2 The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended June 30, 2024.**

Further, the charge in respect of staff retirement benefits has been recognised on the basis of Actuarial projection for FY 2023-24, hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

#### **4.3 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Group's accounting period beginning on or after July 01, 2024. These standards, interpretations and amendments are either not relevant to the Group's operations or are not expected to have a significant effect on this condensed interim financial statements.**

#### **4.4 The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended June 30, 2024.**

|          |                                      | September 30,<br>2024<br>(Un-audited)<br>----- (Rupees in '000) ----- | June 30,<br>2024<br>(Audited) |
|----------|--------------------------------------|---|-------------------------------|
| <b>5</b> | <b>PROPERTY, PLANT AND EQUIPMENT</b> | Note  |                               |
|          | Operating assets                     | 5.1   | 191,961,434                   |
|          | Capital work-in-progress             | 5.3   | 19,136,929                    |
|          |                                      |   | <u>211,098,363</u>            |
|          |                                      |   | <u>192,697,545</u>            |

**5.1** Following is the movement in property, plant and equipment during the period / year:

|   |                    |                    |
|---|--------------------|--------------------|
| Operating fixed assets (WDV) - opening balance                          | 192,697,545        | 178,316,370        |
| Add: Additions (including transfers from CWIP) during the period / year | 1,723,608          | 24,121,755         |
|   | <u>194,421,153</u> | <u>202,438,125</u> |
| Less: Disposals during the period / year (WDV)                          | (7,674)            | (758,489)          |
| Less: Depreciation charge for the period / year                         | (2,452,045)        | (8,982,091)        |
| Operating fixed assets (WDV) - closing balance                          | <u>191,961,434</u> | <u>192,697,545</u> |

**5.2** Following additions / transfer and deletions were made during the period in operating fixed

|                                    | September 30,<br>2024<br>(Un-audited)<br>----- (Rupees in '000) ----- |                    |
|------------------------------------|---|--------------------|
|                                    | Additions<br>(Cost)   | Deletion<br>(Cost) |
| Buildings on leasehold land        | 812   | -                  |
| Civil structure on lease hold land |   |                    |
| - testle and jetty                 | 9,908   |                    |
| Gas transmission pipeline          | 265,624   | -                  |
| Gas distribution system            | 1,013,570   | -                  |
| Telecommunication                  | 4,740   | -                  |
| Plant and machinery                | 134,753   | -                  |
| Cylinders                          | 2,216   | -                  |
| Tools and equipment                | 14,893  | -                  |
| Compressors                        | 24,194  |                    |
| Motor vehicles                     | 206,227   | (28,149)           |
| Furniture and fixture              | 3,306   | -                  |
| Office equipment                   | 3,924   | -                  |
| Computer and ancillary equipment   | 39,441  | -                  |
|                                    | <u>1,723,608</u>  | <u>(28,149)</u>    |

|   | September 30,<br>2024<br>(Un-audited)<br>----- (Rupees in '000) ----- | June 30,<br>2024<br>(Audited) |
|---|---|-------------------------------|
| <b>5.3 Capital work in progress</b>             |   |                               |
| Projects:                                       |   |                               |
| Gas distribution system                         | 7,676,078   | 4,071,374                     |
| Gas transmission system                         | 1,299,777   | 1,145,682                     |
| Cost of buildings under construction and others | 1,419,153   | 1,050,610                     |
|   | <b>10,395,008</b>   | <b>6,267,666</b>              |
| Stores and spares held for capital projects     | 8,931,800   | 8,739,675                     |
| LPG air mix plant                               | 262,673   | 260,687                       |
|   | <b>9,194,473</b>  | <b>9,000,362</b>              |
| Impairment of capital work in progress          | (452,552)   | (452,552)                     |
|   | <b>19,136,929</b>   | <b>14,815,476</b>             |

**5.3.1** Transfers from capital work in progress during the period amounting to Rs. 6,045 million (June 2024: Rs. 24,085 million).

|                                    |                              |                |
|------------------------------------|------------------------------|----------------|
| <b>6 RIGHT OF USE ASSETS</b>       | ----- (Rupees in '000) ----- |                |
| Cost                               | 254,240                      | 204,155        |
| Accumulated depreciation           | (111,804)                    | (99,413)       |
| Net book value                     | <b>142,436</b>               | <b>104,742</b> |
| <b>Cost</b>                        |                              |                |
| Opening balance                    | 204,155                      | 187,929        |
| Additions during the period        | 63,420                       | 106,112        |
| Derecognition during the period    | (13,335)                     | (89,886)       |
| Ending balance                     | <b>254,240</b>               | <b>204,155</b> |
| <b>Accumulated depreciation</b>    |                              |                |
| Opening balance                    | 99,413                       | 100,586        |
| Depreciation charge for the period | 24,234                       | 82,984         |
| Derecognition during the period    | (11,843)                     | (84,157)       |
| Ending balance                     | <b>111,804</b>               | <b>99,413</b>  |

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

|  |           | September 30,<br>2024<br>(Un-audited)<br>----- (Rupees in '000) ----- | June 30,<br>2024<br>(Audited) |
|--|-----------|---|-------------------------------|
|  | Note      |   |                               |
| <b>7 DEFERRED TAX</b>  |           |   |                               |
| Opening  |           | 11,045,364  | 8,398,508                     |
| Recognized during the period   |           | 1,586,074   | 2,646,856                     |
| Closing  |           | 12,631,438  | 11,045,364                    |
| As at September 30, 2024, the Company has a net deferred tax asset of Rs. 26,122 million (June 30, 2024: Rs. 29,945 million) out of which a deferred tax asset amounting to Rs. 12,631 million (June 30, 2024: Rs. 11,045 million) has been recognised and remaining balance of Rs 13,491 million (June 30, 2024: Rs. 18,900 million) is unrecognised. |           |   |                               |
| <b>8 LONG TERM INVESTMENTS</b>   |           |   |                               |
| Investment - at fair value through<br>other comprehensive income   | 8.1       | 262,349   | 256,705                       |
| <b>8.1 Investment - at fair value through other comprehensive income</b>   |           |   |                               |
| Investment in related parties  |           |   |                               |
| Sui Northern Gas Pipelines Limited   |           |   |                               |
| 2,414,174 (June 2024: 2,414,174) ordinary<br>shares of Rs. 10 each   |           | 153,879   | 153,228                       |
| Pakistan Refinery Limited  |           |   |                               |
| 3,150,000 (June 2024: 3,150,000) ordinary<br>shares of Rs. 10 each   |           | 73,899  | 73,080                        |
| Other investments  |           |   |                               |
| United Bank Limited  |           |   |                               |
| 118,628 (June 2024: 118,628) ordinary<br>shares of Rs. 10 each   |           | 34,571  | 30,397                        |
|  |           | 262,349   | 256,705                       |
| <b>9 TRADE DEBTS</b>   |           |   |                               |
| Considered good  |           |   |                               |
| secured  |           | 40,777,396  | 29,060,089                    |
| unsecured  |           | 94,128,932  | 98,425,997                    |
|  | 9.1 & 9.2 | 134,906,328   | 127,486,086                   |
| Considered doubtful  |           | 29,272,563  | 27,481,967                    |
|  |           | 164,178,891   | 154,968,053                   |
| Less: Allowance for expected credit loss   | 9.3       | (29,272,563)  | (27,481,967)                  |
|  |           | 134,906,328   | 127,486,086                   |

- 9.1** It includes receivable from K-Electric Limited (KE) related to the sale of indigenous gas amounting to Rs. 26,582 million, including a long outstanding balance of Rs. 26,289 million (June 2024 Rs. 26,289 million), excluding Gas Infrastructure Development Cess (GIDC).

As KE has been continuously defaulting and not making principle as well as LPS payment, the Holding Company filed a suit against KE in the Honourable High Court of Sindh in November 2012, for recovery of Rs. 55,705 million including principal outstanding amounting to Rs. 45,705 million on account of the supply of gas and Rs. 10,000 million on account of LPS. In addition, KE has also filed a case against the Holding Company in the Honourable 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.

The above suit has been filed based 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 highest of:

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

Despite the agreement, KE continuously defaulted on installment payments, and the Holding Company therefore charged LPS up to June 2016. However, in line with opinions from firms of Chartered Accountants, the management decided to recognize LPS on a receipt basis effective from July 1, 2012, and accordingly reversed the LPS income that had been recognized from June 30, 2012 onwards.

However, the Holding Company maintains a memorandum records which indicate an aggregate LPS income of Rs. 186,048 million (June 2024: Rs. 178,696 million) including LPS income for the period ended September 30, 2024 of Rs. 7,352 million (June 2024: Rs. 31,936 million) which has not been recognized in the consolidated financial statements. As of the reporting date, the aggregate legal claim on account of disputed balances works out to be Rs. 212,337 million.

In view of the legal counsel of the Holding Company, the management considers outstanding balance as good and recoverable. The legal counsel also viewed that the Holding Company has a valid 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 June 2022, a Task Force was constituted by the then Prime Minister to resolve issues/disputes related to KE. During their meetings, it was decided to enter into a multi-party Mediation Agreement in order to resolve KE's receivables and payables issues between all the stakeholders. Accordingly, after deliberations, a Mediation Agreement has been executed between the Stakeholders. The Federal Cabinet also ratified the decision, and the Mediation Agreement was also cleared by the Law & Justice Division. Parties have submitted their respective claims to the Mediator, and the mediation is now in process.

- 9.2** It includes receivables from Pakistan Steel Mills Corporation Limited (PSML) amounting to Rs. 21,778 million (June 2024: Rs. 21,778 million) which includes a LPS of Rs. 2,050 million (June 2024: Rs. 2,050 million) receivable against sale of indigenous gas. This includes an overdue amount of Rs. 21,778 million (June 2024: Rs. 21,604 million) as at September 30, 2024.

