SSGC | Sui Southern Gas Company Limited

CONSOLIDATING INFRASTRUCTURE MOVING FORWARD

Un-Audited Condensed Interim Financial Information for the quarter ended September 30, 2022

SSGC

Sui Southern Gas Company Limited

Unconsolidated Condensed Interim Financial Information (Un-Audited)
for the quarter ended September 30, 2022

CORPORATE PROFILE

BOARD OF DIRECTORS

AS ON SEPTEMBER 30, 2022

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Mr. Faisal Bengali	Director
Mr. Abdul Aziz Uqaili	Director
Mr. Hassan Mehmood Yousufzai	Director
Dr. Imran Ullah Khan	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Zuhair Siddiqui	Director
Mr. Ayaz Dawood	Director

MANAGING DIRECTOR
Mr. Imran Maniar

COMPANY SECRETARY
Mr. Mateen Sadiq

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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Web: 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 & Nomination Committee

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Mr. Hassan Mehmood Yousufzai	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director

Board Finance and Procurement Committee

Mr. Ayaz Dawood	Chairman
Mr. Faisal Bengali	Director
Dr. Imran Ullah Khan	Director
Mr. Zuhair Siddiuqi	Director

Board Audit Committee

Mr. Faisal Bengali	Chairman
Dr. Sohail Razi Khan	Director
Dr. Imran Ullah Khan	Director
Mr. Ayaz Dawood	Director

Board Risk Management, Litigation and HSEQA Committee

Mr. Muhammad Raziuddin Monem	Chairman
Mr. Abdul Aziz Uqaili	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Zuhair Siddiqui	Director

Special Committee on UFG

Dr. Shamshad Akhtar	Chairperson
Mr. Abdul Aziz Uqaili	Director
Mr. Hassan Mehmood Yousufai	Director
Dr. Sohail Razi Khan	Director
Mr. Zuhair Siddiqui	Director

DIRECTORS' REVIEW

For three months period ended September 30, 2022

Financial Overview

During the period under review, the Company recorded a Net Loss after Tax of Rs. 5,595 million after incorporating major disallowances by OGRA and financial costs.

The summary of financial highlights is given below:

	Sep 2022	Sep 2021	Variation
	(Rupees in Million)		
(Loss) / Profit before taxation	(4,691)	1,470	(6,161)
Taxation	(904)	(734)	(170)
(Loss) / Profit after taxation	(5,595)	736	(6,331)
Earnings Per Share (Rs.)	(6.35)	0.84	(7.19)

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

In line with OGRA Determination on Final Revenue Requirement (DFRR) for FY 2021-22 issued on October 06, 2023, UFG disallowance absorbed in these three months' financial results amounted to Rs. 8,168 million against Return on Assets of Rs. 3,983 million. Finance cost for the period is Rs. 1,649 million.

Despite significant efforts to reduce UFG and turnaround the Company, high UFG in Balochistan region is outweighing all efforts. For the period under review, Balochistan UFG in volume terms is 4.12 BCF and in percentage is 55.6% (corresponding figures for 2021: 2.66 BCF and 31.9%).

This issue needs policy decision at the Federal Government level to keep gas supplies to Balochistan a viable decision. Due to rigorous efforts to curb UFG, despite increased UFG in Balochistan, the overall company-wide UFG is maintained in volumetric term at 14.70 BCF.

It is important to underscore that the Return on Assets is based upon historical cost in PKR value of assets whereas the UFG penalty is based upon the Weighted Average Cost of Gas (WACOG) which is majorly based on USD. Sharp depreciation of PKR vs USD in recent times has been the key factor of negative bottom-line. The WACOG during the quarter ended September 30, 2022, was Rs. 881.88 per MMCF compare to Rs. 571.81 per MMCF corresponding period of the last year which is 54% increase in percentage term. This resulted in incremental UFG disallowance of Rs. 2,871 million.

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

Acceptance of UFG Allowance on RLNG Business

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

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

Provision against impaired debts

OGRA allows provision against impaired debts as operating expense related to disconnected customers only. However, on adoption of IFRS-9, provision is being made on Expected Credit loss basis i.e., forward looking approach which also requires provisioning against Live Customers, resultantly, bottom-line of the Company is affected.
Since OGRA has confined to the position that it will allow provision as per past practice i.e., only against disconnected customers, thus current period provision has been treated in line with DFRR FY 2021-22 and disallowance of Rs. 83 million has been recognized.

Financial Cost

SSGC has to bear financial charges of Rs. 1,649 million mainly on long-term and short-term borrowings obtained for capital expenditures and working capital shortfall due to delay in Tariff Notifications.

However, out of the above, an amount of Rs. 708 million is treated as allowed by OGRA as per past practice to compensate the delay in Tariff Notifications.

Future Outlook

Moving forward, reduction in UFG is the key to keeping the Company operationally and financially viable. A number of drastic measures have been implemented for effective and sustainable UFG reduction. Positive results of the implemented actions are already visible whereas the under-planning actions will further reduce the UFG. Following is a gist of actions and initiatives:

i. The dedicated UFG Hub Division established under the guidance of the BOD continues to improve the existing procedures and protocols against UFG contributing factors. Projects and initiatives are being undertaken at an expedited pace.
ii. The chronic issue of Balochistan UFG is being actively taken up with all concerned authorities. A number of meetings have been conducted with the top officials at the Government of Balochistan as well as the Federal Government to present detailed analysis of the problems along with viable solutions thereof.
iii. Through meticulous planning, the Lower Sindh (Karachi) Distribution operations have been restructured through the adoption of 'Strategic Business Units concept'. Consequently, massive improvements have been recorded in UFG performance. Planning is underway to implement similar restructurings across the franchise area.
iv. Rigorous efforts have been made to improve the measurement and billing accuracy. Rehabilitation of distribution network is being transitioned from a sub-departmental function to a dedicated project team with dedicated and professional resources. Actions against gas theft and unauthorized usage have been intensified to unprecedented levels. As a result, the UFG in Lower Sindh i.e. Karachi (where 65% of franchise's gas is sold) is close to be brought in single-digit.
v. Operational efficiencies are expected to be massively improved through the Town Border Station Automation Project.
vi. Substantial number of segmentation and network segregation projects have been completed to optimize supply of gas to industrial and domestic customers as per their respective requirements. Additionally, these projects have improved accuracy of UFG monitoring.

Acknowledgements

The Board wish to express appreciation for the continued support received from the shareholders and its valued customers. The Board also acknowledges the dedication of all the employees who worked hard, despite number of challenges confronting the Company. The Board also thankful to the Government of Pakistan, the Ministry of Energy and the Oil and Gas Regulatory Authority, for their continued guidance and support.

On behalf of the Board.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Dated: December 30, 2023
Place: Karachi

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**176,058,238**	175,263,737
Intangible assets		**200,655**	226,209
Right of use assets	5	**122,881**	85,051
Deferred tax		**2,823,415**	2,823,415
Long term investments	6	**1,212,745**	1,401,745
Net investment in finance lease		**-**	-
Long term loans and advances		**789,049**	1,425,381
Long term deposits		**18,632**	18,632
Total non-current assets		**181,225,615**	181,244,170
Current assets			
Stores, spares and loose tools		**3,666,932**	3,645,946
Stock-in-trade		**2,981,970**	2,304,295
Current maturity of net investment in finance lease		**58,867**	73,321
Customers' installation work-in-progress		**232,937**	244,305
Trade debts	7	**116,796,869**	109,085,866
Loans and advances		**1,603,866**	564,780
Advances, deposits and short term prepayments		**874,414**	975,841
Interest accrued	8	**17,118,241**	16,692,130
Other receivables	9	**514,552,761**	461,821,871
Taxation - net		**15,528,667**	16,079,192
Cash and bank balances		**3,556,368**	3,078,230
Total current assets		**676,971,892**	614,565,777
TOTAL ASSETS		**858,197,507**	795,809,947

The annexed notes 1 to 31 form an integral part of these unconsolidated condensed interim financial statements.

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
EQUITY AND LIABILITIES		--------(Rupees in '000)--------	
EQUITY			
Share capital and reserves			
Share capital		**8,809,163**	8,809,163
Reserves		**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI investments		**112,510**	115,836
Surplus on revaluation of property plant and equipment		**54,107,435**	54,107,435
Accumulated losses		**(78,013,338)**	(72,418,688)
Total equity		**(10,076,829)**	(4,478,853)
LIABILITIES			
Non-current liabilities			
Long term financing	10	**14,695,002**	17,015,705
Long term deposits		**25,379,665**	24,506,273
Employee benefits		**7,952,432**	7,724,066
Payable against transfer of pipeline		**666,304**	684,981
Deferred credit	11	**4,197,253**	4,304,590
Contract liabilities	12	**9,548,920**	9,517,256
Lease liability		**18,795**	19,029
Long term advances		**3,950,970**	3,971,110
Total non-current liabilities		**66,409,341**	67,743,010
Current liabilities			
Current portion of long term financing	10	**6,504,619**	6,664,669
Current portion of payable against transfer of pipeline		**72,264**	70,664
Current portion of deferred credit	11	**456,840**	443,575
Current portion of contract liabilities	12	**265,672**	262,881
Current portion lease liability		**85,544**	55,475
Short term borrowings	13	**21,936,609**	23,878,298
Trade and other payables	14	**755,335,864**	682,927,371
Unclaimed dividend		**285,373**	285,373
Interest accrued	15	**16,922,210**	17,957,484
Total current liabilities		**801,864,995**	732,545,790
Total liabilities		**868,274,336**	800,288,800
Contingencies and commitments	16		
TOTAL EQUITY AND LIABILITIES		**858,197,507**	795,809,947

The annexed notes 1 to 31 form an integral part of these unconsolidated condensed interim financial statements.

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the quarter ended September 30, 2022

	Note	Quarter ended September 30, 2022	Quarter ended September 30, 2021
		(Un-Audited)	
		-----------(Rupees in '000)-----------	
Revenue from Contracts with customers - Gas sales	17	**70,706,977**	79,995,307
Tariff adjustments	18	**45,532,663**	13,046,716
Net sales		**116,239,640**	93,042,023
Cost of sales	19	**(113,550,939)**	(89,573,475)
Gross profit		**2,688,701**	3,468,548
Administrative and selling expenses		**(1,379,424)**	(1,300,319)
Other operating expenses	20	**(7,471,259)**	(3,313,542)
Allowance for expected credit loss		**(432,433)**	(273,177)
		(9,283,116)	(4,887,038)
		(6,594,415)	(1,418,490)
Other income	21	**3,552,500**	3,977,595
(Loss) / profit before finance cost and taxation		**(3,041,915)**	2,559,105
Finance cost		**(1,648,912)**	(1,089,013)
(Loss) / profit before taxation		**(4,690,827)**	1,470,092
Taxation	22	**(903,823)**	(733,605)
(Loss) / profit for the period		**(5,594,650)**	736,487
(Loss) / earning per share - basic and diluted	23	**(6.35)**	0.84

The annexed notes 1 to 31 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the quarter ended September 30, 2022

	Quarter ended	
	September 30, 2022	'September 30, 2021
	(Un-Audited)	
	----------(Rupees in '000)----------	
(Loss) / profit for the period	**(5,594,650)**	736,487
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods:		
Unrealised (loss) / profit on re-measurement of financial assets at fair value though other connprehensive income.	**(3,326)**	41,645
Total comprehensive (loss) / income for the period	**(5,597,976)**	778,132

The annexed notes 1 to 31 form an integral part of these unconsolidated condensed interim financial statements.

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW

For the quarter ended September 30, 2022

	Note	Quarter ended September 30, 2022 (Un-Audited)	Quarter ended September 30, 2021 (Un-Audited)
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(4,690,827)**	1,470,092
Adjustments for non-cash and other items	24	**4,277,457**	2,254,122
Working capital changes	25	**11,398,642**	3,684,922
Financial charges paid		**(2,677,444)**	(1,449,133)
Employee benefits paid		**(49,398)**	(28,858)
Payment for retirement benefits		**(756,152)**	(251,851)
Long term deposits received - net		**873,392**	579,725
Loans and advances to employees - net		**(402,754)**	244,839
Interest income and return on term deposits received		**12,858**	35,539
Income taxes paid		**(353,298)**	(964,292)
Net cash generated from / (used in) operating activities		**7,632,476**	5,575,105
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(2,669,911)**	(3,044,647)
Payments for intangible assets		**-**	(4,620)
Payments against transfer of pipeline		**(33,933)**	(33,933)
Proceeds from sale of property, plant and equipment		**-**	1,447
Dividend received		**12,545**	10,642
Net cash used in investing activities		**(2,691,299)**	(3,071,111)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(2,483,333)**	(1,028,833)
Repayment of customer finance		**(4,222)**	(4,765)
Repayment of lease liability		**(33,795)**	(58,291)
Net cash used in financing activities		**(2,521,350)**	(1,091,889)
Net increase / (decrease) in cash and cash equivalents		**2,419,827**	1,412,105
Cash and cash equivalents at beginning of the period		**(20,800,068)**	(23,176,898)
Cash and cash equivalents at end of the period	26	**(18,380,241)**	(21,764,793)

The annexed notes 1 to 31 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the quarter ended September 30, 2022

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of FVTOCI investments	Surplus on revaluation of property plant and equipment	Accumulated losses	Total
	----------	----------	----------	----------(Rupees in '000)	----------	----------	----------
Balance as at July 1, 2021 (Audited)	**8,809,163**	**234,868**	**4,672,533**	**172,772**	**24,347,314**	**(60,408,205)**	**(22,171,555)**
Total comprehensive income for the quarter ended September 30, 2021							
Profit for the period	-	-	-	-	-	736,487	736,487
Other comprehensive income for the period	-	-	-	41,645	-	-	41,645
Total comprehensive income for the period	-	-	-	41,645	-	736,487	778,132
Balance as at September 30, 2021	8,809,163	234,868	4,672,533	214,417	24,347,314	(59,671,718)	(21,393,423)
Balance as at July 1, 2022 (Audited)	**8,809,163**	**234,868**	**4,672,533**	**115,836**	**54,107,435**	**(72,418,688)**	**(4,478,853)**
Total comprehensive loss for the quarter ended September 30, 2022							
Loss for the period	-	-	-	-	-	(5,594,650)	(5,594,650)
Other comprehensive loss for the period	-	-	-	(3,326)	-	-	(3,326)
Total comprehensive loss for the period	-	-	-	(3,326)	-	(5,594,650)	(5,597,976)
Balance as at September 30, 2022	8,809,163	234,868	4,672,533	112,510	54,107,435	(78,013,338)	(10,076,829)

The annexed notes 1 to 31 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2022

1. STATUS AND NATURE OF BUSINESS

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

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

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

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

1.2 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA), the Company is provided with a minimum annual return before taxation i.e. 16.60% (June 30, 2022: 16.60%) per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial and other non-operating expenses and non-operating income. The determination of annual required return is reviewed by OGRA, under the terms of the license for transmission, distribution and sale of natural gas, targets and parameters set by OGRA. Income earned in excess / short of the above guaranteed return is payable to / recoverable from the Government of Pakistan (GoP).

