

SUI SOUTHERN GAS COMPANY LIMITED

42 Annual Report 1996

SSGC

Profile

Sui Southern Gas Company Ltd. is the largest integrated gas undertaking and a major energy sector company in Pakistan. Sui Southern Gas Company Limited (SSGC) was formed on March 30, 1989 following merger of two Companies namely Sui Gas Transmission Company Limited and Southern Gas Company Limited. SSGC's responsibility extends from purification of natural gas to its transmission and distribution to power generating plants, industrial, commercial and residential consumers in the provinces of Sindh and Balochistan. The Company also purifies gas at Sui for sister concern Sui Northern Gas Pipelines (whose franchise area for transmission and distribution of gas covers the provinces of Punjab and NWFP). In the field of Liquefied Petroleum Gas (LPG), SSGC has distribution outlets in all the four provinces of Pakistan. SSGC has manufacturing facilities for domestic gas meters which currently meet the entire demand of the country. Thus in the historic perspective SSGC has played and continues to play a vital role in the establishment and consolidation of natural gas industry in Pakistan and in facing the future challenges of providing the fuel for a high and sustained economic growth for the country.

Contents

Company Information	2
Notice of Meeting	3
Chairman's Review	4

Report of the Directors	12
Auditors' Report to the Members	17
Accounts for the year ended 30 June 1996	
Balance Sheet	18
Profit and Loss Account	20
Cash Flow Statement	21
Notes to the Accounts	22
Accounts of Subsidiary Company	54
Ten Years at a Glance	56
Pattern of Shareholdings	65

Company Information

Board of Directors

Dr. Gulfaraz Ahmad	Chairman
Mr. Zameer Alam Ansari	Managing Director

Mr. M. T. K. Sherwani
Mr. Abdus Sattar
Mr. Razi-ur-Rahman Khan
Mr. Shahid Akbar
Mr. M. Iqbal Kazi
Khawaja Muhammad Tariq
Mr. M. Javed Ashraf Hussain
Mr. Ramzan Noor Mahomed Merchant
Mr. Behram Hasan
Mr. H. Masood Sohail
Mr. Muhammad Faruque

Company Secretary

Mr. M. Inam-us-Samad

Auditors

M/s. Ford, Rhodes, Robson, Morrow
Chartered Accountants

Registered Office

State Life Building No.3,
Dr. Ziauddin Ahmed Road,

Karachi - 75530

Pakistan

Ph: 5688566 & 5689319

Fax: 021-5689323

Notice of Meeting

Notice is hereby given that the 42nd Annual General Meeting of Sui Southern Gas Company Limited will be held at Pearl Continental Hotel, Club Road, Karachi on Monday 30 December 1996 at 9.00 a.m. to transact the following business:

1. To confirm the Minutes of the 41st Annual General Meeting of the Company held on 30 December, 1995.

2 To receive and adopt the Report of the Directors and the Audited Accounts of the Company for the year ended 30 June 1996.

3. To appoint Auditors for the year 1996-97 and fix their remuneration.

4. Special Business

To approve capitalisation of a sum of Rs.523,290,140 set-aside out of the profit of the Company as on 30 June 1996 for issuance of bonus shares in the proportion of one share for every 6.67 shares held (15%) and to consider and if thought fit, to pass the following Special Resolutions with or without amendment(s).

"That a sum of Rs.523,290,140 out of profit as on 30 June 1996 be capitalised and applied to the issue of 52,329,014 ordinary shares of Rs.10 each allotted as fully paid Bonus Shares to the members of the Company whose names appear on the register of Members as at close of business on 15 December 1996 in the proportion of one share for every 6.67 shares held (i.e. 15%)".

"That the members entitled to fraction of a share shall be given sale proceeds of their fractional entitlement for which purpose the fractions shall be consolidated into whole shares and sold in the stock market."

"That the Managing Director of the Company be and is hereby authorised and empowered to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of Bonus Shares."

By Order of the Board

M. Inam-us-Samad
Secretary

Karachi
26 November 1996

Notes:

i) The Share Transfer Books of the Company will remain closed from 16 December 1996 to 30 December 1996 (both days inclusive). Transfers received in order at the Registered Office of the Company at the close of business hours on 15 December 1996 will be treated in time for the purpose of eligibility to Bonus Shares.

ii) A member entitled to attend and vote at this Meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf at the Meeting. Proxies, in order to be valid, must be received at the Registered Office of the Company not later than 48 hours before the Meeting. The proxy must be a member of the Company, except that a corporation being member of the Company may appoint as its proxy one of its directors, officers or authorised representative though not a member of the Company.

iii) Shareholders are requested to notify the Company of any change in their addresses immediately.

Statement under Section 160 of the Companies Ordinance, 1984

The Directors feel that the reserves of the Company justify the capitalisation of a sum of Rs.523,290,140 for issue of Bonus Shares.

Chairman's Review

Your Company, as most of our valued members no doubt would know already, has completed, by the grace of Allah, forty-two years of its corporate existence. It is with great pride and joy that I welcome you as Chairman of the Company to the 42nd Annual General Meeting and avail myself of the opportunity to present to you a financial and operational review of Sui Southern Gas Company Limited together with the audited financial statements relating to its financial year ended June 30, 1996.

I feel honoured to have been elected Chairman of your Company's Board of Directors on 26 November 1996, in place of Syed Naseer Ahmed. In my capacity as Chairman of SSGC, I shall have ample opportunity of keeping myself conversant with the policies and affairs of your Company. My close and direct association with SSGC would make it possible for me to make some worthwhile contribution to the future growth and prosperity of the Company.

The Ministry of Petroleum & Natural Resources has placed the energy situation on top of its domestic agenda. The primary aim of its two-pronged policy being to mitigate the current demand - supply deficit and to accelerate development of this vital sector for long-term energy needs of the country.

The dependence of the economy upon the hydrocarbon-based fuel can be gauged by the fact that out of the aggregate commercial energy supply, oil and gas account for more than 80%; share of gas being slightly over 37%.

Presently the balance recoverable reserves of natural gas from non-associated and associated gas fields are estimated at 21 trillion cubic feet. During the FY 1995-96, daily production of gas averaged 1,821 million CFT per day compared with 1,721 million CFT per day in the previous year.

The country-wise gas consumption during 1995-96 was 580 billion CFT, which is equivalent to replacement of 13.86 million metric tons of imported fuel oil (heat content basis) producing a very significant saving of US\$ 1,448 million for the country.

Out of the total consumption of natural gas, power sector was the major consumer at 32.16%,

followed by fertilizer, 25.88%, general industries/cement 20.33%, residential consumers 18.46% while the commercial sector consumed 2.98%.

There is a dire need to explore and exploit all natural resources at an accelerated pace so that these become available to supplement the gas requirement of Pakistan. A phased programme is already under implementation to enhance the current level of daily production to 2.5 BCF by bringing the already discovered gas fields on stream by the year 2000.

Directors

It seems appropriate here to make a mention of some changes which have taken place since the date of the last Annual General Meeting held on December 30, 1995 in the composition of your Company's Board of Directors.

I was elected as Director and Chairman of Sui Southern Gas Company Limited on 26 November 1996 in place of Syed Naseer Ahmed. Some other changes in the composition of the Board of Directors also took place; Mr. Zameer Alam Ansari was elected as Managing Director in place of Mr. Javed Hussain and four more new directors namely Mr. M. T. K. Sherwaani, Mr. Razi-ur-Rahman Khan, Mr. Shahid Akbar and Khawaja Muhammad Tariq joined the Board on 26 November 1996 i.e. in place of Messrs. Muneer Ahmed, Asadullah Sheikh, M. Mubeen Ahsan and Capt. (Retd.) Fareeduddin Ahmedzai respectively. Mr. M. Saleem Sandhoo has also resigned from his directorship and a successor remains to be appointed on the Board.