The PSML has been defaulting and not making payments of principal as well as LPS, therefore Holding Company charged LPS up to June 2016. However, in line with opinions from firms of Chartered Accountants, the management decided to recognize LPS on a receipt basis effective from July 1, 2012, and accordingly reversed the LPS income that had been recognized from June 30, 2012 onwards.

However, the Holding Company maintains a memorandum account shown aggregate LPS income of Rs. 75,231 million (June 2024: Rs. 74,345 million) including LPS income for the period ended September 30, 2024 of Rs. 886 million (June 2024: Rs. 9,876 million) which has not been recognized in the consolidated financial statements.

The Holding Company filed a suit in the Honourable High Court of Sindh in April 2016, for recovery of its outstanding amount of gas bills and LPS aggregate claim amounting to Rs. 41,354 million up to February 2016.

On April, 2016, the Honourable 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 upto the extent of this amount.

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.

Currently, PSML's financial position is adverse, and has no capacity to repay its obligations on its own. It's management believes that in case the financial asset is not realised from PSML, the entire amount as appeared in books of accounts will be claimed from OGRA in the determination of revenue requirements of the Holding Company.

|  | September 30,<br>2024<br>(Un-audited)<br>------(Rupees in '000)----- | June 30,<br>2024<br>(Audited) |
|--|--|-------------------------------|
| <b>9.3 The movement in allowance for expected credit loss is as follows:</b> |  |                               |
| Balance as at July 1,  | 27,481,967   | 25,531,670                    |
| Provision made during the year   | 1,790,596  | 1,950,297                     |
| Balance as at June 30,   | <u>29,272,563</u>  | <u>27,481,967</u>             |

|  | September 30,<br>2024<br>(Un-audited)<br>------(Rupees in '000)----- | June 30,<br>2024<br>(Audited) |
|--|--|-------------------------------|
| <b>10 INTEREST ACCRUED</b>   |  |                               |
| Interest accrued on late payment of bills / invoices from<br>- Jamshoro Joint Venture Limited (JJVL) | 239,689  | 239,689                       |
| Interest accrued on sales tax refund   | 487,739  | 487,739                       |
| Accrued markup on bank deposits and others   | 96,331   | 64,423                        |
|  | <u>823,759</u>   | <u>791,851</u>                |
| Provision against impaired accrued income  | (112,400)  | (112,400)                     |
|  | <u>711,359</u>   | <u>679,451</u>                |



|      |   | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |             |
|------|---|---------------------------------------|-------------------------------|-------------|
|      |   | ----- (Rupees in '000) -----          |                               |             |
| 11   | OTHER RECEIVABLES   | Note                                  |                               |             |
|      | Tariff adjustments indigenous gas - receivable from GoP   | 11.1                                  | 548,914,309                   | 564,329,233 |
|      | Receivable for sale of gas condensate                     |                                       | 4,347                         | 4,347       |
|      | Receivable from gratuity fund                             |                                       | 6,919                         | 9,833       |
|      | Receivable from SNGPL                                     | 11.2                                  | 146,216,351                   | 145,795,900 |
|      | Receivable from JJVL                                      | 11.3                                  | 2,262,314                     | 2,262,314   |
|      | Staff pension fund  |                                       | 429,924                       | -           |
|      | Receivable from Pakistan LNG Limited                      |                                       | 1,458,382                     | 1,353,924   |
|      | Gas infrastructure development cess receivable            |                                       | 6,865,872                     | 6,894,354   |
|      | Receivable from GPO against gas bill collection           | 11.4                                  | 2,315,215                     | 2,315,215   |
|      | Sales tax receivable                                      | 11.5                                  | 83,796,718                    | 87,664,269  |
|      | Sindh sales tax receivable                                |                                       | 582,653                       | 766,751     |
|      | Receivable against asset contribution                     | 11.6                                  | 196,387                       | 231,767     |
|      | Accrued markup  |                                       | 3,929                         | -           |
|      | Miscellaneous receivable                                  |                                       | 46,954                        | 137,012     |
|      |   |                                       | 793,100,274                   | 811,764,919 |
|      | Provision against impaired receivables                    |                                       | (2,544,768)                   | (2,544,768) |
|      |   |                                       | 790,555,506                   | 809,220,151 |
| 11.1 | Tariff adjustments indigenous gas - receivable from GoP   |                                       |                               |             |
|      | Opening balance   |                                       | 564,329,233                   | 498,763,608 |
|      | Recognized during the period                              |                                       | (15,701,721)                  | 63,878,757  |
|      | Subsidy for LPG air mix operations                        |                                       | 286,797                       | 1,686,868   |
|      | Ending balance  |                                       | 548,914,309                   | 564,329,233 |
| 11.2 | Receivable balance from SNGPL comprises of the following: |                                       |                               |             |
|      | Differential tariff                                       |                                       | 4,284,080                     | 4,284,080   |
|      | Uniform cost of gas                                       |                                       | 15,818,845                    | 15,818,845  |
|      | Uniform cost of RLNG                                      |                                       | 20,000,000                    | 20,000,000  |
|      | Lease rentals   |                                       | 1,609,135                     | 1,609,134   |
|      | Contingent rent   |                                       | 19,529                        | 19,529      |
|      | LSA margins   |                                       | 3,092,372                     | 3,032,074   |
|      | Capacity and utilisation charges of RLNG                  | 11.2.1                                | 61,969,936                    | 60,843,167  |
|      | RLNG transportation income                                |                                       | 39,422,454                    | 40,189,071  |
|      |   |                                       | 146,216,351                   | 145,795,900 |

- 11.2.1** Up to September 30, 2024, the Holding Company has invoiced an amount of Rs. 256,826 million, including Sindh Sales Tax of Rs. 30,316 million, to SNGPL in respect of capacity and utilization charges (terminal charges), LNG Service Agreement (LSA) margins and transportation charges relating to RLNG.

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

In addition to the same, the Ministry of Energy (MOE) 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 a monthly basis by SNGPL, however, outstanding receivable balances before June 2020 amounting to Rs. 99,267 million included in the aggregate receivable balance of Rs. 145,796 million stands disputed as of the reporting date.

Subsequent to June 30, 2024, with the mutual consent of both Sui companies, an exercise was initiated to reconcile the long outstanding balances pertaining prior to June 2020. Resultantly, the Holding Company made a settlement with SNGPL and received a payment of Rs. 89,587 million against the outstanding amount of Rs. 99,267 million on different counts. The Holding Company is in the process of reconciling remaining pending matters with SNGPL and is hopeful that these will be sorted out in due course.

- 11.2.2** This represents receivable from SNGPL against Cost of Gas Equalization to be adjusted against any shortfall, if any, in Final Revenue Requirement (FRR) determined by the Oil and Gas Regulatory Authority (OGRA). The Ministry of Energy (Petroleum Division) has directed SNGPL and SSGCL to enter into a 'Cost of Gas Equalization Agreement' to facilitate the adjustments arising out of FRR. The agreement is currently pending execution between the parties.
- 11.3** This amount comprises of receivable in respect of royalty income & fuel charges, sale of liquid petroleum gas, sale of natural gas liquids, Federal Excise Duty (FED), Sindh Sales Tax (SST) on franchise services, receivable against excess paid processing charges from JJVL and receivable from JJVL at the rate of ad-hoc 57% value of LPG / NGL extraction as per the agreement signed between the Holding Company and JJVL pursuant to Honorable Supreme Court of Pakistan (SCP) order dated December 04, 2018 amounting to Rs. 19 million (June 2024: Rs. 19 million), Rs. 108 million (June 2024: Rs. 108 million), Rs. 1,070 million (June 2024: Rs. 1,070 million), Rs. 646 million (June 2024: Rs. 646 million), Rs. 419.6 million (June 2024: Rs. 419.6 million) respectively.
- 11.4** This represents receivable balance from Pakistan Post Office against gas bills collected from January 2022 to March 2022 and deposited in Government Treasury. The Holding Company recovered outstanding amount of Rs. 2,000 million on April 18, 2025 from Pakistan Post Office. The management is making efforts to recover the remaining amount.

**11.5** This represents sales tax refunds arose due to excess of Average Purchase Cost over Average Sales Price, uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. These 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 and then 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. Subsequent to period-end, Sales Tax refunds of Rs. 4.4 Billion were realized by the Holding Company while Management is making vigorous efforts for realisation of remaining refunds.

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

|   |                    | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|---|--------------------|---------------------------------------|-------------------------------|
|   | Note               | ----- (Rupees in '000) -----          |                               |
| <b>12 LONG TERM FINANCING</b>                         |                    |                                       |                               |
| Secured   |                    |                                       |                               |
| Loans from banking companies                          | 12.1 & 12.2 & 12.3 | 39,250,378                            | 41,616,617                    |
| Unsecured   |                    |                                       |                               |
| Customer finance                                      |                    | 119,295                               | 119,365                       |
| Government of Sindh loans                             |                    | 804,708                               | 804,709                       |
|   |                    | 924,003                               | 924,074                       |
| Subtotal  |                    | 40,174,381                            | 42,540,691                    |
| Less: current portion shown under current liabilities |                    |                                       |                               |
| Loans from banking companies                          |                    | (12,479,167)                          | (7,791,667)                   |
| Customer finance                                      |                    | (590)                                 | (590)                         |
| Government of Sindh loans                             |                    | (186,666)                             | (186,667)                     |
|   |                    | (12,666,423)                          | (7,978,924)                   |
|   |                    | 27,507,958                            | 34,561,767                    |

**12.1** A long term finance facility amounting to Rs. 21,000 million was sanctioned in March 2022 from a syndicate of banks. This financial arrangement has been secured by GoP guarantee. During the period repayment of Rs.2,334 million has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.10 % per annum.