1.3 Status of the Company's Operations - Financial Performance

During the period, the Company has suffered loss after tax of Rs. 5,595 million (September 30, 2021: Profit after tax of Rs. 736 million) resulting in increase in its accumulated losses by Rs. 5,595 million. As at reporting date, current liabilities exceeded its current asset by Rs. 124,893 million (June 30, 2022: Rs. 117,980 million).

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

Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Company was allowed Unaccounted For Gas (UFG) based on Regassified Liquefied Natural Gas (RLNG) handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. However, in its determination of Final Revenue Requirement (FRR) for FY 2017-18 and there after till June 30, 2022, carrying financial impact aggregating to Rs 70,217 million as of the reporting date, OGRA did not consider implementing the aforementioned decision and advised to take up the matter with Sui Northern Gas Pipelines Limited (SNGPL) in consultation with Ministry of Energy (Petroleum Division). The Company has reiterated its earlier position of higher UFG due to RLNG, thus to sort out this issue, ECC constituted a Committee comprising Secretaries of Petroleum & Finance division. In line with Committee recommendations and having an independent view as requested by the Company, OGRA hired the services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of indigenous gas as well as imported RLNG.

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

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

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

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

2 BASIS FOR PREPARATION

2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. 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 Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and

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

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

For the determination of Tariff Adjustments, the directives of OGRA and the OGRA Ordinance, 2002 have been followed. Moreover, Tariff adjustments recorded in these un-audited unconsolidated condensed interim financial statements are based on Final Revenue Requirement determined by OGRA for the financial year ended June 30, 2022.Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These unconsolidated condensed interim financial statements are prepared in Pakistani Rupees which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

3.1 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, 2022.

3.2 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, 2022.

Further, the charge in respect of staff retirement benefits has been recognised on the basis of Actuarial projection for FY 2022-23, hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

3.3 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, 2022. 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.

3.4 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, 2022.

4. PROPERTY, PLANT AND EQUIPMENT	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
	--------(Rupees in '000)--------	
Operating assets	**159,383,475**	160,332,379
Capital work-in-progress	**16,674,763**	14,931,358
	176,058,238	175,263,737

Details of additions and disposals of property, plant and equipment are as follows:

	September 30, 2022		September 30, 2021	
	(Un-audited)			
	---------------------------------(Rupees in '000)---------------------------------			
Operating assets	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)
Buildings on leasehold land	**555**	**-**	23,748	-
Gas distribution system	**431,308**	**(99,007)**	654,795	(43,549)
Gas transmission pipelines	**48,309**	**-**	38,401	-
Telecommunication	**21,710**	**-**	-	-
Plant and machinery	**84,871**	**-**	52,303	-
Tools and equipment	**3,723**	**-**	2,865	-
Motor vehicles	**127,789**	**(660)**	93,525	(2,133)
Furniture and fixtures	**52,608**	**-**	290	-
Office equipment	**10,506**	**-**	15,970	-
Computers and ancillary equipments	**3,828**	**-**	1,333	-
Compressor	**166,102**	**-**	13,677	-
	951,309	**(99,667)**	896,907	(45,682)

	September 30, 2022		September 30, 2021	
	(Un-audited)			
	-----(Rupees in '000)-----			
	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:	-----(Rupees in '000)-----			
Projects:				
- Gas distribution system	**1,919,562**	**(431,308)**	1,584,210	(654,795)
- Gas transmission system	**42,208**	**(48,309)**	-	(38,401)
- Others	**708,141**	**(471,692)**	1,460,437	(203,711)
	2,669,911	**(951,309)**	3,044,647	(896,907)

During the period, there has been net decrease in respect of stores and spares held for capital projects and others amounting to Rs. 25.5 million (September 30, 2021: Increase of Rs. 1,124 million).

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
5 RIGHT OF USE ASSETS		-----(Rupees in '000)-----	
Cost		**255,194**	243,052
Accumulated depreciation		**(132,313)**	(158,001)
Net book value		**122,881**	85,051
Cost			
Opening balance		**243,052**	346,255
Additions during the period		**59,716**	43,358
Derecognition during the period		**(47,574)**	(146,561)
Ending balance		**255,194**	243,052
Accumulated depreciation			
Opening balance		**158,001**	197,621
Depreciation charge for the period		**21,886**	105,246
Derecognition during the period		**(47,574)**	(144,866)
Ending balance		**132,313**	158,001

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

6 LONG TERM INVESTMENTS

Investment in related party- at cost		**1,063,708**	1,249,382
Other investment - at fair value through other comprehensive income		**149,037**	152,363
		1,212,745	1,401,745

7. TRADE DEBTS

Considered good			
secured		**36,721,850**	30,377,495
unsecured		**104,094,579**	102,295,497
	7.1 & 7.2 & 7.3	**140,816,429**	132,672,992
Less: Allowance for expected credit loss		**(24,019,560)**	(23,587,126)
		116,796,869	109,085,866

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 29,957 million (June 30, 2022: Rs. 29,652 million) as at September 30, 2022 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,652 million (June 30, 2022: Rs. 29,652 million) as at September 30, 2022 are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 156,754 million (June 30, 2022: Rs. 151,293 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

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

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

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

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

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

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

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,933 million (June 30, 2022: Rs. 25,312 million) including overdue balance of Rs. 24,857 million (June 30, 2022: Rs. 25,231 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 83,148 million (June 30, 2022: Rs. 82,214 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

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

7.3 The 20 years GSA with HCPCL expired in September 2019. Prior to the expiry of GSA, MOE communicated the Company to continue supplying gas to HCPCL in order to avoid suspension of electricity to national grid. In the month of October 2019, HCPCL carried out a set off of Rs. 586.5 Million from the Company's outstanding bills on account of LDs imposed by WAPDA after the expiry of gas allocation on 31 December 2018. the Company disconnected gas supply of HCPCL on 3rd October 2019. Subsequently securing gas receivables, the Company opted for encashment of HCPCL Bank Guarantees of Rs.1,045 million. In response, HCPCL filed Suit 1570 of 2019 and obtained stay from the Honorable High Court of Sindh against the Company regarding encashment of Bank Guarantees.

8. INTEREST ACCRUED

	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
	--------(Rupees in '000)--------	
Interest accrued on late payment of bills / invoices from:		
- Water and Power Development Authority (WAPDA)	**5,237,888**	5,100,675
- Sui Northern Gas Pipeline Limited (SNGPL)	**11,243,514**	10,957,214
- Jamshoro Joint Venture Limited (JJVL)	**239,689**	239,689
	16,721,091	16,297,578
Interest accrued on sales tax refund	**487,739**	487,739
Interest accrued on loan to SSGC LPG (PVT) LTD	**21,811**	19,213
	17,230,641	16,804,530
Provision against impaired accrued income	**(112,400)**	(112,400)
	17,118,241	16,692,130

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		--------(Rupees in '000)--------	

9. OTHER RECEIVABLES

	Note	September 30, 2022	June 30, 2022
Tariff adjustments indigenous gas - receivable from GoP	9.1	**338,823,330**	295,488,261
Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
Staff pension fund		**187,030**	198,562
Receivable for sale of gas condensate		**77,609**	108,817
Receivable from SNGPL	9.2	**113,409,148**	110,629,326
Receivable from JJVL	9.3 & 9.4 & 9.5	**2,501,824**	2,501,824
SSGC LPG (Private) Limited		**7,841**	8,563
Sales tax receivable	9.6	**57,431,851**	50,773,703
Sindh sales tax receivable		**2,451**	2,451
Receivable against asset contribution	9.7	**359,667**	337,266
Miscellaneous receivable		**54,804**	75,892
		517,139,635	464,408,745
Provision against impaired receivables		**(2,586,874)**	(2,586,874)
		514,552,761	461,821,871

9.1 Tariff adjustments indigenous gas - receivable from GoP

Opening balance	**295,488,261**	207,762,067
Recognized during the period	**43,077,211**	86,507,711
Subsidy for LPG air mix operations	**257,858**	1,223,309
Reversal of accrued interest on tariff adjustments	**-**	(4,826)
Ending balance	**338,823,330**	295,488,261

9.2 Receivable balance from SNGPL comprises of the following:

	Note		
Uniform cost of gas		**15,818,845**	15,818,845
Lease rentals		**1,309,370**	1,228,430
Contingent rent		**10,315**	10,315
LSA margins		**3,222,732**	3,071,808
Capacity and utilisation charges of RLNG	9.2.1	**58,240,523**	55,656,646
RLNG transportation income		**34,807,363**	34,843,282
		113,409,148	110,629,326

9.2.1 The Company has invoiced an amount of Rs. 170,838 million, including Sindh Sales Tax of Rs. 19,797 million, till September 30, 2022 to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

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

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

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

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

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

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

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

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

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

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

9.5 This amount comprises of receivable in respect of royalty income, sale of liquidified petroleum gas, sale of natural gas liquids, federal excise duty, Sindh sales tax on franchise services, fuel charges receivable against processing charges from JJVL and receivable from JJVL @ 57% value of LPG / NGL extraction as per new agreement signed between the Company and JJVL pursuant to SCP order dated December 04, 2018 amounting to Rs. (10) million (June 30, 2022: Rs. (10) million), Rs. 160 million (June 30, 2022: Rs. 160 million), Rs. 178 million (2022: Rs. 178 million), Rs. 1,070 million (June 30, 2022: Rs. 1,070 million), Rs. 646 million (June 30, 2021: Rs. 646 million), Rs. 32 million (June 30, 2022: 32 million), Rs.6.6 million (June 30, 2022:Rs.6.6 million) , Rs. 419 million (June 30 2022: Rs.419 million) respectively.

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

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

10. LONG TERM FINANCING	Note	**September 30, 2022 (Un-audited)**	**June 30, 2022 (Audited)**
		-----------(Rupees in '000)-----------	
Secured	10.1 & 10.2 & 10.3 &		
Loans from banking companies	10.4	**20,274,941**	22,753,345
Unsecured			
Customer finance		**129,259**	133,480
Government of Sindh loans		**795,421**	793,549
		924,680	927,029
Subtotal		**21,199,621**	23,680,374
Less: current portion shown under current liabilities			
Loans from banking companies		**(6,316,667)**	(6,466,667)
Customer finance		**(1,285)**	(11,335)
Government of Sindh loans		**(186,667)**	(186,667)
		(6,504,619)	(6,664,669)
		14,695,002	17,015,705

10.1 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.2,333 million has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.10 % per annum.

10.2 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.

10.3 A long term finance facility amounting to Rs. 3,000 million was sanctioned in August 2015 . During the period repayment of Rs. 150 million has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.50 % per annum.

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

11. DEFERRED CREDIT

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		-----------(Rupees in '000)-----------	
Government of Pakistan contributions / grants			
Opening Balance		**2,762,110**	2,968,896
Additions / adjustments during the period		**15,794**	95,527
Transferred to unconsolidated statement of profit or loss		**(79,162)**	(302,313)
Ending balance		**2,698,742**	2,762,110
Government of Sindh (Conversion of loan into grant)			
Opening Balance		**1,889,931**	1,952,841
Additions during the period		**4,344.00**	62,280
Transferred to unconsolidated statement of profit or loss		**(31,587)**	(125,190)
Ending balance		**1,862,688**	1,889,931
Government of Sindh grants			
Opening Balance		**96,124**	113,200
Transferred to unconsolidated statement of profit or loss	11.1	**(3,461)**	(17,076)
Ending balance		**92,663**	96,124
		4,654,093	4,748,165
Less: Current portion of deferred credit		**(456,840)**	(443,575)
		4,197,253	4,304,590

11.1 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 amounting to Rs 940 million and its initial fair value is amounting to Rs. 170 million based on Rs. 398 million. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in unconsolidated statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

12. CONTRACT LIABILITIES

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		-----------(Rupees in '000)-----------	
Contribution from customers	12.1&12.2	**2,970,915**	2,975,653
Advance received from customers for laying of mains, etc.		**6,578,005**	6,541,603
		9,548,920	9,517,256

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		-----------(Rupees in '000)-----------	
12.1 Contribution from customers			
Opening Balance		**3,238,534**	2,740,870
Additions / adjustments during the period		**64,471**	748,154
Transferred to unconsolidated statement of profit or loss		**(66,418)**	(250,490)
		3,236,587	3,238,534
Less: Current portion of contributions from consumers		**(265,672)**	(262,881)
Ending balance		**2,970,915**	2,975,653

12.2 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.

13. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 25,000 million (June 30, 2022: Rs. 25,000 million) and carry mark-up ranging from 0.00% to 0.20% (June 30, 2022: 0.20%) above the average one month KIBOR. These facilities are secured by first pari passu second amendment to the joint hypothecation agreement and ranking charge over present and future stock in trade and book debts of the Company.

The aggregate unavailed short term borrowing facilities amounted to Rs.3,063 million (June , 2022: Rs. 1,122 million).

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		--------(Rupees in '000)--------	
14. TRADE AND OTHER PAYABLES			
Creditors for:			
- Indigenous gas	14.1	**571,420,071**	511,835,476
- RLNG		**135,508,882**	120,734,221
		706,928,953	632,569,697
Tariff adjustments RLNG- payable to GoP	14.2	**26,467,759**	28,923,211
Service charges payable to EETPL		**2,890,903**	2,604,792
Accrued liabilities / bills payable		**7,552,073**	7,035,370
Provision for compensated absences - non executives		**177,936**	177,936
Payable to gratuity fund		**2,068,792**	2,545,198
Payable to provident fund		**90,169**	93,339
Deposits / retention money		**791,679**	757,997
Advance for sharing right of way		**18,088**	18,088
Withholding tax payable		**114,741**	22,687
Sales tax and Federal Excise Duty		**420,061**	444,625
Sindh sales tax payable		**65,771**	76,188
Gas infrastructure development cess payable		**6,871,282**	6,876,666
Unclaimed Term Finance Certificate redemption profit		**1,800**	1,800
Workers' profit participation fund (WPPF)	14.3	**331,070**	315,979
Others		**544,787**	463,798
		755,335,864	682,927,371

14.1 Creditors for indigenous gas supplies include Rs. 458,992 million (June 30, 2022: Rs. 424,267 million) payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (June 30, 2022: Rs. 15,832 million) on their balances which have been presented in note 15.1 to these unconsolidated condensed interim financial statements.

		Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
			--------(Rupees in '000)--------	
14.2	**Tariff adjustments RLNG - payable to GoP**			
	Opening balance		**28,923,211**	18,346,037
	Recognized during the period		**(2,455,452)**	10,577,174
	Ending balance		**26,467,759**	28,923,211
14.3	**Workers' Profit Participation Fund (WPPF)**			
	Opening balance		**315,979**	234,255
	Interest on WPPF		**15,091**	81,724
	Ending balance		**331,070**	315,979
15.	**INTEREST ACCRUED**			
	Long term financing - loans from banking companies		**197,280**	823,749
	Long term deposits from customers		**279,666**	681,113
	Short term borrowings		**513,570**	520,928
	Late payment surcharge on processing charges		**99,283**	99,283
	Late payment surcharge on gas supplies	15.1.	**15,832,411**	15,832,411
			16,922,210	17,957,484

15.1 As disclosed in note 7.1 and 7.2, effective from July 1, 2012, the Company has been accounting for LPS from KE and PSML on receipt basis based on the opinions of the firms of Chartered Accountants. However, the Company continued recognition of the LPS expenses payable on outstanding payables of the Government Controlled E&P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of accounting and reporting standards as applicable in Pakistan, as such standards do not allow the Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Company has never paid such LPS to Government Controlled E&P Companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt. The Company's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

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

Based on the aforesaid letter and legal opinion obtained by the Company, the aggregate unrecognized accrued markup as at September 30, 2022 stands at Rs. 140,940 million.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Jamshoro Power Company Limited (JPCL) lodged an aggregate claim amounting to Rs. 144,120 million (June 30, 2022: Rs.144,120 million) which includes Rs. 44,990 million on account of the short supply of gas and due to utilization of alternate fuel amounting to Rs. 99,130 million under the provisions of an agreement dated April 10, 1995, between the Company and JPCL and Rs. 5.79 million for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Company.

The Ministry of Petroleum and Natural Resources (the ministry) vide its letter dated April 24, 2017 directed that the outstanding issues pertaining to the claims by JPCL shall be resolved and the Ministry has proposed that a committee be constituted comprising of members from two companies and the other concerned Ministries to resolve the matter as it involves parties who represent/relate to the Government of Pakistan. Furthermore, this matter was also pending in the Public Accounts Committee (PAC).

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

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

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

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

16.1.2 As disclosed in note 15.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021, June 30, 2022 and September 30, 2022 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million, Rs. 26,335 million, Rs 25,939 million, Rs. 27,921 million and Rs. 8,952 million in these unconsolidated condensed interim financial statements. The Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

16.1.3 As disclosed in note 9.3, 9.4 & 9.5, the Company had negative margins while doing business with Jamshoro Joint Venture Limited (JJVL) in financial year 2015-16 due to decline in oil prices and consequent decline in margins in LPG / NGL business. Consequently, the Company sent termination notices to JJVL dated May 4, 2016, against which JJVL obtained a stay order from the Sindh High Court.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The High Court has also stayed the recovery of the additional tax and penalties.

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

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

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

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

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

16.1.10 As disclosed in Note 7 to these unaudited unconsolidated condensed interim financial statements – Trade debts, Interest income from K-Electric (KE) and Pakistan Steel (PSML) is not being recognized in the unaudited unconsolidated condensed interim financial statements, in accordance with requirements of International Accounting Standards (IAS) as well as legal and accounting opinions obtained by the Company. However, Tax Authorities have passed Orders for FY 2014-15 to 2019-20, on said unrecognized Interest Income from K-Electric (KE) and Pakistan Steel (PSML). Appeal against the said Orders have been filed before Commissioner (Appeals), who decided the case against the Company upon which Company has filed appeal before Appellate Tribunal Inland Revenue.

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

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

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

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

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

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

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

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

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

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

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

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

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

		September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		--------(Rupees in '000)--------	
16.1.16	Claims against the Company not acknowledged as debt	**1,252,682**	1,252,682
16.2	Commitments		
16.2.1	Guarantees issued on behalf of the Company	**6,960,185**	6,960,185
16.2.2	Commitments for capital and other expenditure	**3,444,203**	3,752,118
17.	**REVENUE FROM CONTRACTS WITH CUSTOMERS - GAS SALES**		
	Sales		
	Indigenous gas	**47,406,518**	54,940,551
	RLNG	**35,746,402**	38,717,216
		83,152,920	93,657,767
	Less: Sales tax		
	Indigenous gas	**(7,209,143)**	(8,168,454)
	RLNG	**(5,236,800)**	(5,494,006)
		(12,445,943)	(13,662,460)
	Net sales	**70,706,977**	79,995,307

	Note	Quarter ended September 30, 2022	September 30, 2021
		(Un-audited)	
		-----------(Rupees in '000)--------------	
18. TARIFF ADJUSTMENTS			
Indigenous gas	18.1	**43,077,211**	9,435,822
RLNG	18.2	**2,455,452**	3,610,894
		45,532,663	13,046,716
18.1 Tariff adjustment - indigenous gas			
Price increase adjustment for the period		**43,335,069**	9,634,573
Subsidy for LPG air mix operations		**(257,858)**	(198,751)
		43,077,211	9,435,822
18.2 Tariff adjustment - RLNG			
GOP subsidy on RLNG tariff		**566,426**	-
Price increase adjustment for the period		**1,889,026**	3,610,894
		2,455,452	3,610,894
19. COST OF SALES			
Cost of gas	19.1	**108,073,377**	85,844,804
Transmission and distribution costs		**5,477,562**	3,728,671
		113,550,939	89,573,475
19.1 Cost of gas			
Opening gas in pipelines		**1,285,918**	1,105,599
RLNG purchases		**32,382,520**	32,378,740
Indigenous gas purchases		**76,568,757**	53,901,630
		110,237,195	87,385,969
Gas consumed internally		**(487,274)**	(187,845)
Closing gas in pipelines		**(1,676,544)**	(1,353,320)
		(2,163,818)	(1,541,165)
		108,073,377	85,844,804

SSGC

	Quarter ended September 30, 2022 (Un-audited)	September 30, 2021
	----------(Rupees in '000)----------	
20. OTHER OPERATING EXPENSES		
Workers' profit participation fund	**-**	77,373
Auditors' remuneration	**1,755**	1,418
Sports expenses	**832**	19,669
Corporate social responsibility	**1,180**	3,639
Loss on disposal of property, plant and equipment	**97,248**	44,235
Provision against impaired stores and spares	**15,094**	8,284
Exchange loss	**7,355,150**	3,158,924
	7,471,259	3,313,542
21. OTHER INCOME		
Income from financial assets		
Income for receivable against asset contribution	**9,270**	8,618
Interest income on loan to related party	**21,811**	37,577
Late payment surcharge	**558,515**	508,532
Interest income on late payment of gas bills from SNGPL	**286,301**	286,301
Liquidity damages recovered	**31,567**	6,935
Income from net investment in finance lease from SNGPL	**1,327**	3,982
Return on term deposits and profit and loss bank account	**6,185**	4,800
Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)	**137,213**	78,566
Dividend income	**12,545**	16,478
	1,064,734	951,789
Income from other than financial assets		
Sale of gas condensate - net	**-**	(13,353)
Meter manufacturing division profit - net	**2,094**	3,429
Meter rentals	**405,661**	472,538
RLNG transportation income	**1,537,008**	2,069,124
Recognition of income against deferred credit and contract liability	**167,679**	203,322
Income from LPG air mix distribution - net	**27,326**	30,979
Income from sale of tender documents	**3,286**	1,697
Scrap sales	**-**	32
Recoveries from customer	**5,125**	20,894
Amortization of Government grant	**3,461**	4,313
Rental income from SSGC LPG (Pvt) Limited	**310**	256
LSA margins against RLNG	**328,927**	224,995
Miscellaneous	**6,889**	7,580
	3,552,500	3,977,595

		Quarter ended	
		September 30, 2022	September 30, 2021
		(Un-audited)	
22. TAXATION		--------(Rupees in '000)--------	
Current tax		**903,823**	733,605
		903,823	733,605

23. LOSS PER SHARE - BASIC AND DILUTED

(Loss) / Earning for the period		**(5,594,650)**	736,487
Average number of ordinary shares	Number	**880,916,309**	880,916,309
(Loss) / Earning per share - basic and diluted	(Rupees)	**(6.35)**	0.84

24. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

Provisions	**1,016,519**	688,070
Depreciation on owned assets	**1,792,721**	817,754
Depreciation on right of use assets	**21,886**	30,769
Amortization of intangibles	**25,554**	11,019
Finance cost	**1,628,143**	1,058,290
Amortization of transaction cost	**6,802**	8,667
Amortization of Government grant	**(3,461)**	(4,313)
Recognition of income against deferred credit and contract liability	**(180,628)**	(183,054)
Dividend income	**(12,545)**	(16,478)
Interest income and return on term deposits	**(438,969)**	(415,862)
Income from net investment in finance lease	**(1,327)**	(3,982)
Loss on disposal of property plant and equipment	**99,667**	44,235
Increase / (decrease) in long term advances	**(20,140)**	26,145
Increase in deferred credit and contract liability	**121,011**	152,370
Lease rental from net investment in finance lease	**15,781**	18,436
Increase in payable agsinst transfer of pipeline	**16,856**	18,319
Investment at cost in subsidiary	**185,674**	-
Finance cost on lease liability	**3,913**	3,737
	4,277,457	2,254,122

24.1 PROVISIONS

Provision against slow moving / obsolete stores	**15,044**	8,476
Allowance for expected credit loss	**432,433**	273,177
Provision for post retirement medical and free gas supply facilities	**277,764**	154,566
Provision against retirement benefit	**291,278**	251,851
	1,016,519	688,070

	Quarter ended September 30, 2022 (Un-audited)	Quarter ended September 30, 2021 (Un-audited)
	--------(Rupees in '000)--------	

25. WORKING CAPITAL CHANGES

	September 30, 2022	September 30, 2021
(Increase) / decrease in current assets		
Stores and spares	**(35,570)**	(117,996)
Stock-in-trade	**(677,625)**	(199,559)
Customers' installation work-in-progress	**11,368**	18,765
Trade debts	**(8,143,436)**	(2,168,016)
Advances, deposits and short term prepayments	**101,427**	371,930
Other receivables	**(52,742,421)**	(11,949,637)
	(61,486,257)	(14,044,513)
Increase in current liabilities		
Trade and other payables	**72,884,899**	17,729,435
	11,398,642	3,684,922

26. CASH AND CASH EQUIVALENT AT THE END OF THE YEAR

	September 30, 2022	September 30, 2021
Cash and bank balances	**3,556,368**	724,707
Short term borrowings	**(21,936,609)**	(22,489,500)
	(18,380,241)	(21,764,793)

27. 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, 2022 (Un-audited)	Quarter ended September 30, 2021 (Un-audited)
	--------------(Rupees in '000)--------------	
Government related entities		
- Purchase of fuel and lubricant	**19,658**	6,177
- Sale of gas and allied charges	**32,461,895**	46,944,268
- Income from net investment in finance lease	**1,327**	1,327
- Gas purchases - Indigenous gas	**41,820,701**	28,953,832

	Relationship	Quarter ended September 30, 2022	Quarter ended September 30, 2021
		(Un-audited)	
		------------------(Rupees in '000)------------------	
Government related entities			
- Gas purchases - RLNG		**32,382,520**	32,382,520
- Sale of condensate		**-**	29,624
- Sale of gas meters - spare parts		**-**	4,197
- Rent		**4,112**	1,823
- Insurance premium		**9,438**	1,380
- Royalty		**523**	1,035
- Telecommunication		**287**	288
- Electricity expenses		**70,094**	54,244
- Interest income		**423,514**	364,867
- Markup expense on short term finance		**55,792**	19,012
- Markup expense on long term finance		**8,131**	71,956
- Subscription		**1,771**	2,052
- RLNG transportation income		**1,537,008**	1,537,008
- LPG purchases		**196,702**	153,117
- Income against LNG service agreement		**328,927**	328,927
- Dividend income		**12,071**	9,657
Karachi Grammar School	Associate		
- Billable charges		**10**	15
Key management personnel			
- Remuneration		**45,059**	54,890
Pakistan Institute of Corporate Governance	Associate		
- Subscription / trainings		**494**	284
Engro Fertilizers Limited	Associate		
- Billable charges		**7,515**	8,078
Indus Hospital	Associate		
- Sale of gas and allied charges		**545**	970
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Interest on loan		**21,811**	37,577
- Rental income		**310**	256
Staff retirement benefit plans	Associate		
- Contribution to provident fund		**90,416**	84,222
- Contribution to pension fund		**23,211**	155,445
- Contribution to gratuity fund		**268,067**	96,406

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

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

27.3 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.