On behalf of the Directors and my own, I would like to place on record our gratitude and appreciation for valuable contributions they made to the deliberations on matters which came up before the Board. I also take this opportunity of welcoming the new directors on the Board for they bring a wealth of experience which would be beneficial for your Company.

I now move on to giving you a broad overview of the Company's financial results and state of its operational activities in the sphere of gas purification, transmission and distribution as well as two associated businesses, namely, LPG marketing and meter assembly spanning the year that ended on June 30, 1996.

Finance and Accounts

The management has already circulated to the members copies of the published audited financial statements for the FY 1995-96 together with the Auditors' Report thereon. These are now formally placed before you for consideration and approval.

Gas Sales

The Company's overall sales during the 12 months ended June 30, 1996 to industrial (including power sector), commercial and domestic consumers were 48,563,475 HM3 equivalent to 172,371 MMCF reflecting a rise of 13.83%. The sector-wise increase in offtakes was 13.12%, 1.60% and 17.55% respectively.

The increase in sales revenue, which went up by Rs.3,484.477 million to 13,042.183 million was 36.46%. The corresponding contribution by industrial (including power sector), commercial and residential sector was 40.28%, 25.81% and 21.62% in that order.

The Company's tariff structure continues to be determined by the Government of Pakistan. Its profitability is directly linked with the present arrangement based on rate of return formula allowing

the Company fixed rate of 17% - before tax and financial charges on the assets in operations funded by the Company. The rate of return was set in FY 1991-92 when the margin between this and the cost of borrowing was about 5%, since then the lending rates have gradually gone up to the extent that this differential no longer exists causing gradual drop in internally generated funds available for investment in expansion projects. The management has approached the Government for appropriate enhancement in the rate of return for foregoing reasons.

Profits

The financial year 1995-96 which is the subject of this review has recorded satisfactory results. The aggregate pre-tax profits which arose mostly from gas sales have surpassed the previous year's figures. Your Company earned Rs. 1,041.106 million compared with Rs. 828.745 million in the preceding year. This represents an increase of Rs. 212.361 million or 25.62%. The Company has been facing some unavoidable escalation in the operating expenses coupled with significant increases in depreciation and financial costs which are chiefly attributable to higher capitalisation of expenditure on completed gas transmission and distribution expansion facilities.

The meter manufacturing operations have shown radical improvement in pre-tax earnings which went up by Rs. 54.327 million to Rs. 70.344 million during the period under review. The substantial rise in profitability is attributable to higher level of sales and better margins produced by them.

Your Company's LPG business operations which are basically directed by socio-environment considerations have with success delivered gas to the people living in remote and far-flung areas of the country with no alternative fuel available to them except wood.

The Post-tax Profit of the Company is arrived at Rs. 537.351 million after accounting for current/deferred taxes compared with the corresponding amount of Rs. 589.931 million which the Company earned in the FY 1994-95.

Compared to the last financial year, the Company's after-tax earnings per share for FY 1995-96 was Rs. 1.54 per share being lower by Rs. 0.41 (or 21%) calculated on the equity base (issued capital) of related year due to issue of bonus shares during FY 1995-96.

Your Company continues to focus its efforts on strengthening its internal cash flows which I am glad to note have remained quite adequate inspite of KESC's continuing default in payment of its monthly gas bills. The total capital outlay on the development projects which amounted to Rs. 4,299 million was funded to the extent of Rs. 567 million (13.2%) through Company's own resources., which despite several prevailing negative factors during the year should be regarded as satisfactory.

Operations

The entire gas supply system entails highly complex technical operations, involving purification, transmission, compression and ultimate distribution to consumption centres demanding consummate multi-discipline skills and constant vigilance to make possible continuous availability of gas to consumers served by your Company. During this period there were no serious mishaps or forced shut-down of systems and for this achievement management, technical and support staff deserve our unqualified appreciation.

Gas Supply Infrastructure

SSGC's infrastructure facilities which are part and parcel of its gas operations are spread over the provinces of Sindh and Balochistan which constitute its franchise area presently.

The operation and management of the entire Purification Plant and allied facilities at Sui Gas Field jointly owned by SSGC and SNGPL is entrusted to your Company in accordance with the long-standing contractual arrangement between SNGPL and SSGC. Gas purified at the plant is piped to Southern transmission system by your Company and to northern system by SNGPL. The purified gas is shared between SSGC and SNGPL on the basis of allocation determined by the Government while the operating and other costs are shared proportionately. The existing gas purification capacity of Sui plant is 550 MMCFD in terms of purified gas and additional capacity of 240 MMCFD would be added by June next year upon commissioning of two under construction new purification banks. Since the uninterrupted gas supply is vital to the country's economy, the purification plant at Sui plays a very strategic role demanding constant vigilance and competent management all the year round.

The administration of Sui Gas Field vests with Pakistan Petroleum Limited with whom the Company has a long-standing agreement.

The gas purification plant at Sui processed 164,975 MMCF of gas of which 59.73 % was delivered to SNGPL and the balance to SSGCL system. The law and order situation remained tense during the year in this tribal region and production - maintenance schedule of the Plant was effected. However interim measures were adopted for bare necessary maintenance.

SSGC gas system comprises five high pressure transmission lines of 2,470 kilometre long ranging 12 to 24" diameter sizes. In order to augment transmission capacity, compression facilities with a combined capacity of 62,600 H.R are installed enroute the transmission pipelines at six intermediate locations. During the year, average capacity utilization of transmission system with compression was 85.79% and on free flow basis it was 100 %.

A total of 191,526 MMCF gas was transmitted in the Southern System from the fields of Sui, Pirkoh, Badin, Kadanwari, and Sari-Hundi. The transmission activity is closely monitored over the newly installed telemetry network which has enabled the Company to maintain better vigil over gas analogs.

The gas distribution network of SSGC comprises mains/service pipelines of 1" to 20" diameter with a cumulative length of 17,268 KM. During the year under review, 1518 KM of mains and 334 KMs of service lines were added to the existing system to enable the Company to connect 98,941 new consumers in areas already benefited with gas facility as well as in new towns and villages of Sindh and Balochistan.

New Towns/Villages Gas Supply distribution plan

In 1992 SSGC embarked upon the four-year new towns expansion plan and by end June 1996 successfully extended the gas supply to 48 towns in Sindh and Balochistan. On the directives of the government the scope and size of the original plan was widened to include several new towns and a number of villages. As a result, supply of natural gas was extended to 424 towns/villages of the two provinces involving expenditure running into millions of rupees, most of which was financed through borrowed funds carrying very high mark-up.

Liquefied Petroleum Gas (LPG)

The LPG operations of the Company are always hampered by supply constrains over which the Company has no control. The allocation/supplies from the local sources (gas fields/refineries) are not only inadequate but their availability is also not always certain. The deficit is largely made up from imported LPG subject to continuous escalation in suppliers prices, resulting in drastic cut in

operating margins. A total of 29,578 metric tons was sold during the year including 10,261 metric tons of imported LPG while the corresponding quantities for the previous year were 26,478 and 13,912 metric tons respectively.