**12.2** A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. During the period no repayment has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.50 % per annum.

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

|   |   | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|---|---|---------------------------------------|-------------------------------|
|   |   | ----- (Rupees in '000) -----          |                               |
| 13  | DEFERRED CREDIT   | Note                                  |                               |
| Government of Pakistan contributions / grants       |   |                                       |                               |
|   | Opening Balance   | 4,514,118                             | 3,840,646                     |
|   | Additions / adjustments during the period                           | 17,280                                | 1,048,699                     |
|   | Transferred to consolidated statement of profit or loss 13.1 & 13.2 | (135,560)                             | (375,227)                     |
|   | Ending balance  | 4,395,838                             | 4,514,118                     |
| Government of Sindh (Conversion of loan into grant) |   |                                       |                               |
|   | Opening Balance   | 1,736,245                             | 1,784,919                     |
|   | Additions during the period   | 41,795                                | 80,482                        |
|   | Transferred to consolidated statement of profit or loss             | (31,776)                              | (129,156)                     |
|   | Ending balance  | 1,746,264                             | 1,736,245                     |
| Government of Sindh grants                          |   |                                       |                               |
|   | Opening Balance   | 76,173                                | 84,095                        |
|   | Transferred to consolidated statement of profit or loss 13.3        | (1,463)                               | (7,922)                       |
|   | Ending balance  | 74,710                                | 76,173                        |
|   |   | 6,216,812                             | 6,326,536                     |
|   | Less: Current portion of deferred credit                            | (675,198)                             | (566,724)                     |
|   |   | 5,541,614                             | 5,759,812                     |

- 13.1** This represents amount received from the Government of Pakistan for supply of gas to new towns and villages and the same is recognised as grant when the conditions specified by the Government are met. This amount is amortised over the useful life of related projects.
- 13.2** Return on assets (ROA) is not allowed by OGRA on pipelines constructed / built under the deferred credit arrangements. However, Unaccounted for Gas ("UFG") losses on such pipelines are considered in the determination of the Holding Company's guaranteed return.
- 13.3** 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, is subsequently measured at its initial fair value of Rs. 170 million based on net of waiver. 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).

|             |   | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|-------------|---|---------------------------------------|-------------------------------|
|             | Note  | ------(Rupees in '000)-----           |                               |
| <b>14</b>   | <b>CONTRACT LIABILITIES</b>                               |                                       |                               |
|             | Contribution from customers                               | 14.1&14.2 3,710,817                   | 3,768,214                     |
|             | Advance received from customers for laying of mains, etc. | 7,252,083                             | 6,506,608                     |
|             |   | <u>10,962,900</u>                     | <u>10,274,822</u>             |
| <b>14.1</b> | <b>Contribution from customers</b>                        |                                       |                               |
|             | Opening Balance   | 4,055,191                             | 3,841,959                     |
|             | Additions / adjustments during the period                 | 30,821                                | 517,904                       |
|             | Transferred to consolidated statement of profit or loss   | (75,039)                              | (304,672)                     |
|             |   | <u>4,010,973</u>                      | <u>4,055,191</u>              |
|             | Less: Current portion of contributions from customers     | (300,156)                             | (286,977)                     |
|             | Ending balance  | <u>3,710,817</u>                      | <u>3,768,214</u>              |

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

## **15** **SHORT TERM BORROWINGS**

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 50,000 million (June 2024: Rs. 50,000 million) and carry mark-up ranging from 0.1% to 1.00% (June 2024: 0.1% to 1.00%) 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 Group.

The aggregate unavailed short term borrowing facilities amounted to Rs.10,336 million (June 2024: Rs. 12,225 million).

| 16 | TRADE AND OTHER PAYABLES                             | Note | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|----|--|------|---------------------------------------|-------------------------------|
|    |  |      | ----- (Rupees in '000) -----          |                               |
|    | Creditors for:                                       |      |                                       |                               |
|    | - Indigenous gas                                     | 16.1 | 838,947,408                           | 857,841,931                   |
|    | - RLNG   |      | 104,707,235                           | 104,832,095                   |
|    |  |      | 943,654,643                           | 962,674,026                   |
|    | Tariff adjustments RLNG                              | 16.2 |                                       |                               |
|    | - payable to GoP                                     |      | 37,199,282                            | 34,946,646                    |
|    | Service charges payable to EETPL                     |      | 3,395,795                             | 3,141,619                     |
|    | Accrued liabilities / bills payable                  |      | 12,651,277                            | 13,077,158                    |
|    | Provision for compensated absences - non executives  |      | 344,377                               | 339,377                       |
|    | Payable to gratuity fund                             |      | 4,896,429                             | 4,904,419                     |
|    | Payable to provident fund                            |      | 10,211                                | 10,206                        |
|    | Staff pension fund                                   |      | -                                     | 199,836                       |
|    | Liquidated damages payable to JPCL                   |      | 4,309,571                             | 1,533,994                     |
|    | Deposits / retention money                           |      | 1,164,429                             | 1,166,786                     |
|    | Advance from Pak-Arab Refinery Limited (PARCO)       |      | 18,088                                | 18,088                        |
|    | Withholding tax payable                              |      | 149,004                               | 107,486                       |
|    | Sales tax and Federal Excise Duty                    |      | 415,834                               | 603,945                       |
|    | Sindh sales tax payable                              |      | 10,651                                | 1,258                         |
|    | Gas infrastructure development cess payable          |      | 6,865,872                             | 6,894,354                     |
|    | Unclaimed Term Finance Certificate redemption profit |      | 1,800                                 | 1,800                         |
|    | Workers' profit participation fund (WPF)             | 16.3 | 1,180,524                             | 911,973                       |
|    | Advance from customers and distributors              |      | 192,574                               | 710,224                       |
|    | Transport and advertisement services                 |      | 40,260                                | 72,408                        |
|    | Provision  |      | 13,908                                | 13,908                        |
|    | Others   |      | 837,119                               | 820,042                       |
|    |  |      | 1,017,351,648                         | 1,032,149,553                 |

**16.1** This includes Rs. 691,356 million (June 2024: Rs. 692,696 million) payable to Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holdings (Private) Limited (GHPL) in respect of gas purchases.

| 16.2 | Tariff adjustments RLNG - payable to GoP  | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|------|---|---------------------------------------|-------------------------------|
|      |   | ----- (Rupees in '000) -----          |                               |
|      | Opening balance                           | 34,946,646                            | 23,826,990                    |
|      | Recognized during the period              | 2,251,042                             | 10,662,765                    |
|      | GOP adjustment / (subsidy) on RLNG tariff | 1,594                                 | 456,891                       |
|      | Ending balance                            | 37,199,282                            | 34,946,646                    |

|   | September 30,<br>2024<br>(Un-audited)<br>------(Rupees in '000)----- | June 30,<br>2024<br>(Audited) |
|---|--|-------------------------------|
| <b>16.3 Workers' Profit Participation Fund (WPPF)</b> |  |                               |
| Opening balance                                       | 911,973  | 376,347                       |
| Charge for the period                                 | 258,655  | 484,746                       |
| Interest on WPPF                                      | 9,896  | 50,880                        |
| Ending balance  | <u>1,180,524</u>   | <u>911,973</u>                |
| <b>17 INTEREST ACCRUED</b>                            |  |                               |
| Long term financing - loans from banking companies    | 1,274,169  | 1,059,521                     |
| Long term deposits from customers                     | 336,272  | 880,238                       |
| Short term borrowings                                 | 1,137,458  | 1,275,213                     |
| Late payment surcharge on processing charges          | 99,283   | 99,283                        |
|   | <u>2,847,182</u>   | <u>3,314,255</u>              |

## 18 CONTINGENCIES AND COMMITMENTS

**18.1** Detailed below are contingencies primarily in the nature of tax and other legal disputed matters;

**18.1.1** In respect of the Holding Company:

**18.1.1.1** The management has reversed Late Payment Surcharge (LPS) expense with effect from July 01, 2001 to June 30, 2016 amounting to Rs. 42,054 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense since FY 2016-17 in the financial statements. The Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from K-Electric (KE) and Pakistan Steel Mills Limited (PSML). As at September 30, 2024 aggregate unrecognized LPS expense amounting to Rs. 297,534 (June 2024: 275,296).

**18.1.1.2** As disclosed in note 11.3, the Company had negative margins while doing business with Jamshoro Joint Venture Limited (JJVL) in financial year 2015-16 due to decline in oil prices and consequent decline in margins in LPG / NGL business. Consequently, the Company sent termination notices to JJVL dated May 4, 2016, against which JJVL obtained a stay order from the Honourable High Court of Sindh (SHC). The aggregate balance due from JJVL amounts to Rs. 2,262 (June 2024: Rs. 2,262 million) million which includes LPS of Rs. 240 million (June 2024: Rs. 240 million).

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

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

The 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 SCP, the Company shut down the supply of gas to JJVL plant accordingly.

Subsequently, the Honourable Supreme Court of Pakistan (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 Jamshoro Joint Venture Limited (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 SCP any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

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

The Company after concurrence of its Board informed SCP that it does not accept the proposal submitted by JJVL and asked SCP to appoint a firm of Chartered Accountants to come up with an agreement mutually beneficial for both the parties. After considering all the points, SCP appointed a third party firm of Chartered Accountants which shall deemed to be the receivers of SCP 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 SCP.