27.4 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:

	Relationship	**September 30, 2022 (Un-audited)**	**June 30, 2022 (Audited)**
		--------(Rupees in '000)--------	
Government related entities - various			
- Sale of gas		**85,035,952**	76,775,417
- Investment		**54,243**	56,354
- Borrowings		**(1,653,309)**	(1,653,309)
- Net investment in finance lease		**1,309,370**	1,228,430
- Gas purchases - Indigenous gas		**(468,360,437)**	(433,823,800)
- Gas purchases - RLNG		**(135,508,882)**	(120,734,221)
- Sale of gas condensate		**35,504**	66,712
- Gas meters and spare parts		**35,709**	35,709
- Uniform cost of gas		**15,818,846**	15,818,845
- Cash at bank		**277,494**	35,011
- Stock loan		**1,740**	1,740
- Insurance		**(1,868)**	(1,899)
- Gas supply deposit		**(80,955)**	(51,263)
- Interest expense accrued - late payment surcharge on gas bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**16,481,402**	16,057,889
- Contingent rent		**10,315**	10,315
- Capacity and utilisation charges of RLNG		**58,240,523**	55,656,646
- RLNG transportation income		**34,807,363**	34,843,282
- LSA margins		**3,222,732**	3,071,808
- Advance for sharing right of way		**(18,088)**	(18,088)
- Professional charges		**57**	57
Karachi Grammar School	Associated undertaking		
- Sale of gas		**5**	5
- Gas supply deposit		**(22)**	(22)
Engro Fertilizers Limited	Associated company		
- Sale of gas		**2,296**	2,748
- Gas supply deposit		**(2,851)**	(2,851)
Indus Hospital	Associated company		
- Sale of gas		**233**	352
- Gas supply deposit		**(1,261)**	-
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Long term investment		**1,063,708**	1,249,382
- Interest on loan		**21,811**	19,213
- Long term loan		**625,000**	625,000
- Current maturity of Long term loan		**75,000**	75,000
- Short term loan		**948,574**	822,186
- LPG sales		**5,698**	5,698
- Rent on premises		**736**	1,457
- Receivable against management fees		**1,408**	1,408

28. OPERATING SEGMENTS

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

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

Segment revenue and results

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

	Quarter ended September 30, 2022	Quarter ended September 30, 2021
	(Un-audited)	
	------------(Rupees in '000)------------	
	Segment profit / (loss)	
Return on Assets net of UFG disallowance		
Gas transmission	**2,105,894**	2,221,092
Gas distribution and marketing		
- Lower Sindh	**(2,614,493)**	(554,453)
- Upper Sindh	**(739,885)**	(169,372)
- Balochistan	**(2,939,038)**	(958,001)
Meter manufacturing	**1,783**	2,234
Total segment results	**(4,185,739)**	541,500
Unallocated		
Finance cost	**(1,648,912)**	(1,089,013)
Other income - net	**1,143,824**	2,017,605
(Loss) / profit before tax	**(4,690,827)**	**1,470,092**

	September 30, 2022	June 30, 2022
	(Un-audited)	(Audited)
	--------(Rupees in '000)--------	
Segment assets and liabilities		
Segment assets		
Gas transmission	**230,763,067**	211,254,930
Gas distribution and marketing		
- Lower Sindh	**433,130,557**	428,321,708
- Upper Sindh	**81,794,463**	84,625,627
- Balochistan	**89,154,143**	48,864,236
Meter manufacturing	**1,389,588**	1,108,124
Total segment assets	**836,231,818**	774,174,625
Unallocated		
- Loans and advances	**2,392,915**	1,990,161
- Taxation - net	**15,528,667**	16,079,192
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**3,556,368**	3,078,230
	21,965,689	21,635,322
Total assets as per unconsolidated statement of financial position	**858,197,507**	795,809,947
Segment Liabilities		
Gas transmission	**126,489,764**	120,648,252
Gas distribution and marketing		
- Lower Sindh	**480,150,179**	460,918,599
- Upper Sindh	**89,831,432**	90,537,349
- Balochistan	**171,551,881**	127,923,669
Meter manufacturing	**251,080**	260,931
	741,784,572	679,640,548
Total liabilities as per unconsolidated statement of financial position	**868,274,336**	800,288,800

29. 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.

29.1 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 liability, 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, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	----------Rupees in '000----------			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**149,037**	**-**	**-**	**149,037**

	As at June 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	----------Rupees in '000----------			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	152,363	-	-	152,363

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.

29.2 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, 2022	
	Level 2	Fair Value
	--------------Rupees in '000-----------	
Freehold land	**39,143,790**	**39,143,790**
Leasehold land	**15,653,468**	**15,653,468**
	54,797,258	**54,797,258**

	As at June 30, 2022	
	Level 2	Fair Value
	--------------Rupees in '000-----------	
Freehold Land	**39,143,790**	39,143,790
Leasehold Land	**15,653,468**	15,653,468
	54,797,258	54,797,258

30. GENERAL

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

30.2 Corresponding figures have been rearranged and reclassified, wherever necessary.

31. DATE OF AUTHORISATION

These unaudited unconsolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on December 30, 2023.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

SSGC | Sui Southern Gas Company Limited

Consolidated Condensed Interim Financial Information (Un-Audited)
for the quarter ended September 30, 2022

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**179,080,223**	178,290,263
Intangible assets		**201,707**	226,754
Right of use assets	5	**137,759**	100,320
Deferred tax		**2,973,009**	2,973,990
Long term investments	6	**149,037**	152,363
Net investment in finance lease		**-**	-
Long term loans and advances		**165,057**	143,382
Long term deposits		**18,632**	19,640
Total non-current assets		**182,725,424**	181,906,712
Current assets			
Stores, spares and loose tools		**3,672,907**	3,651,684
Stock-in-trade		**3,316,643**	2,575,577
Current maturity of net investment in finance lease		**58,867**	73,321
Customers' installation work-in-progress		**232,937**	244,305
Trade debts	7	**116,811,774**	109,096,530
Loans and advances		**570,292**	324,593
Advances, deposits and short term prepayments		**1,032,356**	1,160,835
Interest accrued	8	**17,096,430**	16,672,917
Other receivables	9	**514,751,949**	462,003,401
Taxation - net		**16,073,372**	16,600,280
Other financial assets		**129,223**	129,223
Cash and bank balances		**3,674,685**	3,284,797
Total current assets		**677,421,435**	615,817,463
TOTAL ASSETS		**860,146,859**	797,724,175

The annexed notes 1 to 31 form an integral part of these consolidated condensed interim financial statements.

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
EQUITY AND LIABILITIES		--------(Rupees in '000)--------	
EQUITY			
Share capital and reserves			
Share capital		**8,809,163**	8,809,163
Reserves		**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI investments		**112,510**	115,836
Surplus on revaluation of property plant and equipment		**55,014,936**	55,014,936
Accumulated losses		**(77,988,910)**	(72,421,784)
Total equity		**(9,144,900)**	(3,574,448)
LIABILITIES			
Non-current liabilities			
Long term financing	10	**14,695,002**	17,015,705
Long term deposits		**25,793,118**	24,915,225
Employee benefits		**7,952,432**	7,724,066
Payable against transfer of pipeline		**666,304**	684,981
Deferred credit	11	**4,197,253**	4,304,590
Contract liabilities	12	**9,548,920**	9,517,256
Lease liability		**35,482**	39,568
Long term advances		**3,950,970**	3,971,110
Total non-current liabilities		**66,839,481**	68,172,501
Current liabilities			
Current portion of long term financing	10	**6,504,619**	6,664,669
Current portion of payable against transfer of pipeline		**72,264**	70,664
Current portion of deferred credit	11	**456,840**	443,575
Current portion of contract liabilities	12	**265,672**	262,881
Current portion lease liability		**86,830**	55,887
Short term borrowings	13	**21,936,609**	23,878,298
Short term deposits		**47,875**	45,540
Trade and other payables	14	**755,873,986**	683,461,751
Unclaimed dividend		**285,373**	285,373
Interest accrued	15	**16,922,210**	17,957,484
Total current liabilities		**802,452,278**	733,126,122
Total liabilities		**869,291,759**	801,298,623
Contingencies and commitments	16		
TOTAL EQUITY AND LIABILITIES		**860,146,859**	797,724,175

The annexed notes 1 to 31 form an integral part of these consolidated condensed interim financial statements.

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the quarter ended September 30, 2022

	Note	Quarter ended September 30, 2022	Quarter ended September 30, 2021
		(Un-Audited)	
		-----------(Rupees in '000)-----------	
Revenue from contracts with customers - Gas sales	17	**70,706,977**	79,995,307
Tariff adjustments	18	**45,532,663**	13,046,716
Net sales		**116,239,640**	93,042,023
Cost of sales	19	**(113,550,939)**	(89,573,475)
Gross profit		**2,688,701**	3,468,548
Administrative and selling expenses		**(1,421,842)**	(1,339,274)
Other operating expenses	20	**(7,470,966)**	(3,313,829)
Allowance for expected credit loss		**(432,433)**	(273,177)
		(9,325,241)	(4,926,280)
		(6,636,540)	(1,457,732)
Other income	21	**3,670,720**	4,069,132
(Loss) / profit before finance cost and taxation		**(2,965,820)**	2,611,400
Finance cost		**(1,679,208)**	(1,090,387)
(Loss) / profit before taxation		**(4,645,028)**	1,521,013
Taxation	22	**(922,098)**	(747,561)
(Loss) / profit for the period		**(5,567,126)**	773,452
(Loss) / earning per share - basic and diluted	23	**(6.32)**	**0.88**

The annexed notes 1 to 31 form an integral part of these consolidated condensed interim financial statements.

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended September 30, 2022

	Quarter ended September 30, 2022	Quarter ended 'September 30, 2021
	(Un-Audited)	
	----------(Rupees in '000)---------	
(Loss) / profit for the period	**(5,567,126)**	773,452
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods:		
Unrealised (loss) / profit on re-measurement of financial assets at fair value though other comprehensive income.	**(3,326)**	(32,581)
Total comprehensive (loss) / income for the period	**(5,570,452)**	740,871

The annexed notes 1 to 31 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW

For the quarter ended September 30, 2022

		Quarter ended	
		September 30, 2022	September 30, 2021
		(Un-Audited)	
CASH FLOW FROM OPERATING ACTIVITIES	Note	--------(Rupees in '000)--------	
(Loss) / profit before taxation		**(4,645,028)**	1,521,013
Adjustments for non-cash and other items	24	**4,180,314**	2,350,573
Working capital changes	25	**11,322,528**	3,605,234
Financial charges paid		**(2,739,030)**	(1,509,793)
Employee benefits paid		**(49,398)**	(28,858)
Payment for retirement benefits		**(766,023)**	(251,851)
Long term deposits received - net		**877,819**	589,443
Short term deposits - net		**2,335**	(833)
Loans and advances to employees - net		**(217,080)**	244,839
Interest income and return on term deposits received		**12,858**	50,995
Income taxes paid		**(394,209)**	(1,013,451)
Net cash generated from / (used in) operating activities		**7,585,086**	5,557,311
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(2,709,012)**	(3,046,181)
Payments for intangible assets		**-**	(4,756)
Short term investment		**-**	129,233
Payments against transfer of pipeline		**(33,933)**	(33,933)
Proceeds from sale of property, plant and equipment		**1,219**	1,503
Dividend received		**12,545**	10,642
Net cash used in investing activities		**(2,729,181)**	(2,943,492)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(2,483,333)**	(1,028,833)
Repayment of customer finance		**(4,222)**	(4,765)
Repayment of lease liability		**(36,773)**	(59,173)
Net cash used in financing activities		**(2,524,328)**	(1,092,771)
Net increase / (decrease) in cash and cash equivalents		**2,331,577**	1,521,048
Cash and cash equivalents at beginning of the period		**(20,593,501)**	(22,633,228)
Cash and cash equivalents at end of the period	26	**(18,261,924)**	(21,112,180)

The annexed notes 1 to 31 form an integral part of these consolidated condensed interim financial statements.

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the quarter ended September 30, 2022

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of FVTOCI investments	Surplus on revaluation of property plant and equipment	Accumulated losses	Total
	--(Rupees in '000)--						
Balance as at July 1, 2021 (Audited)	**8,809,163**	**234,868**	**4,672,533**	**172,772**	**25,254,815**	**(60,441,466)**	**(21,297,315)**
Total comprehensive income for the quarter ended September 30, 2021							
Profit for the period	-	-	-	-	-	773,452	773,452
Other comprehensive income for the period	-	-	-	(32,581)	-	-	(32,581)
Total comprehensive income for the period	-	-	-	(32,581)	-	773,452	740,871
Balance as at September 30, 2021	8,809,163	234,868	4,672,533	140,191	25,254,815	(59,668,014)	(20,556,444)
Balance as at July 1, 2022 (Audited)	**8,809,163**	**234,868**	**4,672,533**	**115,836**	**55,014,936**	**(72,421,784)**	**(3,574,448)**
Total comprehensive loss for the quarter ended September 30, 2022							
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(5,567,126)**	**(5,567,126)**
Other comprehensive loss for period	**-**	**-**	**-**	**(3,326)**	**-**	**-**	**(3,326)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(3,326)**	**-**	**(5,567,126)**	**(5,570,452)**
Balance as at September 30, 2022	**8,809,163**	**234,868**	**4,672,533**	**112,510**	**55,014,936**	**(77,988,910)**	**(9,144,900)**

The annexed notes 1 to 31 form an integral part of these consolidated condensed interim financial statements.