A recent upward revision in local suppliers prices with some compensatory increase in retail prices should go some way in mitigating the losses of the marketing companies. The government is anxious to introduce appropriate measures to protect unnecessary destruction of forest by local population which includes easy availability of LPG in those areas where laying of natural gas infrastructure is presently not technically or financially viable. For this purpose, LPG supply depots are being set up in remote and hilly areas. Your Company has so far, established 14 depots to cater for needs of the people of surrounding areas.

Meter Plant Operations

SSGC is presently manufacturing gas meters for domestic consumers under license agreement with a West European firm in its Karachi Meter Assembly plant having an annual capacity of 220,000 (on single shift basis) which meets its own entire requirements and those of SNGPL. Since the plant commenced production in the year 1976, over a million of G 1.6 and G-4 models have been produced and more than 75% of the parts in terms of value are being made locally resulting in the substantial foreign exchange saving. During the year 351,000 meters were manufactured/ progressively assembled compared with 247,500 in the previous year. Sales to SNGPL and other customers were 218,849 while 141,750 meters were internally utilized for new customers and for replacement of old and defective meters

Compressed Natural Gas (CNG)

As part of long-term strategy focusing on environmental protection and pollution control, the administrative Ministry of the Company has announced a number of policy decisions in order to encourage setting up of CNG refueling stations initially in large urban centres of the country. Two CNG stations set up in collaboration with a private firm are already functioning in Karachi one of the two caters exclusively for Company's own vehicle fleet and one serves the general public.

Major On-going Projects

The on-going long-term development projects which comprises vital inter related components involving an aggregate capital expenditure of US\$ 500 million (Rs.20,000 million) including foreign exchange outlay of US\$ 200 million is in the final stage of completion. This multi-purpose project chiefly aims at augmenting the transmission capacity of Quetta Pipeline; connecting newly discovered Kadanwari Gas Field to the Company's existing transmission system; installation and revamping of compressors at Sibi-Shikarpur; expansion and rehabilitation of existing purification, transmission and distribution system including replacement of old and unserviceable distribution pipeline in certain operating areas etc.

It is heartening to note that design, planning and execution skills of our technical personnel coupled with keen interest and dedication of senior management, the work on these complex projects have progressed satisfactorily. Let us hope the remaining portion of the project is also completed as per the project implementation schedule.

Pak-Iran Gas Pipeline Feasibility

Iran and Pakistan have agreed to conduct a feasibility study for laying of 1,600 kilometre gas pipeline for the supply of 1.6 billion cubic feet of gas per day to Pakistan. National Iranian Gas Company (NIGC) and the Interstate Gas Systems Limited (a joint venture Company of SSGC and SNGPL) have agreed to facilitate on fast track approach basis, the undertaking of detailed feasibility of the

proposed Pakistan-Iran Gas Pipeline project.

Privatisation and Regulatory Framework for gas industry

The government aims to privatise the gas utilities and the Privatisation Commission which has been entrusted this task will soon announce a firm time-table for completion of privatisation process. In the meanwhile, some concrete steps which are essential to systematic and successful accomplishment of privatisation objective have been taken by the concerned agencies of the government. One of them is finalisation of legislation for setting up an independent regulatory authority for gas utilities. Further progress on this will be reported to shareholders at the appropriate time.

Borrowing for Expansion Projects

It was already reported last year that the first issue of Term Finance Certificates of the Company of Rs. 500 million was over subscribed. The listing formalities at the Stock Exchanges were satisfactorily completed and the security is now trading at the stock exchanges, albeit in small volumes. Two Nos. redemptions were effected in April 1996 and October 1996. The Pakistan Credit Rating Agency maintained its "AA" rating of the TFC in its annual review conducted in May, 1996.

More leasing finance and bank loans were arranged during the year according to the requirement for financing development expenditure and cover up liquidity gaps created on account of bill payments default by KESC.

The KESC overdues piled up during the year to a staggering Rs. 1,212.722 million. With the intervention of Ministry of Finance, the Company agreed to accept one year Commercial Paper upto Rs. 1,000 million. Accordingly Demand Promissory Notes of Rs. 1,180 million were issued by KESC in favour of the Company on 25 June, 1996 including Rs. 180 million of mark-up on the principal amount due. KESC has been directed to keep its payable position upto date with respect to current bills which unfortunately is not being done. The Company has taken up the matter of delay in bill payments with the KESC management and Government authorities.

The Company has reviewed its capital structure in the light of funding requirement for ongoing and planned development programmes as the debt equity and debt coverage ratios also need to be maintained appropriately in accordance with covenants agreed with the Asian Development Bank. Towards this end, the Board of Directors decided to opt for a G.D.R. issue of upto US\$ 50 million with a green shoe of \$10 million. Being a public sector entity the proposal requires authorisation of the Government authorities who have already been approached by the management.

Consumer Services

SSGC presently serves in its franchise area more than one million residential and over 17,000 commercial/industrial consumers. Over the past five years the Company has achieved 20 % annual growth in its customer-base which is likely to continue in overall terms. As high as 98% consumers fall in the household category and Karachi is the largest market/consumer Icad centre. During the FY 1995-96 almost 100,000 of which were about 60,000 in Karachi, were provided with gas connection. Every effort is made by the management to expand and upgrade all necessary facilities required to provide a first-rate service expected of a gas utility. For this purpose all modern electronic aids like Computers are utilized to promptly attend and process customers complaints. Customers service centres have been established at strategic locations to provide not only easy accessibility to our valued consumers but also to cater for all their requirements arising from use of gas. The management plans to open more customers service centres in all areas serviced by the Company, the primary objective being to provide a prompt and efficient end-to-end service so that

our customers feel they are getting full value for their money.

Computerisation Advancement

Your Company is steadily moving in the direction of comprehensive computerisation and automation to provide efficient and on time services to consumers and making technical operation more effective. The meter reading system and billing is being revamped and improved. The accounting system of the Company has been converted onto Oracle system to operate under Local Area Network (LAN) and is under test runs.

Staff training and development

The management, as part of its long-term policy, has been carrying out a programme for systematic and high quality training for its management and technical staff with a view to enhance their knowledge and understanding of modern techniques and work-related skills. This includes on-the job, in house, courses within and out of the country, workshop and seminars on a variety of topics and subjects. During 1995-96, your Company arranged 60 man-months of foreign training programs for its executive staff, both engineers and non-engineers through two leading, a Canadian and a British gas industry firms.

The work on setting up a first-rate institute to impart in-house training in gas technology and operations to engineers and other technical staff of the Company has already reached an advanced stage and should be operational in early part of next year.

Personnel and industrial relations

It is gratifying to note that work-place relations between the employees and the management were consistently warm and cordial during the period under review. With the unfortunate exception of Sui Purification Plant/Sui Field area where sporadic untoward incidents did occur whose causes have no direct relationship with normal labour problems, peaceful and congenial conditions were prevalent throughout Company's operational centres and offices.

Acknowledgment

The management and staff of the Company deserve our profound appreciation for their dedicated efforts and valuable contribution in achieving a high degree of efficiency in all areas of operations which is reflected in uninterrupted flow of gas throughout the distribution system and generally satisfactory service to all categories of our customers. The credit for this no doubt goes to Company's effective management for its constant support and enlightened leadership to the departmental managers.