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

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

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

**18.1.1.3** The Company has discontinued the gas supply to Habibullah Coastal Power Company Limited (HCPCL) after the expiry of 20 years Gas Sales Agreement. In order to secure the outstanding gas receivables amounting to Rs. 1,113 million, the Company has opted for encashment of HCPCL bank guarantees which are sufficient, as of the reporting date, to recover the same. In response, HCPCL filed a suit 1570 of 2019 and obtained stay from the Honorable High Court of Sindh (SHC) regarding encashment of bank guarantees by the Company. In view of the available bank guarantee, no provision has been made in these consolidated financial statements.

**18.1.1.4** The tax authorities had passed an order for FY 2017-18 creating Federal Excise Duty (FED) demand on RLNG, having tax impact of Rs. 2,951 million.

The Company has also filed an application with the tax department for the constitution of the Alternative Dispute Resolution Committee (ADRC) on the matter of Federal Excise Duty (FED) on LNG into RLNG.

Based on the advice of its tax advisor, the management is confident that the case will be in its favor, therefore, no provision has been made in these consolidated financial statements.



- 18.1.1.5** Tax Authorities had passed sales tax order for FY 2017-18 on issues of non-charging of Sales Tax on RLNG – Indigenous Gas Swap and RLNG transportation income. The tax exposure is Rs 23,649 million.

The Company has also filed application with the FBR for constitution of Alternative Dispute Resolution Committee (ADRC) on the matter of sales tax on RLNG – Indigenous Gas Swap.

Based on the advice of its tax advisor, the management is confident that the case will be in its favor of the Company (since same matter has already been closed in favour of SNGPL), therefore, no provision has been made in these consolidated financial statements as the Company.

- 18.1.1.6** Previously the Income Tax Appellate Tribunal (ITAT) had decided an Appeal in favor of Income Tax Department on the issue of capital gain made on disposal of LPG business in the financial year ended June 30, 2001 resulting in a tax impact of Rs. 143 million. Management has filed an appeal before Honorable High Court of Sindh (SHC). The management is of the view that sale of LPG business being in nature of slump transaction was not chargeable to tax under the provisions of Income Tax Ordinance, 2001.

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

- 18.1.1.7** Income tax authorities have passed Orders for the Tax Years 2007, 2008, 2009, 2013, 2014, 2015 & 2017 disallowing tax depreciation on fixed assets held under musharaka arrangement, having a tax impact of Rs. 2,214 million.

All the orders were contested before Commissioner (Appeals) who decided the case in the favour of the Company. Currently, the case is pending adjudication before Appellate Tribunal Inland Revenue (ATIR) and Alternative Dispute Resolution Committee (ADRC).

The management is confident on advice of its legal counsel that the case will be in favour of the Company, therefore, no provision has been made in the consolidated financial statements.

- 18.1.1.8** Large Taxpayer Office (LTO) have passed an order disallowing cost of gas purchased based on lost as UFG (in excess of OGRA Benchmark) for financial year (FY) 2008-09, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21, having cumulative tax impact of Rs. 56,634 million.

LTO Karachi has also passed Assessment Order for FY 2021-22 levying tax on UFG (in excess of OGRA Benchmark) deducted by OGRA from Revenue Requirements of the Company. Tax Exposure on this account is Rs. 13,120 Million.

Currently, the cases are sub-judice before Appellate Tribunal Inland Revenue (ATIR) and Alternative Dispute Resolution Committee (ADRC).

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

The management is confident on advice of its legal counsel that the case will be in favour of the Company, therefore, no provision has been made in the consolidated financial statements.

- 18.1.1.9** The Additional Commissioner Inland Revenue passed an order against the Company with demand along with default surcharge and penalty for incorrect adjustment of withholding sales tax against input invoices for the period July 2017 to April 2018. The principal tax demand of Rs. 1,235 million was recovered by the tax department.

Currently, the matter is sub-judice before Alternative Dispute Resolution Committee (ADRC).

The management is confident on advice of its legal counsel that the case will be in favour of the Company, therefore, no provision has been made in the consolidated financial statements.

- 18.1.1.10** The Tax Authorities passed order against the Company for Tax Year 2010 disallowing brought forward turnover tax credit adjustment of year 2008 amounting to Rs. 414 million. The case was defended in Sindh High Court (SHC) who decided the case against the Company (based on similar judgment in another company's case).

The Company has filed an appeal before Honorable Supreme Court of Pakistan (SCP) against SHC judgment.

The management is confident on advice of its legal counsel that the case will be in favour of the Company, therefore, no provision has been made in the consolidated financial statements.

- 18.1.1.11** As disclosed in Note 9 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 Company.

However, Tax Authorities have passed orders for FY 2014-15 to 2019-20, on said unrecognized interest income from KE and PSML having tax impact of Rs 29,442 million. 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.

The Income Tax Authorities also passed an assessment order for FY 2020- 21 on the same issue, having a tax impact of Rs. 6,285 million, which was defended before the Alternative Dispute Resolution Committee (ADRC) under the newly introduced appeal mechanism under section 134A of the Income Tax Ordinance 2001. ADRC decided issue of unrecognized interest income from KE & PSML against the Company (subject to deduction of the claim of corresponding unrecognised interest expense to E&P Companies).

The Income Tax Authorities also passed an assessment order for FY 2021- 22 on the same issue, having a tax impact of Rs. 7,733 million, which is being defended before the Alternative Dispute Resolution Committee (ADRC).

The management is confident on advice of its legal counsel that the case will be in favour of the Company, therefore, no provision has been made in the consolidated financial statements.

- 18.1.1.12** The Tax Authorities have passed an order for Tax year 2015, disallowing interest expense on delayed payment to Energy and Petroleum (E&P) Companies for gas purchases as well as taxing benefit of lower interest rate on Government of Sindh loans, among other observations, having a tax impact of Rs. 3,135 million.

The matter was contested before Commissioner (Appeals) who decided the case in favour of the Company. Currently, the case is pending adjudication before ADRC.

The management is confident on advice of its legal counsel that the case will be in favour of the Company, therefore, no provision has been made in the consolidated financial statements.

- 18.1.1.13** The Company is subject to various other claims totaling Rs. 11,073 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

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

|  | September 30,<br>2024<br>(Un-audited)<br>----- (Rupees in '000) ----- | June 30,<br>2024<br>(Audited) |
|--|---|-------------------------------|
| <b>18.1.1.15</b> Claims against the Company not acknowledged as debt | <b>3,542,868</b>  | 3,542,868                     |
| <b>18.2</b> <b>Commitments</b>                                       |   |                               |
| <b>18.2.1</b> Guarantees issued on behalf of the Company             | <b>11,371,855</b>   | 11,371,855                    |
| <b>18.2.2</b> Commitments for capital and other expenditure          | <b>6,277,081</b>  | 5,524,345                     |

### **18.1.3      In respect of the Subsidiary**

**18.1.3.1** 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 Company had filed an appeal against the said order before Commissioner Inland Revenue, Appeals (CIR Appeals). Later CIR Appeals passed the order dated May 15, 2015 and remanded back the case to the ACIR for reassessment on various issues as per grounds of appeal. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR Appeals.

The ATIR in its order dated June 23, 2022 held that SSGC LPG is not a manufacturer and upheld the order of the department, however the ATIR on certain points remanded back the issue with department and CIR Appeals for detail findings after giving fair opportunity of being heard to the taxpayer. The department issued fresh order without giving fair opportunity of being heard to the taxpayer and created demand amount of Rs. 46.2 million irrespective of the fact that main issue was whether chargeability of FTR is applicable on complete sale or otherwise. The taxpayer being aggrieved with in impugned order preferred an appeal before CIR Appeals and hearing was fixed on December 14, 2022. On the day of hearing before learned CIR Appeals, the appellant submitted written arguments and argued about the scope of chargeability of FTR and NTR on the appellant.

The CIR Appeals in its order dated December 29, 2022 remanded back the case to the department with directions to bifurcate sale revenue into FTR and NTR and allocation of expenses accordingly. No provision has been made due to the fact that CIR Appeals has remanded back the case to the department with further directions to follow the order of the learned ATIR on "Manufacturer Status" of the Company, the Company is confident that decision will come in its favor, hence no provision has been recorded in financial statements.

Meanwhile, the Company has filed rectification application before the learned ATIR on ground that in Case Reference NO: ITA 890/KB/2015: SSGC LPG Vs. ACIR for TY 2013, the learned ATIR did not consider or overlooked case reference number PTD 2018 of Hazara Efficient Gas which was binding on the learned ATIR while disposing off the case of the appellant. The ATIR has accepted the miscellaneous application and moved the application to larger bench. The ATIR has also granted stay against recovery of demand for tax year 2013 till the order of learned ATIR in miscellaneous application filed by the appellant. However, the ACIR passed the fresh order on June 6, 2022 by ignoring the directions of the learned ATIR where it had been directed to the department quote "We direct the department not to initiate any proceedings or recovery of any demand outstanding against the taxpayer till the decision of full or larger bench". Unquote, the company being aggrieved against the impugned order tax year 2013 preferred an appeal before the learned CIR Appeals and waiting for the hearing of the same. No provision has been recorded against the impugned order as management is confident that outcome will come in favor of the Company.

During the Financial Year 2022-23 company's through their tax lawyers has filed an application to the Chairman ATIR for formation of the larger bench, upon the application the registrar of ATIR has responded that the ATIR appeal has already been disposed off therefore the larger bench cannot be created once the appeal been disposed off. Afterwards, our tax lawyer had also filed an rectification application in ATIR to reconsider the order in which on once side there is a direction of formation of larger bench and on the other side the appeal become disposed.