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
For the quarter ended September 30, 2022

1 THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company
- Sui Southern Gas Company Limited

	Percentage of holding	
	September 30, 2022	**June 30, 2022**
Subsidiary Company	**%**	%
- SSGC LPG (Private) Limited	**100**	100

Sui Southern Gas Company Limited

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

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

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

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

SSGC LPG (Private) Limited

SSGC LPG (Private) Limited ("the Subsidiary Company") is a wholly owned subsidiary of Sui Southern Gas Company Limited. The registered office of the Subsidiary Company is situated at the LDC building Karachi Terminal Main University Road, Karachi and its main activity is supply of liquefied petroleum gas and provision of terminal and storage services.

The Subsidiary Company acquired the assets including:

- LPG import terminal, bulk storage at North West Industrial Zone, Port Qasim,

- Bottling plants at Sara-e-Gadai Stop, Kot Najeebullah Road, Industrial Estate Hattar-22610 Haripur, KPK and Sheikhhupura Bedad Road, Muridke Panjab through the High Court of Sindh auction during October 2011.

The main activity of the Subsidiary Company is sourcing, marketing and sales of Liquified Petroleum Gas (LPG) and provision of terminal and storage services.

1.2 Basis of consolidation

- The consolidated financial statements include the condensed interim financial statements of the Holding Company and its Subsidiary Companies, together "the Group".

- The condensed interim financial statements of the Subsidiary are prepared for the same reporting year as the Holding Company for the purpose of consolidation, using consistent accounting policies.

- The assets, liabilities, income and expenses of subsidiaries have been consolidated on a line by line basis.

- Minority interest represents the portion of the net results of operations and of net assets of Subsidiary attributable to interests which are not owned by the Holding Company.

- Material intra-group balances and transactions have been eliminated.

1.3 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA), the Holding Company is provided with a minimum annual return before taxation i.e. 16.60% (June 30, 2022: 16.60%) per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial and other non-operating expenses and non-operating income. The determination of annual required return is reviewed by OGRA, under the terms of the license for transmission, distribution and sale of natural gas, targets and parameters set by OGRA. Income earned in excess / short of the above guaranteed return is payable to / recoverable from the Government of Pakistan (GoP).

1.4 Status of the Group's Operations - Financial Performance

During the period, the Group has suffered loss after tax of Rs. 5,567 million (September 30, 2021: Profit after tax of Rs. 773 million) resulting in increase in its accumulated losses by Rs. 5,567 million. As at reporting date, current liabilities exceeded its current asset by Rs. 125,031 million (June 30, 2022: Rs. 117,309 million).

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

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Holding Company was allowed Unaccounted For Gas (UFG) based on Regassified Liquefied Natural Gas (RLNG) handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. However, in its determination of Final Revenue Requirement (FRR) for FY 2017-18 and there after till June 30, 2022, carrying financial impact aggregating to Rs 70,217 million as of the reporting date, OGRA did not consider implementing the aforementioned decision and advised to take up the matter with Sui Northern Gas Pipelines Limited (SNGPL) in consultation with Ministry of Energy (Petroleum Division). The Holding Company has reiterated its earlier position of higher UFG due to RLNG, thus to sort out this issue, ECC constituted a Committee comprising Secretaries of Petroleum & Finance division. In line with Committee recommendations and having an independent view as requested by the Holding Company, OGRA hired the services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of indigenous gas as well as imported RLNG.

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

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

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

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

2 BASIS FOR PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. 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 Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and

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

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

For the determination of Tariff adjustments, the directives of OGRA and the OGRA Ordinance, 2002 have been followed. Moreover, Tariff adjustments recorded in these un-audited consolidated condensed interim financial statements are based on Final Revenue Requirement determined by OGRA for the financial year ended June 30, 2022.Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These consolidated condensed interim financial statements are prepared in Pakistani Rupees which is the Group's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

3.1 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, 2022.

3.2 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, 2022.

Further, the charge in respect of staff retirement benefits has been recognised on the basis of Actuarial projection for FY 2022-23, hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

3.3 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, 2022. These standards, interpretations and amendments are either not relevant to the Groups operations or are not expected to have a significant effect on this condensed interim financial statements.

3.4 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, 2022.

4. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
	--------(Rupees in '000)--------	
Operating assets	**162,344,001**	163,318,855
Capital work-in-progress	**16,736,222**	14,971,408
	179,080,223	178,290,263

Details of additions and disposals of property, plant and equipment are as follows:

	September 30, 2022		September 30, 2021	
	(Un-audited)			
	--------(Rupees in '000)--------			
	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)
Operating assets				
Buildings on leasehold land	**656**	**-**	43,091	-
Gas distribution system	**431,308**	**(99,007)**	654,795	(43,549)
Gas transmission pipelines	**48,309**	**-**	38,401	-
Telecommunication	**21,710**	**-**	-	-
Plant and machinery	**87,368**	**-**	54,422	-
Tools and equipment	**3,723**	**-**	2,865	-
Motor vehicles	**134,490**	**(1,416)**	93,525	(2,133)
Furniture and fixtures	**53,413**	**-**	730	-
Office equipment	**10,551**	**-**	16,050	-
Computers and ancillary equipments	**4,147**	**-**	1,333	-
Cylinder	**6,586**		976	
Compressor	**166,102**	**-**	13,677	-
	968,363	**(100,423)**	919,865	(45,682)

	September 30, 2022		September 30, 2021	
	(Un-audited)			
	(Rupees in '000)			
	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:				
Projects:				
- Gas distribution system	**1,919,562**	**(431,308)**	1,584,210	(654,795)
- Gas transmission system	**42,208**	**(48,309)**	-	(38,401)
- Others	**747,242**	**(488,746)**	1,461,971	(226,669)
	2,709,012	**(968,363)**	3,046,181	(919,865)

During the period, there has been net decrease in respect of stores and spares held for capital projects and others amounting to Rs. 25.5 million (September 30, 2021: Increase of Rs. 1,124 million).

	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
5 RIGHT OF USE ASSETS	(Rupees in '000)	
Cost	**276,391**	264,249
Accumulated depreciation	**(138,632)**	(163,929)
Net book value	**137,759**	100,320
Cost		
Opening balance	**264,249**	367,452
Additions during the period	**59,716**	43,358
Derecognition during the period	**(47,574)**	(146,561)
Ending balance	**276,391**	264,249
Accumulated depreciation		
Opening balance	**163,929**	201,986
Depreciation charge for the period	**22,277**	106,809
Derecognition during the period	**(47,574)**	(144,866)
Ending balance	**138,632**	163,929

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

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
6 LONG TERM INVESTMENTS		(Rupees in '000)	
Investment - at fair value through other comprehensive income		**149,037**	152,363
		149,037	152,363
7. TRADE DEBTS			
Considered good			
secured		**36,732,682**	30,384,173
unsecured		**104,135,251**	102,372,681
	7.1 & 7.2 & 7.3	**140,867,933**	132,756,854
Less: Allowance for expected credit loss		**(24,056,159)**	(23,660,324)
		116,811,774	109,096,530

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 29,957 million (June 30, 2022: Rs. 29,652 million) as at September 30, 2022 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,652 million (June 30, 2022: Rs. 29,652 million) as at September 30, 2022 are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 156,754 million (June 30, 2022: Rs. 151,293 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

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

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

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

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

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

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

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

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,933 million (June 30, 2022: Rs. 25,312 million) including overdue balance of Rs. 24,857 million (June 30, 2022: Rs. 25,231 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 83,148 million (June 30, 2022: Rs. 82,214 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

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

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

7.3 The 20 years GSA with HCPCL expired in September 2019. Prior to the expiry of GSA, MOE communicated the Holding Company to continue supplying gas to HCPCL in order to avoid suspension of electricity to national grid. In the month of October 2019, HCPCL carried out a set off of Rs. 586.5 Million from the Holding Company's outstanding bills on account of LDs imposed by WAPDA after the expiry of gas allocation on 31 December 2018. the Holding Company disconnected gas supply of HCPCL on 3rd October 2019. Subsequently securing gas receivables, the Holding Company opted for encashment of HCPCL Bank Guarantees of Rs. 1,045 million. In response, HCPCL filed Suit 1570 of 2019 and obtained stay from the Honorable High Court of Sindh against the Holding Company regarding encashment of Bank Guarantees.

	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
8. INTEREST ACCRUED	--------(Rupees in '000)--------	
Interest accrued on late payment of bills / invoices from:		
- Water and Power Development Authority (WAPDA)	**5,237,888**	5,100,675
- Sui Northern Gas Pipeline Limited (SNGPL)	**11,243,514**	10,957,214
- Jamshoro Joint Venture Limited (JJVL)	**239,689**	239,689
	16,721,091	16,297,578
Interest accrued on sales tax refund	**487,739**	487,739
	17,208,830	16,785,317
Provision against impaired accrued income	**(112,400)**	(112,400)
	17,096,430	16,672,917

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		--------(Rupees in '000)--------	

9. OTHER RECEIVABLES

	Note	September 30, 2022	June 30, 2022
Tariff adjustments indigenous gas - receivable from GoP	9.1	**338,823,330**	295,488,261
Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
Staff pension fund		**187,030**	198,562
Receivable for sale of gas condensate		**77,609**	108,817
Receivable from SNGPL	9.2	**113,409,148**	110,629,326
Receivable from JJVL	9.3 & 9.4 & 9.5	**2,501,824**	2,501,824
Sales tax receivable	9.6	**57,633,290**	50,961,546
Sindh sales tax receivable		**2,451**	2,451
Receivable against asset contribution	9.7	**359,667**	337,266
Accrued markup		**5,403**	2,098
Miscellaneous receivable		**54,991**	76,044
		517,338,823	464,590,275
Provision against impaired receivables		**(2,586,874)**	(2,586,874)
		514,751,949	462,003,401

9.1 Tariff adjustments indigenous gas - receivable from GoP

Opening balance	**295,488,261**	207,762,067
Recognized during the period	**43,077,211**	86,507,711
Subsidy for LPG air mix operations	**257,858**	1,223,309
Reversal of accrued interest on tariff adjustments	**-**	(4,826)
Ending balance	**338,823,330**	295,488,261

9.2 Receivable balance from SNGPL comprises of the following:

	Note		
Uniform cost of gas		**15,818,845**	15,818,845
Lease rentals		**1,309,370**	1,228,430
Contingent rent		**10,315**	10,315
LSA margins		**3,222,732**	3,071,808
Capacity and utilisation charges of RLNG	9.2.1	**58,240,523**	55,656,646
RLNG transportation income		**34,807,363**	34,843,282
		113,409,148	110,629,326

9.2.1 The Holding Company has invoiced an amount of Rs. 170,838 million, including Sindh Sales Tax of Rs. 19,797 million, till September 30, 2022 to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

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

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

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

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

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

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

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

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

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

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

9.5 This amount comprises of receivable in respect of royalty income, sale of liquidified petroleum gas, sale of natural gas liquids, federal excise duty, Sindh sales tax on franchise services, fuel charges receivable against processing charges from JJVL and receivable from JJVL @ 57% value of LPG / NGL extraction as per new agreement signed between the Holding Company and JJVL pursuant to SCP order dated December 04, 2018 amounting to Rs. (10) million (June 30, 2022: Rs. (10) million), Rs. 160 million (June 30, 2022: Rs. 160 million), Rs. 178 million (2022: Rs. 178 million), Rs. 1,070 million (June 30, 2022: Rs. 1,070 million), Rs. 646 million (June 30, 2021: Rs. 646 million), Rs. 32 million (June 30, 2022: 32 million), Rs.6.6 million (June 30, 2022:Rs.6.6 million) , Rs. 419 million (June 30 2022: Rs.419 million) respectively.

9.6 Sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Sales Tax refunds are processed through FBR's Sales Tax Automated

Refund Repository (STARR) system. Due to several snags in the functioning of STARR, valid input sales tax claims of the Holding Company are deferred. Realising the problems of STARR, in August 2010, dispensation from processing of sales tax refunds through the STARR system was allowed by FBR through a letter and substantial refunds were released after issuance of this letter under corporate guarantee (subject to post refund audit). However, such dispensation was also withdrawn by FBR in May 2012. After withdrawal of said dispensation, the deferred refunds are issued to the Holding Company on the basis of manual verification of documents (third party vendor sales tax returns) by tax authorities. Management is making vigorous efforts for realisation of these refunds.

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

10. LONG TERM FINANCING	Note	**September 30, 2022 (Un-audited)**	**June 30, 2022 (Audited)**
		-----------(Rupees in '000)-----------	
Secured	10.1 & 10.2 & 10.3 & 10.4		
Loans from banking companies		**20,274,941**	22,753,345
Unsecured			
Customer finance		**129,259**	133,480
Government of Sindh loans		**795,421**	793,549
		924,680	927,029
Subtotal		**21,199,621**	23,680,374
Less: current portion shown under current liabilities			
Loans from banking companies		**(6,316,667)**	(6,466,667)
Customer finance		**(1,285)**	(11,335)
Government of Sindh loans		**(186,667)**	(186,667)
		(6,504,619)	(6,664,669)
		14,695,002	17,015,705

10.1 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.2,333 million has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.10 % per annum.

10.2 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.

10.3 A long term finance facility amounting to Rs. 3,000 million was sanctioned in August 2015 . During the period repayment of Rs. 150 million has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.50 % per annum.