The co-operation and support extended by the Ministry of Petroleum & Natural Resources/Directorate General Gas and provincial governments of Sindh and Balochistan is gratefully acknowledged. The international lending agencies, particularly the Asian Development Bank, deserve our praise and thanks as without their financial and other assistance the successful completion of our long-term expansion plans would not have been possible. The credit facilities extended by both local and foreign banks also deserve our gratitude. We look forward to the continuing enthusiastic support from these financial institutions in following year when the Company expects to launch new, ambitious but necessary, expansion plans.

Your management remains committed, as always, to making gas facilities available to every hearth and home in its franchise area, at least possible cost, to the attainment of sustainable growth coupled with financial stability and earning reasonable profits for the benefit of its shareholders and employees. In accomplishment of its aims and objectives I am confident your Company shall be able

to face all challenges and shall continue to receive, as hitherto, the support and goodwill of its shareholders, customers and employees for a better future for all of our countrymen.

Thank you very much.

Dr. Gulfaraz Ahmad
Chairman

Karachi
26 November 1996

Report of the Directors

The Directors have pleasure in presenting to members their 42nd Annual Report together with the Company's financial statements covering the year ended on 30 June 1996 annexed hereto.

The Summarized Accounts showing the profit earned during the year under review alongwith details of appropriations, as recommended by the Board of Directors, are set out below.

	(Rupees in thousand)
Accounts	
Profit before tax	1,041,106
As shown by Profit and Loss Account	
Less: Provision for taxation	
Current	119,380
Deferred	384,375

	503,755

Profit after tax	537,351
Adding thereto Unappropriated profit brought forward from RY. 1994-95	389

Profit available for appropriation	537,740
Appropriations	
Transfer to:	
General Reserve	14,000
Reserve for issue of Bonus shares	523,290

	537,290

Unappropriated profit carried forward	450
	=====

Earning per share (EPS)

The after tax earning per share for the year 1995-96, based on paid-up capital of Rs. 3,488.601

million was Rs. 1.54 per share, while the corresponding figure for 1994-95 was Rs. 1.95 related to paid-up capital of Rs. 3,031.447 million. The reason for lower EPS is the increase in paid-up capital due to issue of bonus shares in the preceding financial year.

Directors

Some changes have taken place in the composition of Company's Board of Directors since the last Annual General Meeting held on December 30, 1995. Dr. Gulfaraz Ahmad, Secretary, Ministry of Petroleum & Natural Resources was elected as Director and Chairman of the Board on 26 November 1996 having succeeded Syed Naseer Ahmed, while Mr. Zameer Alam Ansari was appointed as Managing Director of the Company with effect from the same date in place of Mr. Javed Hussain. Mr. M. T. K. Sherwani, Mr. Razi-ur-Rahman Khan, Mr. Shahid Akbar and Khawaja Muhammad Tariq were appointed as Directors on November 26, 1996 in place of Mr. Munir Ahmed, Mr. Asadullah Shaikh, Mr. M. Mubeen Ahsan and Capt. (Retd.) Fariduddin Ahmedzai respectively Mr. M. Saleem Sandhoo has resigned from his directorship and a successor remains to be appointed on the Board.

Privatisation and Regulatory Framework for Gas Industry

Most of the steps for successful privatisation of the Company have either been completed or are in the final stages. The engineering audit of SSGC has been completed by Overseas Bechtel Inc. USA, who have submitted the final report indicating sound health of our transmission/distribution facilities. Natural Gas Regulatory Authority Ordinance and Natural Gas (Licensing & Tariff) Rules are in the final stages, while the other transition documents are in process. All the above activities indicate Government's commitment for the Privatisation of SSGC.

Devaluation of Pak Rupee

The recent devaluations of Pak Rupee vis-a-vis Dollar in September and October 1996 will add over Rs. 150 million to the Company's loan repayment obligations besides having an impact on cost of raw gas, financial charges and on the operating expenses due to general inflationary trends.

Auditors

Company's present auditors Messrs. Ford, Rhodes, Robson, Morrow, Chartered Accountant will be retiring at the conclusion of the Annual General Meeting and being eligible, they have offered themselves for reappointment as Auditors for the ensuing year.

Pattern of Shareholdings

The statement showing the pattern of shareholdings in the Company as on 30 June 1996 is annexed to this report.

On behalf of the Board

Z. A. Ansari

Managing Director

Karachi

26 November 1996

Auditors' Report to the Members

We have audited the annexed balance sheet of **SUI SOUTHERN GAS COMPANY LIMITED** as at 30 June 1996 and related profit and loss account and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the

information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

a) in our opinion proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the cash flow statement, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 1996 and of the profit and the cash flow statement for the year then ended; and

d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi
26 November 1996

Balance Sheet as at 30 June 1996

	Notes	1996	1995
		(Rupees in thousand)	
Share capital and reserves			
Share capital - Authorised			
500,000,000 ordinary shares of Rs. 10 each		5,000,000	5,000,000
		=====	
Share capital - Issued			
348,860,093 ordinary shares of Rs. 10 each		3,033,566	3,488,601
		=====	
Issued, subscribed and paid-up capital	3	3,488,601	3,031,447
Reserves	4	1,863,648	1,781,393
Accumulated profit		450	389

		5,352,699	4,813,229

Redeemable capital	5	500,000	-
Deferred credit	6	1,058,035	943,340
Long term loans	7	6,910,231	6,239,482
Obligations / Advance under			
finance lease	8	1,259,653	704,623
Deferred liabilities	9	2,211,674	1,846,458
Long term deposits	10	734,473	627,301
Current liabilities			
Current maturity of - long term loans	7	1,323,414	480,594
- lease obligations	8	573,138	64,840
Short term finance under mark-up			
arrangements	11	-	471,072
Creditors, accrued and other liabilities	12	3,389,447	2,911,896
Taxation - net		-	22,902

		5,285,999	3,951,304
Contingencies and commitments	13		

		23,312,764	19,125,737
		=====	
Quetta pipeline project of the			
Government of Pakistan			
Inspect balance of the project fund	39	2,847	28,093
		=====	
Government owned assets held on			
trust by the Company	40	331,298	331,298
		=====	
AUDITORS' REPORT ANNEXED			
Fixed assets - tangible			
Operating fixed assets	14	13,722,595	1,659,933
Capital work-in-progress	15	2,062,056	1,645,821
Stores and spares held for			
capital projects	16	1,361,451	767,593

		17,146,102	14,073,347
Long term investments	17	73,962	73,962
Immovable property		-	3,325
Long term deposits and prepayments	18	62,616	37,408
Long term loans and advances	19	71,898	58,311
Current assets			
Stores, spares and loose tools	20	982,020	9,72,169
Stock-in-trade			
Consumers' installation work-in progress	21	32,450	37,019
Trade debts	23	2,418,029	2,569,24
Loans and advances due for			
repayment within one year	19	64,025	50,917
Short term loans, advances, deposits			

and prepayments	24	262,585	232,319
Notes receivable	25	1,000,000	-
Other receivable	26	557,702	273.91
Cash and bank balances	27	448,170	439,104

		5,958,186	4,879,384

		23,312,764	19,125,737
		=====	

The annexed notes form an integral part of these accounts.