On July 12, 2023, the Honorable Chairman of ATIR in its rectification order made the decision in company's favor and held that SSGC LPG is a manufacturer and engage in the manufacturing process. Subsequent to these Financial Statements on dated 02-10-2023, the department had filed petition before honorable Sindh High Court against tribunal decision. The matter is pending before the Sindh High Court.

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

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

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

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

- 18.1.3.1.4** During the period FY 2020, Sindh Revenue Board has issued notice regarding payment of Sindh Workers Profit Participation Fund contribution. According to said notice, the Company fall under the definition of "Industrial Undertaking" mentioned in Sindh Workers Profit Participation Act, 2015. As a result of which the WPPF contribution of amounting Rs. 2.783 million and 9.237 million has been claimed by SRB for two immediate profitable years of 2017 and 2018 respectively.

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

- 18.1.3.1.5** On August 5, 2020, the Company has received a legal notice and summon through the Bailiff of the Sindh High Court against a suit filed by one of the importers M/s Cress LPG (Private) Limited against their claim of Rs. 265.5 million. The Company's legal counsel is of the opinion that the case will be decided in favor of the Company.

- 18.1.3.1.6** The Inland Revenue Department also issued notice on selection in audit u/s 25 of the Sales Tax Act, 1990 and subsequently after issuance of show cause notice passed an order u/s 11 of the Sales Tax Act, 1990 and raised impugned demand amount of Rs. 55.23 million. The management being aggrieved with the impugned order preferred an appeal before the learned CIR (A) u/s 45 of the Sales Tax Act, 1990. The CIR (A) has partially upheld the order of the department and partially annulled the demand raised by the department. Being aggrieved with the order of the Commissioner (A), the company has filed appeal before the ATIR.

No Provision has been made in the Financial statements as the management and tax advisors are confident that the outcome of the case will be in favor of the Company.

- 18.1.3.1.7** The Sindh Revenue Board passed an order amount Rs. 24.414 million on alleged violation of section 15,15A(1)(a) of the Sindh Sales Tax on Services Act, 2011 on account of inadmissible input tax for tax periods December 2016, February 2017, March 2017, April 2017, August 2017, November 2017, December 2017, January 2018 to May 2019 & July 2019.

Being aggrieved with the impugned order passed by the AC-SRB, the Company has preferred an appeal before the learned CIR(A)-SRB on the ground that input tax claimed on account of transportation and construction services are genuine as the taxpayer has not made any violation of relevant section of the Sindh Sales Tax on Services Act, 2011 because of the fact that if Form "I" has not been submitted by the service provider then it is a dispute between the service provider and SRB, whereas the company has claimed input tax on account of sales tax invoices @ statutory rate of 13% issued by the service provider and payment has been made through banking channels.

No Provision has been made in the financial statements as the management and tax advisors are confident that the outcome of the case will be in favor of the Company.

- 18.1.3.1.8** During the year ended June 30, 2023, a Show Cause Notice dated June 26, 2023 under Section 23(1) of the Sindh Sales Tax Act, 2011 was issued for Financial Year 2015-16 and creating a tax liability of 13.4 million on account of short declaration of sales. Since, the matter has already been settled in 2018, accordingly, no provision is required to be made in these financial statements.

|   |                    | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|---|--------------------|---------------------------------------|-------------------------------|
|   | Note               | ----- (Rupees in '000) -----          |                               |
| <b>18.1.4</b>   | <b>Commitments</b> |                                       |                               |
| Guarantees issued on behalf of the Subsidiary Company |                    | 104,970                               | 104,970                       |
| For Port Qasim Authority Customs                      | 18.1.4.1           | 12,003                                | 12,003                        |
| For Sindh High Court                                  |                    | 116,973                               | 116,973                       |
| Contracts for capital and other expenditure           |                    |                                       |                               |
| Opex  |                    | 56,330                                | 56,330                        |
| Capex   |                    | 170,166                               | 170,166                       |
| LPG purchase  |                    | 654,216                               | 654,216                       |
|   |                    | 880,712                               | 880,712                       |

- 18.1.4.1** This represent the bank guarantee provided by the Subsidiary Company to Port Qasim Authority against the compliance of rules and regulations.

|   |      | Quarter ended                |                       |
|---|------|------------------------------|-----------------------|
|   |      | September 30,<br>2024        | September 30,<br>2023 |
|   |      | (Un-audited)                 |                       |
|   |      | ----- (Rupees in '000) ----- |                       |
| <b>19 REVENUE FROM CONTRACTS WITH CUSTOMERS - GAS SALES</b> | Note |                              |                       |
| <b>Sales</b>  |      |                              |                       |
| Indigenous gas  |      | 116,270,688                  | 51,439,008            |
| RLNG  |      | 40,114,661                   | 33,658,801            |
|   |      | 156,385,349                  | 85,097,809            |
| <b>Less: Sales tax</b>                                      |      |                              |                       |
| Indigenous gas  |      | (17,270,906)                 | (7,888,553)           |
| RLNG  |      | (6,173,387)                  | (5,099,762)           |
|   |      | (23,444,293)                 | (12,988,315)          |
| Net sales   |      | 132,941,056                  | 72,109,494            |
| <b>20 TARIFF ADJUSTMENTS</b>                                |      |                              |                       |
| Indigenous gas  | 20.1 | (15,701,721)                 | 46,996,735            |
| RLNG  | 20.2 | (2,251,042)                  | (66,856)              |
|   |      | (17,952,763)                 | 46,929,879            |
| <b>20.1 Tariff adjustment - indigenous gas</b>              |      |                              |                       |
| Price adjustment for the period                             |      | (15,414,924)                 | 47,356,302            |
| Adjustment for LPG air mix operations                       |      | (286,797)                    | (359,567)             |
|   |      | (15,701,721)                 | 46,996,735            |
| <b>21 COST OF SALES</b>                                     |      |                              |                       |
| Cost of gas   | 21.1 | 103,666,666                  | 106,287,914           |
| Transmission and distribution costs                         |      | 6,700,947                    | 5,807,336             |
|   |      | 110,367,613                  | 112,095,250           |
| <b>21.1 Cost of gas</b>                                     |      |                              |                       |
| Opening gas in pipelines                                    |      | 2,214,091                    | 1,945,446             |
| RLNG purchases  |      | 31,206,511                   | 26,027,339            |
| Indigenous gas purchases                                    |      | 72,639,525                   | 80,745,847            |
|   |      | 106,060,127                  | 108,718,632           |
| Gas consumed internally                                     |      | (210,619)                    | (146,221)             |
| Closing gas in pipelines                                    |      | (2,182,842)                  | (2,284,497)           |
|   |      | (2,393,461)                  | (2,430,718)           |
|   |      | 103,666,666                  | 106,287,914           |

Quarter ended  
September 30, September 30,  
2024 2023  
(Un-audited)  
----- (Rupees in '000) -----

**22 OTHER OPERATING EXPENSES**

|                                    |                |                  |
|------------------------------------|----------------|------------------|
| Workers' profit participation Fund | 258,655        | 231,436          |
| Auditors' remuneration             | 1,863          | 2,379            |
| Sports expenses                    | 7,992          | 5,711            |
| Corporate social responsibility    | 429            | -                |
| Exchange loss                      | -              | 1,218,730        |
|                                    | <u>268,939</u> | <u>1,458,256</u> |

**23 OTHER INCOME**

**Income from financial assets**

|  |                  |                  |
|--|------------------|------------------|
| Income for receivable against asset contribution   | 3,912            | 8,217            |
| Late payment surcharge   | 2,308,751        | 609,192          |
| Interest income on late payment of gas bills from SNGPL  | -                | 286,301          |
| Liquidity damages recovered  | 36,809           | 23,707           |
| Return on term deposits and profit and loss bank account   | 149,071          | 73,346           |
| Interest income on late payment of gas bills from<br>Water & Power Development Authority (WAPDA) | -                | 197,570          |
| Dividend income  | 18,469           | 1,305            |
|  | <u>2,517,012</u> | <u>1,199,638</u> |

**Income from other than financial assets**

|  |                  |                  |
|--|------------------|------------------|
| Sale of gas condensate - net   | -                | 22,359           |
| Income from LPG / NGL - net  | 418,767          | 696,625          |
| Meter manufacturing division profit - net                            | 397,240          | (32,738)         |
| Meter rentals  | 398,007          | 402,305          |
| RLNG transportation income   | 2,905,667        | 1,850,077        |
| Recognition of income against deferred credit and contract liability | 215,807          | 193,782          |
| Income from LPG air mix distribution - net                           | 52,825           | 61,654           |
| Income from sale of tender documents                                 | 1,786            | 1,875            |
| Scrap sales  | 20,290           | 31,730           |
| Recoveries from customer   | 14,600           | 24,660           |
| Gain on disposal of property, plant and equipment                    | 21,381           | 30,824           |
| Reversal against impaired stores and spares                          | 7,600            | 9,665            |
| Amortization of Government grant                                     | 1,463            | 2,052            |
| Exchange gain  | 600,617          | -                |
| LSA margins against RLNG   | 414,422          | 426,005          |
| Liabilities written back   | 12,037           | 17,348           |
| Miscellaneous  | 16,052           | 15,690           |
|  | <u>8,015,573</u> | <u>4,953,551</u> |