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

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		-----------(Rupees in '000)-----------	
11. DEFERRED CREDIT			
Government of Pakistan contributions / grants			
Opening Balance		**2,762,110**	2,968,896
Additions / adjustments during the period		**15,794**	95,527
Transferred to consolidated statement of profit or loss		**(79,162)**	(302,313)
Ending balance		**2,698,742**	2,762,110
Government of Sindh (Conversion of loan into grant)			
Opening Balance		**1,889,931**	1,952,841
Additions during the period		**4,344.00**	62,280
Transferred to consolidated statement of profit or loss		**(31,587)**	(125,190)
Ending balance		**1,862,688**	1,889,931
Government of Sindh grants			
Opening Balance		**96,124**	113,200
Transferred to consolidated statement of profit or loss	11.1	**(3,461)**	(17,076)
Ending balance		**92,663**	96,124
		4,654,093	4,748,165
Less: Current portion of deferred credit		**(456,840)**	(443,575)
		4,197,253	4,304,590

11.1 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 amounting to Rs 940 million and its initial fair value is amounting to Rs. 170 million based on Rs. 398 million. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in consolidated condensed interim statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

This benefit is treated as Government grant and would be amortised in consolidated condensed interim statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		-----------(Rupees in '000)-----------	
12. CONTRACT LIABILITIES			
Contribution from customers	12.1&12.2	**2,970,915**	2,975,653
Advance received from customers for laying of mains, etc.		**6,578,005**	6,541,603
		9,548,920	9,517,256
12.1 Contribution from customers			
Opening Balance		**3,238,534**	2,740,870
Additions / adjustments during the period		**64,471**	748,154
Transferred to consolidated statement of profit or loss		**(66,418)**	(250,490)
		3,236,587	3,238,534
Less: Current portion of contributions from consumers		**(265,672)**	(262,881)
Ending balance		**2,970,915**	2,975,653

12.2 The Holding 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.

13. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 25,000 million (June 30, 2022: Rs. 25,000 million) and carry mark-up ranging from 0.00% to 0.20% (June 30, 2022: 0.20%) above the average one month KIBOR. These facilities are secured by first pari passu second amendment to the joint hypothecation agreement and ranking charge over present and future stock in trade and book debts of the Holding Company.

The aggregate unavailed short term borrowing facilities amounted to Rs.3,063 million (June 13, 2022: Rs. 1,122 million).

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		--------(Rupees in '000)--------	
14. TRADE AND OTHER PAYABLES			
Creditors for:			
- Indigenous gas	14.1	**571,420,071**	511,835,476
- RLNG		**135,508,882**	120,734,221
		706,928,953	632,569,697
Tariff adjustments RLNG- payable to GoP	14.2	**26,467,759**	28,923,211
Service charges payable to EETPL		**2,890,903**	2,604,792
Accrued liabilities / bills payable		**7,971,949**	7,363,321
Provision for compensated absences - non executives		**177,936**	177,936
Payable to gratuity fund		**2,071,364**	2,555,006
Payable to provident fund		**90,169**	93,339
Deposits / retention money		**796,940**	762,085
Advance for sharing right of way		**18,088**	18,088
Withholding tax		**116,802**	26,940
Sales tax and Federal excise duty		**424,296**	447,837
Sindh sales tax payable		**72,204**	79,910
Gas infrastructure development cess payable		**6,871,282**	6,876,666
Unclaimed Term Finance Certificate redemption profit		**1,800**	1,800
Advance from customers and distributors		**67,685**	146,036
Transport and advertisement services		**17,491**	19,724
Workers' profit participation fund (WPPF)	14.3	**331,070**	315,979
Provision		**12,508**	12,366
Others		**544,787**	467,018
		755,873,986	683,461,751

14.1 Creditors for indigenous gas supplies include Rs. 458,992 million (June 30, 2022: Rs. 424,267 million) payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (June 30, 2022: Rs. 15,832 million) on their balances which have been presented in note 15.1 to these consolidated condensed interim financial statements.

		Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
			--------(Rupees in '000)--------	
14.2	**Tariff adjustments RLNG - payable to GoP**			
	Opening balance		**28,923,211**	18,346,037
	Recognized during the period		**(2,455,452)**	10,577,174
	Ending balance		**26,467,759**	28,923,211
14.3	**Workers' Profit Participation Fund (WPPF)**			
	Opening balance		**315,979**	234,255
	Interest on WPPF		**15,091**	81,724
	Ending balance		**331,070**	315,979
15.	**INTEREST ACCRUED**			
	Long term financing - loans from banking companies		**197,280**	823,749
	Long term deposits from customers		**279,666**	681,113
	Short term borrowings		**513,570**	520,928
	Late payment surcharge on processing charges		**99,283**	99,283
	Late payment surcharge on gas supplies	15.1.	**15,832,411**	15,832,411
			16,922,210	17,957,484

15.1 As disclosed in note 7.1 and 7.2, effective from July 1, 2012, the Holding Company has been accounting for LPS from KE and PSML on receipt basis based on the opinions of the firms of Chartered Accountants. However, the Holding Company continued recognition of the LPS expenses payable on outstanding payables of the Government Controlled E&P Companies i.e. Oil and Gas Development Holding Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of accounting and reporting standards as applicable in Pakistan, as such standards do not allow the Holding Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Holding Company has never paid such LPS to Government Controlled E&P Companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt. The Holding Company's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

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

Based on the aforesaid letter and legal opinion obtained by the Holding Company, the aggregate unrecognized accrued markup as at September 30, 2022 stands at Rs. 140,940 million.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 In respect of the Holding Company

16.1.2 Jamshoro Power Company Limited (JPCL) lodged an aggregate claim amounting to Rs. 144,120 million (June 30, 2022: Rs.144,120 million) which includes Rs. 44,990 million on account of the short supply of gas and due to utilization of alternate fuel amounting to Rs. 99,130 million under the provisions of an agreement dated April 10, 1995, between the Company and JPCL and Rs. 5.79 million for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Company.

The Ministry of Petroleum and Natural Resources (the ministry) vide its letter dated April 24, 2017 directed that the outstanding issues pertaining to the claims by JPCL shall be resolved and the Ministry has proposed that a committee be constituted comprising of members from two companies and the other concerned Ministries to resolve the matter as it involves parties who represent/relate to the Government of Pakistan. Furthermore, this matter was also pending in the Public Accounts Committee (PAC).

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

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

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

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

16.1.3 As disclosed in note 15.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021, June 30, 2022 and September 30, 2022 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million, Rs. 26,335 million, Rs 25,939 million, Rs. 27,921 million and Rs. 8,952 million in these consolidated condensed interim financial statements. The Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

16.1.4 As disclosed in note 9.3, 9.4 & 9.5, the Company had negative margins while doing business with Jamshoro Joint Venture Limited (JJVL) in financial year 2015-16 due to decline in oil prices and consequent decline in margins in LPG / NGL business. Consequently, the Company sent termination notices to JJVL dated May 4, 2016, against which JJVL obtained a stay order from the Sindh High Court.

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

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

2016 have now been revised till June 2018 on account of principal amounts and August 2023 in respect of markups.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16.1.9 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 – April 2018 . The principal tax demand of Rs. 1,235 Million was recovered by the authority. However, the Company has filed a reference with High Court for waiver of default surcharge and penalty, which is pending.

The High Court has also stayed the recovery of the additional tax and penalties.

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

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

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

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

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

16.1.11 As disclosed in Note 7 to these unaudited consolidated condensed interim financial statements – Trade debts, Interest income from K-Electric (KE) and Pakistan Steel (PSML) is not being recognized in the unaudited consolidated interim condensed financial statements, in accordance with requirements of International Accounting Standards (IAS) as well as legal and accounting opinions obtained by the Company. However, Tax Authorities have passed Orders for FY 2014-15 to 2019-20, on said unrecognized Interest Income from K-Electric (KE) and Pakistan Steel (PSML). Appeal against the said Orders have been filed before Commissioner (Appeals), who decided the case against the Company upon which Company has filed appeal before Appellate Tribunal Inland Revenue.

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

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

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

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

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

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

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

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

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

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

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

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

16.1.16 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 unaudited consolidated condensed interim financial statements.

		September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		--------(Rupees in '000)--------	
16.1.17	Claims against the Company not acknowledged as debt	**1,252,682**	1,252,682
16.2	**Commitments**		
16.2.1	Guarantees issued on behalf of the Company	**6,960,185**	6,960,185
16.2.2	Commitments for capital and other expenditure	**3,444,203**	3,752,118

16.3 In respect of the Subsidiary

16.3.1 The Additional Commissioner Inland Revenue (ACIR) passed the order u/s 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 on the basis that sale of LPG is not covered as manufacturer under SRO 586 of 1991 and created a demand of Rs. 46.2 million. The Company had filed an appeal against the said order before Commissioner Inland Revenue Appeals. Later CIR (A) passed the order dated 15 May 2015 and remanded back the case to the ACIR for reassessment on various issues as per grounds of appeal. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR (A) which is pending for hearing. The appeal before the ATIR has been fixed thrice but to date no order has been passed.

The ATIR in its order dated 23 June 2021 held that the Company LPG is not a manufacturer and upheld the order of the department, however the ATIR remanded back the issue with department and CIR(A) for detail findings after giving fair opportunity of being heard to the taxpayer. The department issued fresh order without giving fair opportunity of being heard to the taxpayer and created demand amount of Rs.46.2 million irrespective of the fact that main issue was whether chargeability of FTR is applicable on complete sale or otherwise. The taxpayer being aggrieved with in impugned order preferred an appeal before CIR (A) and hearing was fixed on 14 December 2021. On the day of hearing before learned CIR (A), the appellant submitted written arguments and argued about the scope of chargeability of FTR and NTR on the appellant.

The CIR(A) in its order dated 29 December 2021 remanded back the case to the department with directions to bifurcate sale revenue into FTR and NTR and allocation of expenses accordingly. No provision has been made due to the fact that CIR(A) has remanded back the case to the department with further directions to follow the order of the learned ATIR on "Manufacturer Status" of the Company.

Meanwhile, the Company has filed rectification application before the learned ATIR on ground that in Case Reference No. ITA 890/KB/2015: the Company LPG Vs ACIR for TY 2013, the learned ATIR did not consider or overlooked case reference number PTD 2018 of Hazara Efficient Gas which was binding on the learned ATIR while disposing off the case of the appellant. The ATIR has accepted the miscellaneous application and moved the application to larger bench. The ATIR has also granted stay against recovery of demand for tax year 2013 till the order of learned ATIR in miscellaneous application filed by the appellant. However the ACIR passed the fresh order on 15 June 2022 by ignoring the directions of the learned ATIR where it had been directed to the department to stop any proceedings or recover till the decision of the larger bench. The company being aggrieved against the impugned order preferred an appeal before the learned CIR(A) and waiting for the hearing of the same. The Company is confident based on its legal opinion that decision will come in its favor, hence no provision has been recorded in consolidated condensed interim financial statements for the period ended 30 June,2022.

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

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

16.3.3 The ACIR passed the order dated July 11, 2014 and created sales tax demand of Rs. 5.91 million on account of input tax disallowed pertaining to the tax year 2013 and 2014. The Company has filed an appeal before the Commissioner Appeals. During the process of appeal, the tax department issued a recovery notice and recovered demand amount from the Company's bank account. The Company based on legal opinion confident that the case will be decided in favor of the Company and recovered amount will be refunded to the Company.

16.3.4 The Inland Revenue Department has also issued a show cause notice u/s 122(9) for amendment of assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2015 and 2016 on January 13, 2017 and required the Company to submit necessary documents for reassessment of tax liability. Against the said notice the Company filed petition in Sindh High Court (SHC). The SHC granted stay to the Company and link the case with the decision of Tribunal for tax period 2013.

However after decision of ATIR dated June 23, 2021 regarding manufacturing status of the company, upheld the order of the department and remanded back the some issues to the department and CIR(A) for further findings. However, after the order of the learned ATIR, the ACIR issued fresh show cause notices to the company for TY 2015-2021 and subsequently passed order u/s 122(5A) of the Income Tax Ordinance ,2001 and raised demand amount of Rs. 1.35 million for TY 2015-2021.The Company being aggrieved with the impugned order passed by the learned ACIR preferred an appeal before learned CIR(A) for TY 2015-2021.

The Learned CIR(A) remanded back the impugned orders TY 2015 - 2020 and annulled order TY 2021 with directions to bifurcate the sales revenue into FTR and NTR and allocation of expenses for TY 2015-2020 and for TY 2021 on the basis of clause 46AA of part IV of second schedule of the Income Tax Ordinance, 2001 introduced through Finance Act, 2020 being exempt from applicability of withholding of the income tax u/s 153 of the Income Tax Ordinance, 2001 .The Company has not record any provision as these orders have been set aside from CIR(A) and department has not issued fresh order under the direction of CIR(A), furthermore because of the fact that learned ATIR has accepted the rectification application u/s 221 of the Income Tax Ordinance, 2001 for TY 2013 and issue for TY 2015-2020 are connected with TY 2013.

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

16.3.6 During 2020, SRB has issued notice regarding payment of Sindh Workers Profit Participation Fund contribution. According to said notice, the Company fall under the definition of "Industrial Undertaking" mentioned in Sindh Workers Profit Participation Act, 2015. As a result of which the WPPF contribution of amounting Rs. 2.783 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 Company is confident, based on legal opinion that outcome of this case will be in favor of the company.

16.3.7 On August 05, 2020, the Company has received a legal notice and summon through the Bailiff of the Sindh High Court against a suit filed by one of the importers M/s Cress LPG (Private) Limited against their claim of Rs. 265.5 million. The Company is of the opinion that the case will be decided in favor of the Company.

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

No Provision has been made in the consolidated condensed interim financial statements as the Company is confident, based on legal opinion, that the outcome of the case will be in favor of the Company.