Profit and Loss Account

for the year ended 30 June 1996

	Notes	1996	1995
		(Rupees in thousand)	
Sales		13,042,183	9,557,706
Less: Gas development surcharge		620,639	1,241,805

Net sales		12,421,544	8,315,901
Cost of raw gas	28	7,953,310	4,549,594

Gross profit		4,468,234	3,766,307
Meter rentals		93,170	71,366
Late payment surcharge		92,983	76,054
Recognition of income against deferred credit		75,034	65,328
Sale of gas condensate		128,759	124,018

		4,858,180	4,103,073
Purification, transmission and distribution cost	29	2,168,341	1,901,639
Depreciation	14.3	1,171,449	904,262

		3,339,790	2,805,901

		1,518,390	1,297,172
Recoveries from SNGPL	30	353,083	288,552

		1,871,473	1,585,724
LPG bottling division (loss)	31	(33,014)	(41,479)
Meter manufacturing division profit	32	70,344	16,017

Operating profit		1,908,803	1,560,262
Other income	33	180,356	91,832

		2,089,159	1,652,094

Financial charges	34	993,258	779,731

Contribution to workers' profit participation fund		54,795	43,618
		-----	-----
		1,048,053	823,349
		-----	-----
Profit before taxation		1,041,106	828,745
Provision for taxation	35	503,755	238,814
		-----	-----
Profit after taxation		537,351	589,931
Accumulated profit brought forward		389	493
		-----	-----
Profit available for appropriation		537,740	590,424
Appropriations			
Transferred to: General Reserve		14,000	135,000
Reserve for issue of Bonus Shares		523,290	455,035
		-----	-----
		537,290	590,035
		-----	-----
Accumulated profit carried forward		450	389
		=====	=====

The annexed notes form an integral part of these accounts.

Cash Flow Statement

for the year ended 30 June 1996

	1996	1995
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	1,041,106	828,745
Add: Depreciation charged to profit & loss	1,209,570	939,249
Financial charges charged to profit & loss	993,258	779,731
Provision for staff gratuity	-	52,935
Provision for doubtful debts	29,161	14,053
Less: Recognition of income against deferred credit	(75,034)	(65,328)
Non operating income	(159,726)	(65,176)
	-----	-----
Operating profit before change in operating assets	3,038,335	2,484,209
Service charges from new consumers	189,729	172,325
Security deposits from consumers and contractors	107,172	119,351
(Increase)/decrease in operating assets		
Stores, stocks and consumers' installation work-in-progress	106,225	(138,467)
Trade debts	122,045	(465,090)
Short term loans, advances, deposits, prepayments notes and other receivable	(1,276,496)	(41,204)
Payment of staff retirement benefits	(19,158)	(24,711)
Payment of loans and advances to staff	(26,695)	(17,094)
Increase in long term deposits for operation	(25,208)	(20,568)
Increase/(decrease)in creditors, accrued & other liabilities	421,569	(76,290)

Income tax paid	(179,846)	(48,567)
Cash generated from operating activities	2,457,672	1,943,894
Cash flow from investing activities		
Cash from sale of fixed assets	67,674	11,108
Subscription in Civic Centres Company (Pvt.) Ltd.	-	(65,000)
Acquisition of assets and capital outlaymet	(4,298,522)	(3,998,956)
Financial charges capitalised	397,752	524,747
Net cash utilised in investing activities	(3,833,096)	(3,528,101)
Cash flow from financing activities		
Subscription for right shares	2,119	1,009,070
Subscription for Redeemable capital	500,000	-
Interest received on term deposits	46,683	58,754
Dividend income	-	600
Income on settlement of immovable property	64,891	-
Long term loans	2,175,222	2,622,896
Funds received subject to finance lease	1,525,236	665,000
Short term finance under mark-up arrangements	(471,072)	(1,245,091)
Repayment of long term loans	(663,300)	(728,455)
Financial charges paid during the year	(1,333,377)	(1,158,539)
Payments against finance lease	(461,908)	(16,956)
Dividend paid	(4)	(275)
Net cash from financing activities	1,384,490	1,207,004
Net increase/(decrease) in Cash and Bank balances	9,066	(377,203)
Cash and Bank balances at the beginning of the year	439,104	816,307
Cash and Bank balances at the end of the year	448,170	439,104

Notes to the Accounts

for the year ended 30 June 1996

1. General

Sui Southern Gas Company Limited is a public limited company incorporated in Pakistan and listed on Karachi, Lahore and Islamabad Stock Exchanges.

1.1 Nature of business

The main business activities of the Company are:

- purification of natural gas ex-Sui Field and its transmission alongwith Pirkoh, Sari Hundi, Badin, Kandhkot, Mari and Kadanwari natural gas
- distribution of natural gas in Sindh and Balochistan
- sale of liquefied petroleum gas (LPG)
- manufacturing and sale of gas meters

- construction contracts for laying of pipelines

1.2 Transfer of government finance projects to Company

Under the directives of the Government of Pakistan, the government financed projects have been transferred to the Company. Consequently, the Quetta Natural Gas Distribution Project was transferred to the Company with effect from July 1, 1989. The operating results of this project for the year 1992-93 were included in the financial statements for that year. The remaining government financed projects i.e. Mirpurkhas Gas Distribution Project, Sangher Gas Distribution Project and Naudero Gas Distribution Project have been included in the Company's operation during the year 1993-94 on the pattern of Quetta Natural Gas Distribution Project.

2. Summary of significant accounting policies

2.1 Accounting convention

These accounts have been prepared on the basis of historical cost convention.

2.2 Staff retirement benefits

The Company operates funded pension and gratuity schemes for employees and the management staff. Funded pension and gratuity schemes of transmission section have also been extended to non-management staff of the distribution section during 1995-96. Funding cost for the year was Rs. 14.108 million. Had the Funding Schemes of transmission section not been extended to distribution section the cost would have been Rs. 16.024 million. These schemes are administered by trustees and are funded on the basis of actuarial advice.

The above retirement benefits are payable to the staff on completion of prescribed qualifying service under these schemes.

A recognized provident fund scheme is in operation covering all employees. Equal contributions are made by the Company and the employees.

2.3 Taxation

The charge for current taxation is based on taxable income. The Company accounts for deferred taxation, using the liability method, on all major timing differences.

2.4 Operating fixed assets

a. Cost

Operating fixed assets are stated at cost less accumulated depreciation except freehold and leasehold land and capital work-in-progress which are stated at cost. Cost in relation to certain fixed assets, including capital work-in-progress, signifies historical cost, net exchange differences referred to in Note 2.8, interest and other financial charges on borrowings for financing projects until the construction thereof is completed.

b. Depreciation

Under a loan agreement signed with Asian Development Bank, the Company is required to make a minimum provision for depreciation @ 6% of the gross value of its fixed assets.

i) Purification plant, compressors and transmission lines

These assets are depreciated on straight line method and are depreciated over the time the reserves of the related gas fields are likely to be depleted.

ii) Other assets

Depreciation on remaining assets is also worked out on straight line method and charged to revenue with the exception of meter manufacturing division assets which are depreciated on reducing balance method. Full year's depreciation is charged on additions and no depreciation is charged on assets deleted during the year. Depreciation on major purification, compression and transmission line projects is charged from the dates these projects are commissioned.

Depreciation provided during the period on construction equipments and vehicles acquired for the purpose of construction and installation of new fixed assets or carrying out external projects is not charged to income currently but either capitalised or charged to the cost of the project as the case may be. Depreciation on construction equipments and vehicles used by the construction division is provided for the period these assets are utilised.

c. Assets subject to finance lease

The Company accounts for fixed assets obtained under finance lease by recording the assets and related liability. The amounts are determined on the basis of discounted value of minimum lease payments. Financial charges are allocated to accounting period in manner so as to provide a constant periodic rate on outstanding liability.

d. Exchange differences

The net exchange differences relating ADB unsecured loans which are not covered under GOP's Exchange Risk Coverage Scheme have been charged to Profit and Loss Account as provided under revised IAS 23. Financial impact due to change in policy amounted to Rs. 1.647 million.

e. Repairs and maintenance

Repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets, if any, are included in income currently.