|  |      | Quarter ended                |                    |
|--|------|------------------------------|--------------------|
|  |      | September 30, 2024           | September 30, 2023 |
|  |      | (Un-audited)                 |                    |
|  |      | ----- (Rupees in '000) ----- |                    |
| <b>24. TAXATION</b>  | Note |                              |                    |
| Current tax  |      | 1,699,129                    | 4,283,794          |
| Deferred tax   |      | (1,586,074)                  | (3,819,472)        |
|  |      | <u>113,055</u>               | <u>464,322</u>     |
| <b>25. EARNING PER SHARE - BASIC AND DILUTED</b>                     |      |                              |                    |
| Earning for the period   |      | 5,194,786                    | 4,541,784          |
| Average number of ordinary shares                                    |      | 880,916,309                  | 880,916,309        |
| Earning per share - basic and diluted                                |      | <u>5.90</u>                  | <u>5.16</u>        |
| <b>26. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS</b>                  |      |                              |                    |
| Provisions   | 26.1 | 2,467,593                    | 1,087,133          |
| Depreciation on owned assets   |      | 2,452,045                    | 2,109,820          |
| Depreciation on right of use assets                                  |      | 24,234                       | 22,614             |
| Amortization of intangibles  |      | 32,917                       | 32,859             |
| Finance cost   |      | 3,396,587                    | 3,288,583          |
| Amortization of transaction cost                                     |      | 5,794                        | 6,710              |
| Amortization of Government grant                                     |      | (1,463)                      | (2,052)            |
| Recognition of income against deferred credit and contract liability |      | (243,838)                    | (202,720)          |
| Dividend income  |      | (18,469)                     | (1,305)            |
| Interest income and return on term deposits                          |      | (149,071)                    | (519,340)          |
| Gain on disposal of property plant and equipment                     |      | (21,381)                     | (30,824)           |
| (Decrease) / increase in long term advances                          |      | (59,075)                     | 557,465            |
| Increase in deferred credit and contract liability                   |      | 835,371                      | 492,300            |
| Increase in payable against transfer of pipeline                     |      | 13,506                       | 15,256             |
| Finance cost on finance lease  |      | 6,548                        | 6,223              |
|  |      | <u>8,741,298</u>             | <u>6,862,722</u>   |
| <b>26.1 PROVISIONS</b>   |      |                              |                    |
| Reversal in provision against slow moving / obsolete stores          |      | (7,649)                      | (9,137)            |
| Allowance for expected credit loss                                   |      | 1,790,596                    | 439,068            |
| Reversal of provision against compensated absences                   |      | (13,039)                     | -                  |
| Provision for post retirement medical and free gas supply facilities |      | 312,251                      | 319,136            |
| Provision against retirement benefit                                 |      | 385,434                      | 338,066            |
|  |      | <u>2,467,593</u>             | <u>1,087,133</u>   |



Quarter ended  
September 30, September 30,  
2024 2023  
(Un-audited)  
----- (Rupees in '000) -----

## 27 WORKING CAPITAL CHANGES

### Decrease / (Increase) in current assets

|   |                  |                     |
|---|------------------|---------------------|
| Stores and spares                             | (13,938)         | (184,230)           |
| Stock-in-trade                                | 453,491          | (238,602)           |
| Customers' installation work-in-progress      | (9,702)          | (5,185)             |
| Trade debts                                   | (9,210,838)      | 8,766,417           |
| Advances, deposits and short term prepayments | (411,575)        | 4,066               |
| Other receivables                             | 19,094,570       | (54,370,606)        |
|   | <u>9,902,008</u> | <u>(46,028,140)</u> |

### (Decrease) / Increase in current liabilities

|                          |                    |                    |
|--------------------------|--------------------|--------------------|
| Trade and other payables | (14,601,603)       | 42,633,016         |
|                          | <u>(4,699,595)</u> | <u>(3,395,124)</u> |

## 28 CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD

|                        |                     |                     |
|------------------------|---------------------|---------------------|
| Cash and bank balances | 1,600,710           | 1,104,688           |
| Short term borrowings  | <u>(39,664,460)</u> | <u>(39,980,072)</u> |
|                        | <u>(38,063,750)</u> | <u>(38,875,384)</u> |

## 29 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 terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

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

Quarter ended  
September 30, September 30,  
2024 2023  
(Un-audited)  
----- (Rupees in '000) -----

### Government related entities

|   |            |            |
|---|------------|------------|
| - Purchase of fuel and lubricant                        | 107,974    | 26,845     |
| - Sale of gas and allied charges inclusive of sales tax | 22,300,647 | 19,166,148 |
| - Income from net investment in finance lease           | -          | -          |
| - Gas purchases - Indigenous gas                        | 43,007,782 | 44,380,682 |

|   |              | Quarter ended                |                    |
|---|--------------|------------------------------|--------------------|
|   |              | September 30, 2024           | September 30, 2023 |
|   |              | (Un-audited)                 |                    |
|   |              | ----- (Rupees in '000) ----- |                    |
|   | Relationship |                              |                    |
| <b>Government related entities</b>                      |              |                              |                    |
| - Gas purchases - RLNG                                  |              | 31,206,511                   | 26,027,339         |
| - Sale of condensate                                    |              | -                            | 26,679             |
| - Sale of gas meters - spare parts                      |              | 1,712,622                    | 349                |
| - Rent  |              | 2,670                        | 3,497              |
| - Insurance premium                                     |              | 49,501                       | 35,845             |
| - Royalty   |              | 96                           | 500                |
| - Licence fee   |              | 92,926                       | 34,200             |
| - PPRA fee  |              | 3,050                        | 4,140              |
| - Telecommunication                                     |              | 390                          | 417                |
| - Electricity expenses                                  |              | 97,651                       | 88,468             |
| - Interest income                                       |              | -                            | 483,871            |
| - Markup expense on short term finance                  |              | -                            | 69,773             |
| - RLNG transportation income                            |              | 2,905,667                    | 1,850,077          |
| - LPG purchases   |              | 182,641                      | 232,590            |
| - Income against LNG service agreement                  |              | 414,422                      | 426,005            |
| - Dividend income                                       |              | 17,164                       | -                  |
| - Markup income on bank deposits                        |              | 2,879                        | 3,054              |
| <b>Karachi Grammar School</b>                           | Associate    |                              |                    |
| - Sale of gas and allied charges inclusive of sales tax |              | 15                           | 15                 |
| <b>Key management personnel</b>                         |              |                              |                    |
| - Remuneration  |              | 60,002                       | 41,721             |
| <b>Pakistan Institute of Corporate Governance</b>       | Associate    |                              |                    |
| - Subscription / trainings                              |              | 212                          | -                  |
| * <b>Engro Fertilizers Limited</b>                      | Associate    |                              |                    |
| - Sale of gas and allied charges inclusive of sales tax |              | -                            | 2,265              |
| * <b>Indus Hospital</b>                                 | Associate    |                              |                    |
| - Sale of gas and allied charges inclusive of sales tax |              | -                            | 467                |
| <b>Pakistan Stock Exchange Limited</b>                  | Associate    |                              |                    |
| - Sale of gas and allied charges inclusive of sales tax |              | 25                           | 25                 |
| - Subscription  |              | 2,124                        | 1,986              |
| ** <b>Pakistan Cables Ltd</b>                           | Associate    |                              |                    |
| - Sale of gas and allied charges inclusive of sales tax |              | 119,398                      | -                  |
|   |              | Quarter ended                |                    |
|   |              | September 30, 2024           | September 30, 2023 |
|   |              | (Un-audited)                 |                    |
|   |              | ----- (Rupees in '000) ----- |                    |
| <b>Staff retirement benefit plans</b>                   | Associate    |                              |                    |
| - Contribution to provident fund                        |              | 119,020                      | 121,595            |
| - Contribution to pension fund                          |              | 249,500                      | 289,963            |
| - Contribution to gratuity fund                         |              | 138,848                      | 138,522            |

- \* Balances with these parties have been disclosed till the month of common directorship.
- \*\* Comparative balances with these parties have not been disclosed as these parties were not related parties in last period.

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

**29.2** Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice.

**29.3** Remuneration to the executive officers of the Holding Company and loans and advances to them are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Holding Company is received at rates prescribed by the Government of Pakistan.

**29.4** Amount (due to) / receivable from / investment in related parties

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

|  |                     | September 30,<br>2024<br>(Un-audited) | June 30,<br>2024<br>(Audited) |
|--|---------------------|---------------------------------------|-------------------------------|
|  |                     | ------(Rupees in '000)-----           |                               |
| <b>Government related entities - various</b> | <b>Relationship</b> |                                       |                               |
| - Sale of gas and allied charges             |                     | 55,814,563                            | 58,057,508                    |
| - Net investment in finance lease            |                     | 1,609,135                             | 1,609,134                     |
| - Gas purchases - Indigenous gas             |                     | (709,770,819)                         | (709,357,094)                 |
| - Gas purchases - RLNG                       |                     | (104,707,236)                         | (104,832,096)                 |
| - Sale of gas condensate                     |                     | 4,365                                 | 4,365                         |
| - Gas meters and spare parts                 |                     | 2,942,239                             | 2,706,361                     |
| - Uniform cost of gas - indigenous gas       |                     | 15,818,846                            | 15,818,846                    |
| - Uniform cost of gas - RLNG                 |                     | 20,000,000                            | 20,000,000                    |
| - Cash at bank                               |                     | 182,251                               | 171,906                       |
| - Stock Loan                                 |                     | 1,503                                 | 1,503                         |
| - Gas supply deposit                         |                     | (221,457)                             | (220,520)                     |
| - Contingent rent                            |                     | 19,529                                | 19,529                        |
| - Differential tariff                        |                     | 4,284,080                             | 4,284,080                     |
| <b>Government related entities - various</b> |                     |                                       |                               |
| - Capacity and utilisation charges of RLNG   |                     | 61,969,936                            | 54,587,819                    |
| - RLNG transportation income                 |                     | 40,880,836                            | 47,798,343                    |
| - LSA margins                                |                     | 3,092,372                             | 3,032,075                     |
| - Advance for sharing right of way           |                     | (18,088)                              | (18,088)                      |
| - Advance against LPG purchases              |                     | 145,414                               | 143,306                       |
| - Long term deposits                         |                     | 9,799                                 | 12,367                        |
| - Prepayment                                 |                     | 416,305                               | 140,782                       |
| - Dividend receivable                        |                     | 5,355                                 | -                             |
| <b>Karachi Grammar School</b>                | <b>Associate</b>    |                                       |                               |
| - Sale of gas and allied charges             |                     | 5                                     | 5                             |
| - Gas supply deposit                         |                     | (22)                                  | (22)                          |
| <b>Pakistan Stock Exchange</b>               | <b>Associate</b>    |                                       |                               |
| - Sale of gas and allied charges             |                     | 8                                     | 8                             |
| - Gas supply deposit                         |                     | (99)                                  | (99)                          |
| <b>Pakistan Cables Ltd</b>                   | <b>Associate</b>    |                                       |                               |
| - Sale of gas and allied charges             |                     | 35,360                                | 37,856                        |
| - Gas supply deposit                         |                     | (1,189)                               | (1,189)                       |