16.3.8 The Sindh Revenue Board passed an order amount Rs. 24.41 million on alleged violation of section 15,15A(1)(a) of the Sindh Sales Tax on Services Act, 2011 on account of inadmissible input tax for tax periods December 2016, February 2017, March 2017, April 2017, August 2017, November 2017, December 2017, January 2018 to May 2019 and July 2019.

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

No provision has been made in the consolidated condensed interim financial statements as the Company is confident based on legal opinion that the outcome of the case will be in favor of the Company.

16.4 Commitments

		Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
			--------(Rupees in '000)--------	
16.4.1	Guarantees issued on behalf of the Company	16.4.1.1	**116,973**	116,973

16.4.1.1 This includes the bank gurantee paid to Port Qasim Authority against the compliance of their rules and regulation

		Note	Quarter ended September 30, 2022	September 30, 2021
			(Un-audited)	
			-----------(Rupees in '000)-------------	
17.	**REVENUE FROM CONTRACTS WITH CUSTOMERS - GAS SALES**			
	Sales			
	Indigenous gas		**47,406,518**	54,940,551
	RLNG		**35,746,402**	38,717,216
			83,152,920	93,657,767
	Less: Sales tax			
	Indigenous gas		**(7,209,143)**	(8,168,454)
	RLNG		**(5,236,800)**	(5,494,006)
			(12,445,943)	(13,662,460)
	Net sales		**70,706,977**	79,995,307
18.	**TARIFF ADJUSTMENTS**			
	Indigenous gas	18.1	**43,077,211**	9,435,822
	RLNG	18.2	**2,455,452**	3,610,894
			45,532,663	13,046,716
18.1	**Tariff adjustment - indigenous gas**			
	Price increase adjustment for the period		**43,316,250**	9,634,573
	Subsidy for LPG air mix operations		**(257,858)**	(198,751)
			43,058,392	9,435,822
18.2	**Tariff adjustment - RLNG**			
	GOP subsidy on RLNG tariff		**566,426**	-
	Price increase adjustment for the period		**1,889,026**	3,610,894
			2,455,452	3,610,894
19.	**COST OF SALES**			
	Cost of gas	19.1	**108,073,377**	85,844,804
	Transmission and distribution costs		**5,477,562**	3,728,671
			113,550,939	89,573,475
19.1	**Cost of gas**			
	Opening gas in pipelines		**1,285,918**	1,105,599
	RLNG purchases		**32,382,520**	32,378,740
	Indigenous gas purchases		**76,568,757**	53,901,630
			110,237,195	87,385,969
	Gas consumed internally		**(487,274)**	(187,845)
	Closing gas in pipelines		**(1,676,544)**	(1,353,320)
			(2,163,818)	(1,541,165)
			108,073,377	85,844,804

	Quarter ended September 30, 2022	Quarter ended September 30, 2021
	(Un-audited)	
	----------(Rupees in '000)----------	
20. OTHER OPERATING EXPENSES		
Workers' profit participation Fund	**-**	77,373
Auditors' remuneration	**1,925**	1,705
Sports expenses	**832**	19,669
Corporate social responsibility	**1,180**	3,639
Loss on disposal of property, plant and equipment	**96,785**	44,235
Provision against impaired stores and spares	**15,094**	8,284
Exchange loss	**7,355,150**	3,158,924
	7,470,966	3,313,829
21. OTHER INCOME		
Income from financial assets		
Income for receivable against asset contribution	**9,270**	8,618
Late payment surcharge	**558,515**	508,532
Interest income on late payment of gas bills from SNGPL	**286,301**	286,301
Liquidity damages recovered	**31,567**	6,935
Income from net investment in finance lease from SNGPL	**1,327**	3,982
Return on term deposits and profit and loss bank account	**17,527**	14,722
Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)	**137,213**	78,566
Dividend income	**12,545**	16,478
	1,054,265	924,134
Income from other than financial assets		
Sale of gas condensate - net	**-**	(13,353)
Income from LPG / NGL - net	**128,755**	107,414
Meter manufacturing division profit - net	**2,094**	3,429
Meter rentals	**405,661**	472,538
RLNG transportation income	**1,537,008**	2,069,124
Recognition of income against deferred credit and contract liability	**167,679**	203,322
Income from LPG air mix distribution - net	**27,326**	30,979
Income from sale of tender documents	**3,286**	1,697
Scrap sales	**-**	11,553
Recoveries from customer	**5,125**	20,894
Amortization of Government grant	**3,461**	4,313
LSA margins against RLNG	**328,927**	224,995
Miscellaneous	**7,133**	8,093
	3,670,720	4,069,132

		Quarter ended	
		September 30, 2022	September 30, 2021
		(Un-audited)	
		--------(Rupees in '000)--------	

22. TAXATION

Current tax		**921,117**	749,369
Deferred tax		**981**	(1,808)
		922,098	747,561

23. LOSS PER SHARE - BASIC AND DILUTED

(Loss) / Earning for the period		**(5,567,126)**	773,452
Average number of ordinary shares	Number	**880,916,309**	880,916,309
(Loss) / Earning per share - basic and diluted	(Rupees)	**(6.32)**	0.88

24. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

Provisions	**1,019,260**	728,235
Depreciation on owned assets	**1,835,005**	855,938
Depreciation on right of use assets	**22,277**	31,160
Amortization of intangibles	**25,684**	12,124
Finance cost	**1,670,717**	1,074,069
Amortization of transaction cost	**6,802**	8,667
Amortization of government grant	**(3,461)**	(4,313)
Recognition of income against deferred credit and contract liability	**(180,628)**	(183,054)
Dividend income	**(12,545)**	(16,478)
Interest income and return on term deposits	**(438,969)**	(415,862)
Income from net investment in finance lease	**(1,327)**	(3,982)
Loss on disposal of property plant and equipment	**99,204**	44,179
Increase / (decrease) in long term advances	**(20,140)**	26,145
Increase in deferred credit and contract liability	**121,011**	152,370
Lease rental from net investment in finance lease	**15,781**	18,436
Increase in obligation against pipeline	**16,856**	18,319
Finance cost on lease liability	**4,787**	4,620
	4,180,314	2,350,573

24.1 PROVISIONS

Provision against slow moving / obsolete stores	**15,044**	8,476
Allowance for expected credit loss	**432,433**	273,177
Provision for post retirement medical and free gas supply facilities	**277,764**	154,566
Provision against retirement benefit	**294,019**	251,851
	1,019,260	688,070

	Quarter ended	
	September 30, 2022	#VALUE! 2021
	(Un-audited)	
	--------(Rupees in '000)--------	

25. WORKING CAPITAL CHANGES

(Increase) / decrease in current assets		
Stores and spares	**(35,570)**	(118,948)
Stock-in-trade	**(677,625)**	(548,423)
Customers' installation work-in-progress	**11,368**	18,765
Trade debts	**(8,143,436)**	(2,141,060)
Advances, deposits and short term prepayments	**101,427**	385,441
Other receivables	**(52,742,421)**	(12,005,752)
	(61,486,257)	(14,409,977)
Increase in current liabilities		
Trade and other payables	**72,884,899**	18,015,211
	11,398,642	3,605,234

26. CASH AND CASH EQUIVALENT AT THE END OF THE YEAR

Cash and bank balances	**3,674,685**	1,098,097
Term deposit receipts (TDR)	**-**	279,223
Short term borrowings	**(21,936,609)**	(22,489,500)
	(18,261,924)	(21,112,180)

27. 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 un-audited consolidated condensed interim financial statements are as follows:

	Quarter ended	
	September 30, 2022	September 30, 2021
	(Un-audited)	
	-------------(Rupees in '000)-------------	
Government related entities		
- Purchase of fuel and lubricant	**19,658**	6,177
- Sale of gas and allied charges	**32,461,895**	46,944,268
- Income from net investment in finance lease	**1,327**	1,327
- Gas purchases - Indigenous gas	**41,820,701**	28,953,832

	Relationship	Quarter ended September 30, 2022 (Un-audited)	Quarter ended September 30, 2021 (Un-audited)
		-------------(Rupees in '000)-------------	
Government related entities			
- Gas purchases - RLNG		**32,382,520**	32,382,520
- Sale of condensate		**-**	29,624
- Sale of gas meters - spare parts		**-**	4,197
- Rent		**4,112**	1,823
- Insurance premium		**9,438**	1,380
- Royalty		**523**	1,035
- Telecommunication		**287**	288
- Electricity expenses		**70,094**	54,244
- Interest income		**423,514**	364,867
- Markup expense on short term finance		**55,792**	19,012
- Markup expense on long term finance		**8,131**	71,956
- Subscription		**1,771**	2,052
- RLNG transportation income		**1,537,008**	1,537,008
- LPG purchases		**196,702**	153,117
- Income against LNG service agreement		**328,927**	328,927
- Dividend income		**12,071**	9,657
Karachi Grammar School	Associate		
- Billable charges		**10**	15
Key management personnel			
- Remuneration		**45,059**	54,890
Pakistan Institute of Corporate Governance	Associate		
- Subscription / trainings		**494**	284
Engro Fertilizers Limited	Associate		
- Billable charges		**7,515**	8,078
Indus Hospital	Associate		
- Sale of gas and allied charges		**545**	970
Staff retirement benefit plans	Associate		
- Contribution to provident fund		**90,416**	84,222
- Contribution to pension fund		**23,211**	155,445
- Contribution to gratuity fund		**268,067**	96,406

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

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

27.3 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

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

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

	Relationship	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		--------(Rupees in '000)--------	
Government related entities - various			
- Sale of gas		**85,035,952**	76,775,417
- Investment		**54,243**	56,354
- Mark up accrued on borrowings		**(1,653,309)**	(1,653,309)
- Net investment in finance lease		**1,309,370**	1,228,430
- Gas purchases - Indigenous gas		**(468,360,437)**	(433,823,800)
- Gas purchases - RLNG		**(135,508,882)**	(120,734,221)
- Sale of gas condensate		**35,504**	66,712
- Gas meters and spare parts		**35,709**	35,709
- Uniform cost of gas		**15,818,846**	15,818,845
- Cash at bank		**277,494**	35,011
- Stock loan		**1,740**	1,740
- Insurance		**(1,868)**	(1,899)
- Gas supply deposit		**(80,955)**	(51,263)
- Interest expense accrued - late payment surcharge on gas bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**16,481,402**	16,057,889
- Contingent rent		**10,315**	10,315
- Capacity and utilisation charges of RLNG		**58,240,523**	55,656,646
- RLNG transportation income		**34,807,363**	34,843,282
- LSA margins		**3,222,732**	3,071,808
- Advance for sharing right of way		**(18,088)**	(18,088)
- Professional charges		**57**	57
Karachi Grammar School	Associated undertaking		
- Sale of gas		**5**	5
- Gas supply deposit		**(22)**	(22)
Engro Fertilizers Limited	Associated company		
- Sale of gas		**2,296**	2,748
- Gas supply deposit		**(2,851)**	(2,851)
Indus Hospital	Associated company		
- Sale of gas		**233**	352
- Gas supply deposit		**(1,261)**	-

28. OPERATING SEGMENTS

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

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

Segment revenue and results

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

	Quarter ended September 30, 2022 (Un-audited)	Quarter ended September 30, 2021 (Un-audited)
	(Rupees in '000)	
	Segment profit / (loss)	
Return on Assets net of UFG disallowance		
Gas transmission	**2,105,894**	2,221,092
Gas distribution and marketing		
- Lower Sindh	**(2,614,493)**	(554,453)
- Upper Sindh	**(739,885)**	(169,372)
- Balochistan	**(2,939,038)**	(958,001)
Meter manufacturing	**1,783**	2,234
Total segment results	**(4,185,739)**	541,500
Unallocated		
Finance cost	**(1,679,208)**	(1,090,387)
Other income - net	**1,219,919**	2,069,900
(Loss) / profit before tax	**(4,645,028)**	1,521,013

	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
	(Rupees in '000)	
Segment assets and liabilities		
Segment assets		
Gas transmission	**230,763,067**	211,254,930
Gas distribution and marketing		
- Lower Sindh	**436,074,452**	431,030,467
- Upper Sindh	**81,794,463**	84,625,627
- Balochistan	**89,154,143**	48,864,236
Meter manufacturing	**1,389,588**	1,108,124
Total segment assets	**839,175,713**	776,883,384
Unallocated		
- Loans and advances	**735,349**	467,975
- Taxation - net	**16,073,372**	16,600,280
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**3,674,685**	3,284,797
	20,971,145	20,840,791
Total assets as per consolidated statement of financial position	**860,146,858**	797,724,175

	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
	--------(Rupees in '000)--------	
Segment Liabilities		
Gas transmission	**126,489,764**	120,648,252
Gas distribution and marketing		
- Lower Sindh	**481,167,602**	461,928,422
- Upper Sindh	**89,831,432**	90,537,349
- Balochistan	**171,551,881**	127,923,669
Meter manufacturing	**251,080**	260,931
	742,801,995	680,650,371
Total liabilities as per consolidated statement of financial position	**869,291,759**	801,298,623

29. 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.

29.1 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 liability, 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, 2022			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**149,037**	-	-	**149,037**

	As at June 30, 2022			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	152,363	-	-	152,363

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.

29.2 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, 2022	
	Level 2	Fair Value
	Rupees in '000	
Freehold land	**39,538,556**	**39,538,556**
Leasehold land	**16,314,617**	**16,314,617**
	55,853,173	**55,853,173**

	As at June 30, 2022	
	Level 2	Fair Value
	Rupees in '000	
Freehold Land	**39,538,556**	39,538,556
Leasehold Land	**16,314,617**	16,314,617
	55,853,173	55,853,173

30. GENERAL

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

30.2 Corresponding figures have been rearranged and reclassified, wherever necessary.

31. DATE OF AUTHORISATION

These unaudited consolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on December 30, 2023 .