2.5 Investments

Investments in the shares of listed companies are stated at the lower of cost or market value. Investments in the shares of unlisted companies and other securities are stated at cost.

2.6 Stores, spares and loose tools

These are valued at the moving average cost. Provision is made for the items considered obsolete. Stock of medicines, stationery and goods in transit are valued at cost to balance sheet date. Stores of LPG are valued at average cost.

2.7 Stock-in-trade

Meter manufacturing division

Components are valued at lower of moving average cost and net realisable value. Work-in-process is stated at moving average cost of components and material only. Finished goods are stated at the lower of cost determined on first-in first-out (FIFO) basis and net realisable value. Components in transit are stated at cost to balance sheet date. Cost in relation to finished goods includes appropriate labour and overheads.

LPG bottling division

Cost of LPG is stated at the lower of cost determined on first-in first-out (FIFO) basis and net realisable value. Cost signifies material cost and includes excise duty thereon.

Gas in pipelines

Stock of gas in transmission pipelines is valued at the lower of cost, determined on first-in first-out (FIFO) basis, and net realisable value.

2.8 Foreign currencies

Transactions in foreign currencies are accounted for in Rupees at the rates prevailing on the date of transaction. Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing on the balance sheet date, except certain long term foreign currency loans which are covered under exchange risk coverage scheme of the Government of Pakistan. Translation losses and gains on the year end balances of those foreign currency loans which are not covered under the Government scheme and exchange differences on repayment of these loans during the year are charged to income currently as stated in note 2.4 (d).

All other exchange differences are included in income currently.

2.9 Trade debts

Debts considered irrecoverable are written-off and provision is made for debts considered doubtful.

2.10 Revenue recognition

a. Revenue from gas operations are recognized on the basis of actual meter reading at rates fixed by the Government from time to time. In case of domestic consumers, accruals are made to account for the estimated gas supplied between the date of last meter reading and the year end.

b. Revenue from liquefied petroleum gas (LPG) is recognized upon dispatch of cylinders to dealers and consumers which generally coincides with physical delivery and acceptance.

c. Meter rentals are recognized monthly on the basis of specified rates for various categories of consumers.

d. Revenue from sale of meters is recognized upon dispatch to consumers which generally coincides with physical delivery and acceptance.

e. Recognition of income against deferred credit is computed over the useful life of the related assets i.e. service connections and gas mains, the cost thereof being capitalised upon completion of work.

f. Dividend income on equity investments is recognised on receipt basis.

g. Profit on investments in securities and term deposits is recognised on accrual basis at stipulated rates and for the period these are held at the balance sheet date on the assumption that such investments will be held till maturity.

h. Profit and loss on external contracts if undertaken by the Company is recognized on the completion of the contracts. During the period of contract, all billings and costs are carried forward.

1996 1995
(Rupees in thousand)

3. Issued, subscribed and paid-up capital

**Number of
ordinary shares
of Rs. 10 each**

219,566,554 Fully paid in cash	2,195,666	2,193,547
129,293,539 Issued as fully paid bonus shares	1,292,935	837,900
-----	-----	-----
348,860,093	3,488,601	3,031,447

The above may be reclassified
as follows:

Fully paid in cash

Formerly Sui Gas Transmission Co. Ltd. 30,281,986 (restructured share capital)	302,820	302,820
3,687,500 Formerly Karachi Gas Company Ltd.	36,875	36,875
Formerly Indus Gas Company Ltd. 212,478 (restructured share capital)	2,125	2,125
185,384,590 Sui Southern Gas Company Ltd.	1,853,846	1,851,727
-----	-----	-----
219,566,554	2,195,666	2,193,547
Issued as fully paid bonus shares		
8,777,133 Formerly Southern Gas Company Ltd.	87,771	87,771
1,312,500 Formerly Karachi Gas Company Ltd.	13,125	13,125
Formerly Indus Gas Company Ltd. 670,122 (restructured share capital)	6,701	6,701
118,533,784 Sui Southern Gas Company Ltd.	1,185,338	730,303

-----		-----	-----
129,293,539		1,292,935	837,900
-----		-----	-----
348,860,093		3,488,601	3,031,447
=====		=====	=====
		1996	1995
		(Rupees in thousand)	
4. Reserves			
Capital			
Restructuring of share capital due to merger		146,868	146,868
Fixed assets replacement		88,000	88,000
		-----	-----
		234,868	234,868
Reserve for issue of bonus shares			
Balance brought forward		455,035	337,063
Transferred during the year		523,290	455,035
Utilized during the year		(455,035)	(337,063)
		-----	-----
		523,290	455,035
		-----	-----
Revenue		758,158	689,903
Dividend equalization		36,000	36,000
General		653,349	639,349
Special reserve	(Note 4.1)	416,141	416,141
		-----	-----
		1,105,490	1,091,490
		-----	-----
		1,863,648	1,781,393
		=====	=====

4.1 This represents accumulated balance generated by the price increase of Rs. 4.10 per MCF granted to the Company by the Government in January 1987 retrospectively from July 1, 1985 to enable the Company to meet the Asian Development Bank (ADB) covenant of debt/equity which alongwith other financial covenants specified in loan agreement signed with ADB are guaranteed by Government of Pakistan.

5. Redeemable Capital

Term Finance Certificates - Secured

The Company issued Term Finance Certificates in October 1995 to raise funds for its expansion projects. The certificates are issued in sets of 10 each with a face value of Rs. 5,000 and Rs. 100,000 and accompanied by a Certificate of Holding. The TFCs are redeemable in 10 half yearly insraiments commencing from April 1996 with final instalment

of principal and profit payable on 18 October 2000. The average rate of return on investment works out at 18.85%. The TFCs have been secured by a pari passu charge on all the present and future machinery, equipment, and other movable property at SSGC's plants at Sui Gas Fields and HQ3 Hyderabad and in SSGC's Compressors Stations at Sui Gas Fields, HQ1 Rohri, HQ2 Nawabshah, HQ Dadu, HQ Shikarpur and on construction spread camps and all SSGC's pipelines (excluding current assets i.e. stores, stock and trade receivable).

	1996	1995
	(Rupees in thousand)	
6. Deferred credit		
Balance as on 1 July	943,340	836,343
Additions during the year (Note 6.1)	189,729	172,325
	-----	-----
	1,133,069	1,008,668
Recognition of income against deferred	(75,034)	(65,328)
	-----	-----
	1,058,035	943,340
	=====	=====

6.1 Represents recoveries from consumers towards the cost of service lines and gas mains.

7. Long term loans

Foreign currency loans - unsecured

(Note 7.1)

ADB Loan 181-Pak	293,660	364,339
ADB Loan 187-Pak	109,754	124,810
ADB Loan 470-Pak	407,033	496,908
ADB Loan 565-Pak	361,030	427,180
ADB Loan 653-Pak	87,309	107,027
ADB Loan 836-Pak	523,358	557,455
ADB Loan 4(c)-Pak	12,542	25,083
ADB Loan 1138-Pak	3,690,180	2,701,331
IBRD Loan 2552-Pak	55,257	60,783
IBRD Loan 3107-Pak	110,246	118,409
IBRD Loan 3107-Pak - Supplementary	299,883	322,097
Export Import Bank of Japan	240,420	258,228
	-----	-----
	6,190,672	5,563,650