### 30. OPERATING SEGMENTS

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

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

#### Segment revenue and results

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

|  | Quarter ended                |                    |
|--|------------------------------|--------------------|
|  | September 30, 2024           | September 30, 2023 |
|  | (Un-audited)                 |                    |
|  | ----- (Rupees in '000) ----- |                    |
|  | Segment profit / (loss)      |                    |
| <b><u>Return on Assets net of UFG disallowance</u></b> |                              |                    |
| Gas transmission                                       | 2,906,148                    | 3,077,303          |
| Gas distribution and marketing                         |                              |                    |
| - Lower Sindh  | 1,699,213                    | 2,816,666          |
| - Upper Sindh  | 1,004,348                    | 794,519            |
| - Balochistan  | (1,228,118)                  | (2,778,486)        |
| Meter manufacturing                                    | 5,481                        | 6,600              |
| Total segment results                                  | 4,387,072                    | 3,916,602          |
| Unallocated  |                              |                    |
| Finance cost   | (3,416,641)                  | (3,310,062)        |
| Other income - net                                     | 4,337,410                    | 4,399,566          |
| Profit / (loss) before tax                             | 5,307,841                    | 5,006,106          |
|  | September 30, 2024           | June 30, 2024      |
|  | (Un-audited)                 | (Audited)          |
|  | ----- (Rupees in '000) ----- |                    |
| <b>Segment assets and liabilities</b>                  |                              |                    |
| <b>Segment assets</b>                                  |                              |                    |
| Gas transmission                                       | 288,472,769                  | 288,912,238        |
| Gas distribution and marketing                         |                              |                    |
| - Lower Sindh  | 559,867,317                  | 568,704,583        |
| - Upper Sindh  | 130,356,087                  | 155,345,150        |
| - Balochistan  | 178,603,759                  | 150,430,278        |
| Meter manufacturing                                    | 1,829,265                    | 1,829,267          |
| Total segment assets                                   | 1,159,129,197                | 1,165,221,516      |

|   | September 30,<br>2024<br>(Un-audited)<br>------(Rupees in '000)----- | June 30,<br>2024<br>(Audited) |
|---|--|-------------------------------|
| Unallocated   |  |                               |
| - Loans and advances  | 500,415  | 553,178                       |
| - Taxation - net  | 17,481,634   | 16,126,534                    |
| - Interest accrued  | 711,359  | 679,451                       |
| - Cash and bank balances  | 1,600,710  | 2,135,525                     |
|   | 20,294,118   | 19,494,688                    |
| Total assets as per consolidated statement of financial position      | 1,179,423,315  | 1,184,716,204                 |
| <b>Segment Liabilities</b>  |  |                               |
| Gas transmission  | 155,099,016  | 158,147,217                   |
| Gas distribution and marketing  |  |                               |
| - Lower Sindh   | 576,285,762  | 600,107,421                   |
| - Upper Sindh   | 129,813,408  | 154,712,934                   |
| - Balochistan   | 303,847,226  | 262,571,158                   |
| Meter manufacturing   | 127,275  | 127,276                       |
|   | 1,010,073,671  | 1,017,518,789                 |
| Total liabilities as per consolidated statement of financial position | 1,165,172,687  | 1,175,666,006                 |

### 31. FAIR VALUE OF MEASUREMENT

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

#### 31.1. Fair value of financial instruments

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

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

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

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

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

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

|   | As at September, 2024    |         |         |         |
|---|--------------------------|---------|---------|---------|
|   | Level 1                  | Level 2 | Level 3 | Total   |
|   | -----Rupees in '000----- |         |         |         |
| Assets                                  |                          |         |         |         |
| Fair value through OCI Financial Assets |                          |         |         |         |
| Quoted equity securities                | 262,349                  | -       | -       | 262,349 |

|   | As at June 30, 2024      |         |         |         |
|---|--------------------------|---------|---------|---------|
|   | Level 1                  | Level 2 | Level 3 | Total   |
|   | -----Rupees in '000----- |         |         |         |
| Assets                                  |                          |         |         |         |
| Fair value through OCI Financial Assets |                          |         |         |         |
| Quoted equity securities                | 256.705                  | -       | -       | 256.705 |

The Group has not disclosed the fair values of all other financial assets and liabilities as their carrying amounts are reasonable approximation of their fair values.

### 31.2. Fair value of other assets

Freehold land and leasehold land are stated at revalued amount as at reporting date, the fair value hierarchy is as follows:

| As at September, 2024 |                          |                   |
|-----------------------|--------------------------|-------------------|
|                       | Level 2                  | Fair Value        |
|                       | -----Rupees in '000----- |                   |
| Freehold land         | 43,847,526               | 43,847,526        |
| Leasehold land        | 17,225,224               | 17,225,224        |
|                       | <u>61,072,750</u>        | <u>61,072,750</u> |
| As at June 30, 2024   |                          |                   |
|                       | Level 2                  | Fair Value        |
|                       | -----Rupees in '000----- |                   |
| Freehold Land         | 43,847,526               | 43,847,526        |
| Leasehold Land        | 17,225,224               | 17,225,224        |
|                       | <u>61,072,750</u>        | <u>61,072,750</u> |

## 32. GENERAL

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

**32.2** Corresponding figures have been rearranged and reclassified, wherever necessary.

## 33. DATE OF AUTHORISATION

These unaudited consolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on June 23 2025 .



**Dr. Shamshad Akhtar**  
Chairperson



**Muhammad Amin Rajput**  
Managing Director



**Wajeeh Uddin Sheikh**  
Chief Financial Officer

## KEY DATA

### FRANCHISE AREA

### SINDH AND BALOCHISTAN

Three months period ended September 30,

|   | 2024           | 2023          |
|---|----------------|---------------|
| <b>GAS SALES VOLUME (MMCF)</b>                | <b>64,889</b>  | <b>60,752</b> |
| <b>NUMBER OF CUSTOMERS (CUMULATIVE)</b>       |                |               |
| INDUSTRIAL                                    | 4,055          | 4,192         |
| COMMERCIAL                                    | 18,422         | 21,327        |
| DOMESTIC                                      | 3,191,569      | 3,210,452     |
| TOTAL   | 3,214,046      | 3,235,971     |
| <b>GAS METERS MANUFACTURED (NOS.)</b>         | <b>286,350</b> | <b>1,240</b>  |
| <b>TRANSMISSION NETWORK - CUMULATIVE (KM)</b> |                |               |
| DIAMETER                                      |                |               |
| 6"  | 36             | 36            |
| 8"  | 26             | 26            |
| 12"   | 591            | 591           |
| 16"   | 558            | 558           |
| 18"   | 940            | 940           |
| 20"   | 844            | 844           |
| 24"   | 782            | 751           |
| 30"   | 58             | 58            |
| 42"   | 371            | 371           |
|   | 4,206          | 4,175         |
| <b>DISTRIBUTION NETWORK - CUMULATIVE (KM)</b> |                |               |
| MAINS (1" - 30" DIAMETER)                     | 38,411         | 38,155        |
| SERVICES                                      | 11,411         | 11,390        |
|   | 49,822         | 49,545        |

اوگرا کی مالی سال 2023-24 کے لیے 27 مارچ 2025 کو جاری کردہ تعین کے مطابق، اس سہ ماہی میں UFG ڈس الاؤنٹس کا بوجھ روپے 1,739 ملین رہا (ستمبر 2023: روپے 1,234 ملین)۔ اس عرصے کے لیے فنانس کا سٹ روپے 3,415 ملین رہی (ستمبر 2023: روپے 3,243 ملین)۔

مالی سال 2024-25 کی پہلی سہ ماہی کے دوران، کراچی میں UFG کو مسلسل سنگل ڈسٹ میں برقرار رکھا گیا ہے۔ اندرون سندھ میں بھی بہتری دیکھی گئی ہے جہاں UFG تقریباً 7.24% ہے، جو کراؤگرا کے مقرر کردہ بیچ مارک سے کم ہے۔ اس کے علاوہ، بلوچستان کے علاقے میں بھی نمایاں بہتری دیکھنے میں آئی ہے، جہاں UFG کی شرح پچھلے سال کی اسی سہ ماہی (2023-24) کے 48% کے مقابلے میں کم ہو کر 30.3% تک آگئی ہے۔ تاہم، بلوچستان میں اوگرا بیچ مارک کا حصول وفاقی سطح پر پالیسی فیصلے کا متقاضی ہے، جس کے لیے فعال وکالت اور کوششیں جاری ہیں۔