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

KEY DATA

FRANCHISE AREA	SINDH AND BALOCHISTAN	
	Three months period ended September 30,	
	2022	**2021**
GAS SALES VOLUME (MMCF)	**68,044**	85,055
NUMBER OF CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	**4,510**	4,351
COMMERCIAL	**22,993**	22,997
DOMESTIC	**3,234,191**	3,199,460
TOTAL	**3,261,694**	3,226,808
GAS METERS MANUFACTURED (NOS.)	**109,100**	120,091
TRANSMISSION NETWORK - CUMULATIVE (KM)		
DIAMETER		
6"	**36**	36
8"	**26**	26
12"	**591**	591
16"	**558**	558
18"	**940**	940
20"	**844**	844
24"	**751**	751
30"	**26**	26
42"	**371**	371
	4,143	4,143
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" DIAMETER)	**37,835**	37,435
SERVICES	**11,364**	11,219
	49,199	48,654

NOTES

کمزور قرضوں کے عوض فراہمی

اوگرا نے کمزور قرضوں کے عوض فراہمی کی اجازت دے دی کیونکہ آپریٹنگ اخراجات صرف منقطع صارفین سے متعلق ہیں۔ تاہم آئی ایف آر ایس - 9 کو اپنانے کے بعد متوقع کریڈٹ لاس کی بنیاد پر پروویژن کیا جارہا ہے یعنی آگے بڑھنے کا طریقہ کار جس میں لائیو کسٹمرز کے خلاف بھی پروویژن کی ضرورت ہوتی ہے، جس کے نتیجے میں کمپنی کی نچلی سطح متاثر ہوتی ہے۔ چونکہ اوگرا اس موقف تک محدود ہے کہ وہ صرف منقطع صارفین کے خلاف ماضی کے طریقہ کار کے مطابق فراہمی کی اجازت دے گا، لہٰذا موجودہ مدت کی فراہمی کو ڈی ایف آر آر مالی سال 22-2021 کے مطابق سمجھا گیا ہے اور 83 ملین روپے کے ڈس الاؤنس کو تسلیم کیا گیا ہے۔

مالی لاگت

ایس ایس جی سی کو ٹیرف نوٹیفکیشن میں تاخیر کی وجہ سے کیپٹل اخراجات اور ورکنگ کیپٹل شارٹ فال کے لیے حاصل کیے گئے طویل مدتی اور قلیل مدتی قرضوں پر 1,649 ملین روپے کے مالی چارجز برداشت کرنا پڑ رہے ہیں۔

تاہم مذکورہ بالا میں سے 70 کروڑ 80 لاکھ روپے کی رقم اوگرا کی جانب سے ماضی کے طریقہ کار کے مطابق ٹیرف نوٹیفکیشن میں تاخیر کی تلافی کے لیے منظور کی گئی ہے۔

مستقبل کا نقطہ نظر

آگے بڑھتے ہوئے، یو ایف جی میں کمی کمپنی کو آپریشنل اور مالی طور پر قابل عمل رکھنے کی کلید ہے۔ یو ایف جی میں موثر اور پائیدار کمی کے لئے متعدد سخت اقدامات نافذ کیے گئے ہیں۔ نافذ شدہ اقدامات کے مثبت نتائج پہلے ہی نظر آرہے ہیں جبکہ انڈر پلاننگ اقدامات سے یو ایف جی میں مزید کمی آئے گی۔ مندرجہ ذیل اقدامات اور پہلوؤں کا خلاصہ دیا گیا ہے:

1۔ بی او ڈی کی رہنمائی میں قائم کردہ وقف یو ایف جی حب ڈویژن یو ایف جی کے معاون عوامل کے خلاف موجودہ طریقہ کار اور پروٹوکول کو بہتر بنانا جاری رکھے ہوئے ہے۔ منصوبوں اور اقدامات کو تیز رفتاری سے آگے بڑھایا جارہا ہے۔

2۔ بلوچستان یو ایف جی کا دیرینہ مسئلہ تمام متعلقہ حکام کے ساتھ فعال طور پر اٹھایا جارہا ہے۔ حکومت بلوچستان اور وفاقی حکومت کے اعلیٰ حکام کے ساتھ متعدد ملاقاتیں کی گئی ہیں تاکہ مسائل کا تفصیلی تجزیہ اور ان کے قابل عمل حل پیش کیے جاسکیں۔

3۔ محتاط منصوبہ بندی کے ذریعے لوئر سندھ (کراچی) ڈسٹری بیوشن آپریشنز کو 'اسٹریٹجک بزنس یونٹس کے تصور' کو اپناتے ہوئے از سر نو تشکیل دیا گیا ہے۔ نتیجے کے طور پر یو ایف جی کی کارکردگی میں بڑے پیمانے پر بہتری ریکارڈ کی گئی ہے۔ فرنچائز کے علاقے میں اسی طرح کی تنظیم نو کے نفاذ کے لئے منصوبہ بندی جاری ہے۔

4۔ پیمائش اور بلنگ کی درستگی کو بہتر بنانے کے لئے سخت کوششیں کی گئی ہیں۔ ڈسٹری بیوشن نیٹ ورک کی بحالی کو ایک ذیلی محکمانہ فنکشن سے وقف اور پیشہ ورانہ وسائل کے ساتھ ایک وقف پروجیکٹ ٹیم میں منتقل کیا جارہا ہے۔ گیس چوری اور غیر مجاز استعمال کے خلاف کارروائیاں غیر معمولی حد تک تیز کردی گئی ہیں۔ نتیجتاً لوئر سندھ یعنی کراچی میں (جہاں فرنچائز کی 65 فیصد گیس فروخت ہوتی ہے) وہاں یو ایف جی سنگل ڈیجٹ میں لانے کے قریب ہے۔

5۔ ٹاؤن بارڈر اسٹیشن آٹومیشن پروجیکٹ کے ذریعے آپریشنل استعداد کار میں بڑے پیمانے پر بہتری کی توقع ہے۔

6۔ صنعتی اور گھریلو صارفین کو ان کی متعلقہ ضروریات کے مطابق گیس کی فراہمی کو بہتر بنانے کے لئے تقسیم اور نیٹ ورک الگ تھلگ کرنے کے منصوبوں کی کافی تعداد مکمل کی گئی ہے۔ اس کے علاوہ ان منصوبوں نے یو ایف جی مانیٹرنگ کی درستگی کو بہتر بنایا ہے۔

اعترافات

بورڈ، شیئر ہولڈرز اور اس کے قابل قدر صارفین کی جانب سے موصول ہونے والی مسلسل سپورٹ پر شکریہ ادا کرتا ہے اور اسے سراہتا ہے۔ بورڈ ان تمام ملازمین کی لگن کا بھی اعتراف کرتا ہے جنہوں نے کمپنی کو درپیش متعدد چیلنجوں کے باوجود اپنی سخت محنت جاری رکھی۔ بورڈ حکومت پاکستان، وزارت توانائی اور آئل اینڈ گیس ریگولیٹری اتھارٹی کا بھی شکریہ ادا کرتا ہے جنہوں نے مسلسل رہنمائی اور تعاون کیا۔

بحکم بورڈ

ڈاکٹر شمشاد اختر

چیئرپرسن، بورڈ آف ڈائریکٹرز

تاریخ: 30 دسمبر 2023

عمران منیار

مینجنگ ڈائریکٹر

ڈائریکٹرز کا جائزہ

برائے سہ ماہی مختتمہ 30 ستمبر 2022

مالی جائزہ

جائزے کے دوران کمپنی کو 5,595 ملین روپے کا بعد از ٹیکس خالص خسارہ ریکارڈ کیا گیا جس میں اوگرا کی جانب سے بڑے اخراجات اور مالی اخراجات شامل تھے۔

مالیاتی جھلکیوں کا خلاصہ ذیل میں دیا گیا ہے:

	ستمبر 2022	ستمبر 2021	فرق
	ملین روپے		
(نقصان)/ٹیکس سے پہلے منافع	(4,691)	1,470	(6,161)
ادا کیا گیا ٹیکس	(904)	(734)	(170)
(نقصان)/ٹیکس کے بعد منافع	(5,595)	736	(6,331)
فی شیئر آمدنی (روپے)	(6.35)	0.84	(7.19)

ایس ایس جی سی کا منافع اوگرا کی جانب سے مقرر کردہ گارنٹیڈ ریٹرن فارمولے سے حاصل کیا گیا ہے جو سرمائے کی اوسط لاگت (ڈبلیو اے سی سی) پر مبنی ہے۔اس فارمولے کے تحت ایس ایس جی سی کو مالی چارجز اور ٹیکسز سے قبل اپنے اوسط نیٹ آپریٹنگ فکسڈ اثاثوں پر 16.60 فیصد (21 ستمبر: 17.43 فیصد) ریٹرن کی اجازت دی گئی تھی۔تاہم اوگرا ریونیو کی ضروریات کا تعین کارکردگی سے متعلق بینچ مارکس مثلاً غیرا کاؤنٹڈ گیس (یو ایف جی)، ہیومن ریسورس بینچ مارک لاگت، مشکوک قرضوں کی فراہمی اور کچھ دیگر اخراجات/ چارجز کی بنیاد پر کرتا ہے۔ یہ ڈس الاؤنسز/ ایڈجسٹمنٹ کمپنی کی نچلی لائن کو متاثر کرتی ہیں۔

06 اکتوبر 2023 کو جاری کردہ مالی سال 2021-22 کے لئے حتمی ریونیو ضروریات (ڈی ایف آر آر) پر اوگرا کے فیصلے کے مطابق، ان تین ماہ کے مالی نتائج میں یو ایف جی کی ڈس الاؤنس 8,168 ملین روپے رہی جبکہ اثاثوں پر واپسی 3,983 ملین روپے تھی۔اس مدت کے لئے مالی لاگت 1,649 ملین روپے ہے۔

یو ایف جی کو کم کرنے اور کمپنی کو بدلنے کی اہم کوششوں کے باوجود، بلوچستان کے خطے میں بلند شرح یو ایف جی تمام کوششوں پر بھاری پڑ رہی ہے۔ زیر نظر مدت کے لئے، حجم کے لحاظ سے بلوچستان یو ایف جی 4.12 بی سی ایف ہے اور پرسنٹیج میں 55.6 فیصد ہے (2021 کے لئے متعلقہ اعداد و شمار: 2.66 بی سی ایف اور 31.9 فیصد)۔

بلوچستان کو گیس کی فراہمی کو قابل عمل بنانے کے لیے وفاقی حکومت کی سطح پر پالیسی فیصلے کی ضرورت ہے۔ یو ایف جی کی روک تھام کے لئے سخت کوششوں کی وجہ سے، بلوچستان میں یو ایف جی میں اضافے کے باوجود، مجموعی طور پر کمپنی بھر میں یو ایف جی حجم کے لحاظ سے 14.70 بی سی ایف پر برقرار ہے۔

اس بات پر زور دینا ضروری ہے کہ اثاثوں کی واپسی اثاثوں کی پاکستانی روپے کی قیمت میں تاریخی لاگت پر مبنی ہے جبکہ یو ایف جی جرمانہ گیس کی وزنی اوسط لاگت (WACOG) پر مبنی ہے جو بنیادی طور پر امریکی ڈالر پر مبنی ہے۔حالیہ دنوں میں امریکی ڈالر کے مقابلے میں روپے کی قدر میں تیزی سے کمی منفی نچلی سطح کا اہم عنصر رہی ہے۔30 ستمبر 2022ء کو ختم ہونے والی سہ ماہی کے دوران WACOG 881.88 روپے فی ایم ایم سی ایف رہا جو گزشتہ سال کے اسی عرصے میں 571.81 روپے فی ایم ایم سی ایف تھا جو فیصد مدت میں 54 فیصد اضافہ ہے۔اس کے نتیجے میں یو ایف جی کی ڈس الاؤنس میں 2,871 ملین روپے کا اضافہ ہوا۔

کمپنی کی مالی پوزیشن کو متاثر کرنے والی بنیادی وجوہات مندرجہ ذیل ہیں:

آر ایل این جی کاروبار پر یو ایف جی الاؤنس کا قبول کرنا:

ایس ایس جی سی وزارت توانائی (پیٹرولیم ڈویژن) اور اسلام آباد ہائی کورٹ کے ذریعے اوگرا سے بھرپور پیروی کر رہی ہے تا کہ آر ایل این جی پرائسنگ سے متعلق ای سی سی پالیسی گائیڈ لائنز کے مطابق ڈسٹری بیوشن نیٹ ورک میں آر ایل این جی کاروبار پر حقیقی یو ایف جی کی اجازت دی جا سکے۔اسلام آباد ہائی کورٹ کے حکم امتناع کے نتیجے میں اوگرا نے آر ایل این جی ڈسٹری بیوشن بزنس پر حقیقی یو ایف جی کی اجازت دے دی۔

تاہم، اب بھی یو ایف جی کی ڈس الاؤنس کی بنیادی وجہ یہ ہے کہ اوگرا 11 مئی، 2018 کو اقتصادی رابطہ کمیٹی (ای سی سی) کی جانب سے منظور کردہ سمری کے ذریعے ایس ایس جی سی کے لیے منظور کردہ آر ایل این جی حجم ہینڈلنگ کا فائدہ قبول نہیں کر رہا ہے۔ایس ایس جی سی مینجمنٹ اور بورڈ آف ڈائریکٹرز کی بھرپور پیروی کے ذریعے اوگرا نے آر ایل این جی پر یو ایف جی کی حد اور سوئی سدرن کمپنی یعنی ایس ایس جی سی اور ایس این جی پی ایل پر اس کے اثرات کا تعین کرنے کے لیے ایک کنسلٹنٹ کی خدمات حاصل کی ہیں۔کنسلٹنٹ کی اسٹڈی کے نتائج کا ابھی انتظار ہے۔

NOTES

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