Local currency loans

Banking companies - secured (Note 7.2)	828,346	953,732
Investment companies - secured (Note 7.2)	929,810	-
Cash development loan - unsecured (Note 7.3)	284,817	202,694
	-----	-----
	2,042,973	1,156,426
	8,233,645	6,720,076

Current maturity shown under current liabilities

Foreign currency loans	809,366	344,478
Local currency loans	514,048	136,116
	-----	-----

1,323,414 480,594

6,910,231 6,239,482

=====

7.1 Foreign currency loans - unsecured**Loans from Asian Development Bank (ADB)**

The first four of these loans were made available by the Government of Pakistan (GOP) in the form of project loans from the Asian Development Bank to cover the foreign exchange component of phase II of the Indus Right Bank Pipeline (IRBP), IRBP Compression Project and Pirkoh Gas Field Integration Project. These loans carry interest at the rate of 8.5% to 10.1% per annum. ADB loans 653-Pak, 836-Pak and 4(c)-Pak have been lent directly to the Company for Gas Purification and Compression Project and IRBP Capacity Expansion Project on the Guarantee of the GOP. Rate of interest on these ADB loans ranges from 6.33% to 10.5% per annum together with a Government guarantee fee of 0.5% per annum. Additionally an Exchange Risk Coverage fee is paid to the GOP on loan 653-Pak at the rate of 3% per annum and on loans 836-Pak and 4(c)-Pak at variable rates (minimum 3 %) in a way that the fee and interest paid to the ADB together do not exceed 14% per annum. All ADB loans are repayable in half yearly instalments by the year 1997-2005. Agreement for loan 1138-Pak was executed on 1 June 1992 for US \$178 million for Sui Southern Gas System Rehabilitation and Expansion Project. Loan drawn up to 30 June, 1996 amounted to US\$ 121.886 million. The loan is guaranteed by the Government of Pakistan for which a fee of 0.5 % per annum is applicable on the amount drawn and outstanding. The interest rate payable to ADB is variable. Exchange risk coverage fee payable to GOP is 14% per annum less the rate of interest payable to ADB. Commitment fee is 0.75% on the undisbursed amount of loan from time to time. The loan is repayable in 20 instalments by the year 2005.

Loans from International Bank for Reconstruction and Development (IBRD)

The World Bank has extended, through the GOP, a part of its Energy Sector Loan-I, (Loan 2552-Pak) for Supervisory Control and Data Acquisition System (SCADA Project) and again a part of its Energy Sector Loan-II, (Loan 3107- Pak) for capital procurements. Interest is paid to the GOP at the rate of 14% per annum inclusive of the exchange risk fee. The loans are repayable in half yearly instalments by the year 2004 and 2005 respectively.

In addition to above, the World Bank extended a supplementary loan of US\$ 10.8 million for Gas Purification Plant First Facility Project. Interest at the rate of 14% per annum is payable to the Government while repayment is to be made in 20 half yearly instalments by the year 2005.

Export Import Bank of Japan

The loan in the sum of US\$ 10.5 million equivalent was disbursed in January 1993 through GOP mainly for Quetta Pipeline Capacity Expansion Project. The funds were placed in Sui Southern Gas Company Ltd. Special account with National Bank of Pakistan at Tokyo against which upto the date of Balance Sheet payments have aggregated to US\$ 10.207 million. A composite rate of 14% per annum is payable to Government of Pakistan as interest and exchange risk fee. The loan is repayable in half

yearly instalments by the year 2005.

7.2 Loans from local banks and investment companies - secured

These represent loans from Financial Institutions against an originally sanctioned amount of Rs. 1,873.810 million (1995: Rs. 944 million) as follow:

Financial Institutions	Loan Sanctioned/ disbursed	Amount outstanding 30-6-96	Amount outstanding 30-6-95	Maturity / Last instalment	Annual rate of mark-up
(Rupees in thousand)					
Banking Companies					
ABN -Amro Bank N.V.	120,000	120,000	120,000	15-03-1998	Variable
ANZ Grindlays Bank plc	200,000	160,000	200,000	29-05-1998	16.50%
Standard Chartered Bank	130,000	104,000	130,000	31-01-1998	Variable
Muslim Commercial Bank Limited	334,898	322,179	334,898	17-10-2004	13 to 16.5%
United Bank Limited	9,000	7,500	9,000	05-06-2001	12.41%
Emirates Bank International Ltd.	114,000	85,500	114,000	26-06-1997	17.50%
Askari Commercial Bank Limited	45,834	29,167	45,834	31-03-1998	Variable
	-----	-----	-----		
	944,000	828,346	953,732		
Investment Companies					
Pak Kuwait Inv. Co.(Pvt.)Limited	664,810	664,810	-	24-12-1997	16.75%o
Citicorp Investment Bank(Pak)Ltd.	265,000	265,000	-	11-02-1997	17.50%
	-----	-----	-----		
	929,810	929,810	-		
	-----	-----	-----		
	1,873,810	1,758,156	953,732		
	=====				

The first five of the above mentioned loans and the loan from Pak Kuwait Investment Company (Pvt.'.) Ltd. are secured by hypothecation charge over movable fixed assets of the Company, whereas MCB has an additional mortgage charge of Rs. 10 million over the Company's land at Larkana and Hyderabad. The UBL, Emirates Bank and Askari Commercial Bank loans are secured by hypothecation charge over stores stock and gas sales receivables. The Citicorp Investment Bank (Pakistan) Ltd. Loan is against issue of Demand Promissory Notes by the Company and is secured by a bank guarantee issued by Citibank NA which is in turn secured by hypothecation charge over stores stock and gas sales receivables. The variable rates of markup for ABN Amro Bank is 3% above 3 years FIB (minimum 17%). Askari Commercial Bank is 2% above 10 years FIB (minimum 17%) and Standard Chartered Bank is 2% above SBP discount rate (minimum 17%).

7.3 Cash Development Loan - unsecured

The loan has been made available to the Company by the GOP for supply of gas to new towns through Peoples Programme and Annual Development Programme. The loan made available through Peoples Programme of Rs. 214.735 million (1995: Rs. 128.751 million) carries a mark-up @ 10% per annum and is repayable over a period of 12 years with a grace period of 2 years. Loans provided through Annual Development Programme of Rs. 70.082 million (1995: Rs. 73.942 million) carries a mark-up

@ 15.44% per annum which is subject to revision by the GOP on year to year basis.

This loan is repayable in 20 annual equal instalments with a grace period of 5 years by the year 2010. This is subject to confirmation by the GOP finally.

8. Obligations / Advance under finance lease

These represent gas distribution system, equipment and vehicles leased from various leasing companies.

The amount of future payments and the period in which they will become due are as follows:

	1996	1995
	(Rupees in thousand)	
Year to:		
June 30, 1996	-	151,692
June 30, 1997	848,697	176,754
June 30, 1998	800,478	176,753
June 30, 1999	622,943	86,601
June 30, 2000	60,535	-
June 30, 2001	15,588	-
	-----	-----
	2,348,241	591,800
Less: Financial Charges allocated to future period	515,450	172,337
	-----	-----
	1,832,791	419,463
Less: Current maturity shown under current liabilities	573,138	64,840
	-----	-----
	1,259,653	354,623
Add: Advance against lease finance	-	350,000
	-----	-----
	1,259,653	704,623
	=====	=====

8.1 The rates of financing used as discounting factor range between 17% to 21.56% per annum. Certain leases are subject to additional charge of Rs. 1/1000 per day for over due rentals.