## عملی اصلاحات

سوئی سدرن نے اپنی تنظیمی ساخت کو بہتر بنانے کے لیے مسلسل اقدامات کیے ہیں، جن میں ملازمین کی مہارتوں میں اضافہ، تربیت، اور وسائل کے مؤثر استعمال کو یقینی بنانا شامل ہے۔ "اسال ہرنس یونٹ" (SBU) ماڈل، جو پہلے ہی کراچی اور بلوچستان میں فعال تھا، اب پورے فرنیچر علاقے تک توسیع دے دی گئی ہے۔ ان تبدیلیوں کا مقصد آپریشنل افادیت اور صارفین کی خدمات میں بہتری لانا ہے۔

## ناقابل وصول رقم کے لیے مختص رقم

اوگرا کی جانب سے منقطع شدہ صارفین سے متعلق ناقابل وصول رقم کے لیے provisions کی اجازت ہے، تاہم ایس ایس جی سی نے IFRS-9 کو اپنایا ہے، جس کے تحت متوقع کریڈٹ نقصانات کی بنیاد پر، بشمول فعال صارفین، provisioning ضروری ہے۔ اس مستقبل بین نقطہ نظر نے کمپنی کی منافع پراثر ڈالا۔ IFRS-9 اپروچ کے نتیجے میں اس سہ ماہی میں روپے 226 ملین کی disallowance ہوئی (ستمبر 2023: کوئی نہیں)۔

## اہم منصوبے اور مستقبل کا منظر نامہ

سوئی سدرن آپریشنل اور مالیاتی پائیداری کے حصول کے لیے پرعزم ہے۔ اہم منصوبوں اور اقدامات میں شامل ہیں:

- ☆ ایس ایم ایس لاڈلکانہ اور نوادہ اشاد کی ایگریڈیشن کا کام، جو گیس کے دباؤ کو قابل اعتماد انداز میں کنٹرول کرنے کے قابل بنائے گا، جس سے حفاظت میں بہتری، مستقبل کی طلب کی سپورٹ اور مستقل و مؤثر فراہمی کو یقینی بنایا جائے گا۔

- ☆ مالی سال 2024-25 کے لیے 2,500 کلومیٹر ورک کی بحالی کا ہدف مقرر کیا گیا ہے، جس میں اوسط ماہانہ پیش رفت 200 کلومیٹر سے تجاوز کر رہی ہے۔ بحالی اور ری انفرسٹمنٹ منصوبوں کی فعال نگرانی کی جارہی ہے اور آسانٹ انسپیکشنز کے ذریعے HSEQA معیارات کی مکمل تعمیل کو یقینی بنایا جا رہا ہے۔
- ☆ جولائی تا ستمبر 2024 کے دوران گیس چوری کے خلاف بڑے پیمانے پر کارروائیاں کی گئیں، جن میں 13,439 مقامات کی نشاندہی کر کے کنکشن منقطع کیے گئے، جس سے مجموعی طور پر تقریباً 36,982 گھریلو صارفین متاثر ہوئے جو غیر قانونی طور پر گیس استعمال کر رہے تھے۔
- ☆ مالی سال 2024-25 کی پہلی سہ ماہی میں HSEQA کی جانب سے اہم تخصیصات (ایس ایم ایس، ٹی بی ایس، پی آر ایس، اوڈوراٹرز اور سی پی ایٹیشنز) کا معائنہ کیا گیا تاکہ یو ایف جی میں اضافے کا سبب بننے والے لیکس، زنگ آلودگی اور دیگر خلاف ورزیوں کی نشاندہی کی جاسکے۔

## اظہار تشکر

بورڈ اپنے حصص یافتگان، معزز صارفین اور ملازمین کا مسلسل تعاون اور لگن پر تہ دل سے شکریہ ادا کرتا ہے۔ ہم حکومت پاکستان، وزارت توانائی (پیٹرولیم ڈویژن)، اور اوگرا کی جانب سے فراہم کردہ رہنمائی اور معاونت کو بھی خراج تحسین پیش کرتے ہیں جن کی بدولت کمپنی اپنے مقاصد حاصل کر سکی۔

بحکم بورڈ



امین راجپوت

منیجنگ ڈائریکٹر



ڈاکٹر شمشاد اختر

چیئر پرسن، بورڈ آف ڈائریکٹرز

تاریخ: 23 جون 2025



## ڈائریکٹرز کا جائزہ

برائے سہ ماہی ختمہ 30 ستمبر 2024

### مالیاتی جائزہ

سوئی سدرن کے بورڈ آف ڈائریکٹرز کو یہ سہ ماہی مالیاتی گوشوارے پیش کرتے ہوئے خوشی ہو رہی ہے جو کہ 30 ستمبر 2024 کو ختم ہونے والی مدت کے لیے ہیں۔ مالی سال 2024-25 کی پہلی سہ ماہی کے دوران، سوئی سدرن نے عملی کارکردگی اور مالی بحالی میں شاندار پیش رفت کا مظاہرہ کیا ہے۔ مالی سال 2023-24 کی آخری سہ ماہی میں حاصل شدہ رفتار کو برقرار رکھتے ہوئے، کمپنی نے "غیر حساب شدہ گیس" (UFG) کو 10.14 فیصد سے کم کر کے 10.01 فیصد پر برقرار رکھا ہے۔ یہ تسلسل آپریشنز، کاروباری عمل، اور تنظیمی ثقافت میں بہتری کے عزم کو ظاہر کرتا ہے۔

UFG کے منافع پر پڑنے والے اہم اثر کو مد نظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز نے انتظامیہ کے ساتھ مل کر ان اقدامات کی بھرپور حمایت کی ہے جو UFG ڈویژن نے طویل المدتی اور پائیدار کمائی کے لیے کیے ہیں۔ اس حوالے سے OGRA کی -مانیٹرنگ انڈیکسز (KMI) پر خصوصی توجہ دی گئی ہے، تاکہ مالی سال 2024-25 میں 100 فیصد تقبیل کا ہدف حاصل کیا جاسکے۔

### مالیاتی جھلکیاں

| ملین میں روپے                  | ستمبر 2024 | ستمبر 2023 | فرق  |
|--------------------------------|------------|------------|------|
| ٹیکس سے قبل منافع / (نقصان)    | 4,914      | 4,397      | 517  |
| ٹیکس                           | (43)       | (239)      | 196  |
| بعد از ٹیکس منافع / (نقصان)    | 4,871      | 4,158      | 713  |
| آمدنی / (نقصان) فی شیئر (روپے) | 5.53       | 4.72       | 0.81 |

مشکل آپریٹنگ ماحول کے باوجود، ایس ایس جی سی کی آپریشنل افادیت کو بہتر بنانے پر توجہ نے UFG کے اشاریوں میں نمایاں بہتری کو یقینی بنایا ہے۔ مالی سال 2018-19 سے مالی سال 2023-24 کے دوران، ایس ایس جی سی نے مجموعی طور پر تقریباً 40 بی سی ایف (ملین کیوبک فٹ) کی UFG میں کمی حاصل کی، جو کہ آپریشنل چیلنجز سے نمٹنے کے لیے جاری کوششوں کا ثبوت ہے۔

مالیاتی گوشوارے مالی سال 2023-24 کے فائنل ریونیوریکو ازمنٹ کی اوگرا کی طے کردہ ہدایات کے مطابق تیار کیے گئے ہیں، جو ریونیوریز فریم ورک کی مکمل تقبیل کو یقینی بناتے ہیں۔ کمپنی کا مستقبل کا سفر امید افزا ہے، جس کی بنیاد مضبوط اقدامات جیسے کہ نیٹ ورک کی بحالی، زول میجمنٹ کا نفاذ، اور ٹیکنالوجی میں سرمایہ کاری پر ہے۔ یہ اقدامات ایس ایس جی سی کے اس عزم کو مزید تقویت دیتے ہیں کہ صارفین کو قابل اعتماد اور پائیدار گیس کی فراہمی ممکن بنائی جائے اور صارفین کے اطمینان کو مزید بہتر کیا جائے۔

### منافع اور مالیاتی ایڈجسٹمنٹ

سوئی سدرن کی منافع بخش کارکردگی بنیادی طور پر اوگرا کی مقرر کردہ "گارنٹیڈ ریٹرن فارمولا" پر مبنی ہے، جو "ویڈج ایلرٹج کاسٹ آف کپٹل" (WACC) کے اصول پر استوار ہے۔ اس سہ ماہی کے لیے مالیاتی گوشوارے 20.97% ریٹرن آن ایلرٹج نیٹ آپریٹنگ گلسڈ اثاثہ جات کی بنیاد پر (مالیاتی چارجز اور ٹیکس سے قبل) تیار کیے گئے ہیں، جبکہ ستمبر 2023 میں یہ شرح 23.45% تھی۔ تاہم، یو ایف جی (UFG)، ہیومن ریسیورس شیڈ مارک لاگت، اور مشکوک وصولیوں کے لیے مختص کردہ رقم جیسے افادیت کے معیارات سے متعلق ایڈجسٹمنٹس کمپنی کے خالص منافع پر اثر انداز ہوتے ہیں۔

"ویڈج ایلرٹج کاسٹ آف گیس" (WACOG)، جو کہ بڑی حد تک امریکی ڈالر پر منحصر ہے، کمپنی کے مالی چیلنجز میں ایک اہم عنصر رہا ہے۔ اس سہ ماہی کے دوران، WACOG میں 4% اضافہ ہوا، یعنی فی ایم ایم سی ایف قیمت روپے 1,059.29 سے بڑھ کر روپے 1,108.38 ہو گئی، جس کے نتیجے میں UFG کی نااہل لاگت میں روپے 74 ملین کا اضافہ ہوا۔

## NOTES

[illegible]



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