	1996	1995
	(Rupees in thousand)	
9. Deferred liabilities		
Taxation:		
The tax effect of the timing differences relating to:		
Accelerated tax depreciation allowance	2,152,821	1,764,846
Provision for doubtful debts	54,406	43,908
Provision for gratuity	63,708	70,605
	118,114	114,513

			2,034,707	1,650,333
Staff retirement benefits				
Gratuity			176,967	196,125

			2,211,674	1,846,458
			=====	
10. Long term deposits				
Deposits from:				
Gas consumers	(Note 10.1)		517,485	436,978
Gas contractors	(Note 10.2)		6,736	6,204
LPG dealers	(Note 10.2)		210,252	184,119

			734,473	627,301
			=====	

10.1 Consumers' deposits represent gas supply deposits based on estimate of 3 months consumption of gas sales to industrial and commercial consumers and for domestic consumers at the rates fixed by the Government. These are repayable/adjustable on disconnection of gas supply. Interest is payable at the rate of 5% per annum on deposits amounting to Rs. 267.034 million (1995: Rs. 228.665 million) from industrial and commercial consumers.

10.2 These represent security deposits received from contractors and LPG dealers on appointment as approved contractors and dealers of LPG cylinders and ancillary equipment respectively. No interest is payable on these deposits and these are refundable on cancellation of appointment or return of cylinders and ancillary equipment.

11. Short term finance under mark-up arrangements

The Company has availed short term running finance and one month financing of gas bills on revolving basis, under mark-up arrangements from various commercial banks as given in the table below. The financing and guarantee facilities extended by the commercial banks are secured against stores stock and gas sales receivable under First Joint Pari Passu Supplemental hypothecation Agreement dated 06 June 1996 executed between the Company and ten commercial banks in the sum of Rs. 2,600 million. The rate of mark-up on running finance facilities is 16% per annum, whereas for bills discounting facility, the same is 14% in addition to 0.04 - 0.05% upfront fee on each bill discounted.

(Rupees in thousand)

Banks	Amount outstanding bills discounting facilities	Amount outstanding	
		1996	1995
ANZ Grindlays Bank plc	100,000	-	-
American Express Bank Ltd. (bill discounting)	60,000	-	110,000

American Express Bank Ltd. (running finance)	72,500	-	-
Bank of America	139,000	-	53,604
Citi Bank N.A. (running finance)	272,000	-	57,468
Citi Bank N.A. (bill discounting)	75,000	-	-
TFC Bridge Finance	-	-	250,000

	718,500	-	471,072
	=====		

Note: Some of the above Sanctioned limits have been curtailed under the State Bank of Pakistan restrictions.

		1996	1995
		(Rupees in thousand)	
12. Creditors, accrued and other liabilities			
Creditors (Note 12.1)		1,785,625	929,980
Bills payable		211,990	132,368
Accrued liabilities		238,073	169,018
Gas development surcharge		241,281	865,101
Advances received from consumers		195,745	205,174
Amount received from PPL for acquisition of assets		839	345
Advance from PARCO for sharing Right Of Way (Note 12.2)		18,087	18,087
Accrued interest on Term Finance Certificates		25,329	-
Accrued interest, commitment charges, exchange risk coverage fee and Government guarantee fee on long term (ADB) unsecured loans		370,303	200,715
Accrued interest, exchange risk fee and commitment charges on IBRD unsecured loans		19,784	21,320
Accrued interest on EXIMP Bank and CDL unsecured loans		34,593	59,972
Accrued interest on secured loans overdrafts and lease finance		29,243	36,252
Accrued interest on late payment of gas development surcharge		11,573	128,291
Accrued interest on deposits from consumers		14,753	14,932
Land acquisition cost payable to Government/owners		5,631	5,631
Deposits/retention money		19,210	12,743
Workers' profit participation fund (Note 12.3)		54,798	43,603
Unclaimed dividend		1,774	1,778
Gas transmission charges payable to QPL Project		46,387	32,607
Others		64,429	33,979

 3,389,447 2,911,896
 =====

12.1 Include amounts due to the following
 in respect of gas purchases:

Pakistan Petroleum Limited	84,556	62,320
Pirkoh Gas Company (Pvt.) Limited	184,888	91,090
Oil & Gas Development Corporation	16,554	(2,597)
Union Texas (Pakistan) Inc. and other concerns in Badin Concession	918,652	550,602
LASMO Oil Pakistan Limited	367,315	133,223
Mari Gas Company Limited	3,282	3,847
	-----	-----
	1,575,247	838,485
	=====	=====

12.2 Represents amount received from Pak Arab Refinery Company Ltd. (PARCO) in accordance with agreement dated 12 October 1988 entered into with former SGTC (now SSGCL). The PARCO paid to SSGCL a sum of Rs.18.087 million as consideration for a 50% share in the IRBP Common Right Of Way (ROW), this amount is in full settlement of PARCO's total liability for its half share irrespective of the final amount of compensation payable to the land owners by SSGCL, who originally acquired the land for the purpose of laying its Indus Right Bank Pipeline (IRBP). The amount of compensation due for a large area of land has not yet been determined by the relevant authorities. As a consequence the ultimate liability of SSGCL cannot be estimated, until which time PARCO's share of consideration is reflected in accounts as an advance.

12.3 Workers' profit participation fund

Balance at the beginning of the year	43,603	33,779
Interest on fund utilized in Company's business	2,981	941
	-----	-----
	46,584	34,720
Less: Amount paid to trustees of fund	6,692	6,769
Amount deposited under workers' welfare fund	39,889	27,966
	-----	-----
	46,581	34,735
	-----	-----
	3	(15)
Allocation for the year	54,795	43,618
	-----	-----
Balance at the end of the year	54,798	43,603
	=====	=====

1996 1995
 (Rupees in thousand)

13. Contingencies and commitments

13.1 Claims against the Company not acknowledged as debt approximately	5,978	5,978
	=====	
13.2 Aggregate commitments for capital and other expenditure contracted for but remaining to be executed approximately	196,333	6,954
	=====	
13.3 Letters of credit and guarantees issued by banks	512,853	490,454
	=====	
13.4 Claims against the Company pending adjudication	6,000	6,000
	=====	
13.5 Demand Finance given to Company's employees by a bank for purchase of cars and scooters secured by hypothecation of stock of gas meters, Company's investment in shares having a face value of Rs. 3.029 million, (1995: Rs. 3.029 million) term deposit of Rs 0.500 million (1995: Rs. 0.500 million) and guarantee of the Company. The amount of loans outstanding at the year end	35,951	35,764
	=====	
13.6 Commitment for purchase of shares in Civic Centres Company (Pvt.) Limited	100,000	100,000
	=====	

14. Operating fixed assets -Tangible

(Rupees in thousand)

	Cost at 1 July 1995	Additions/ (Deletions)/ Adjustments*	Net Exchange Differences	Cost at 30 June 1996	Accumulated depreciation at 30 June 1996	book Value at 30 June 1996	Depreciation for the Year
Owned							
Gas purification and transmission (Note 14.1)	10,719,243	1,721,188 (50,269)	-	12,390,162	4,041,083	8,349,079	852,332
Gas distribution (Note 14.2)							
Gas distribution - Karachi	2,641,173	394,479 (4,437) (115)*	-	3,031,100	1,113,629	1,917,471	178,986

Gas distribution - Sindh (Other areas)	1,504,521	121,275 (4,424) (2,188)*	-	1,619,184	470,834	1,148,350	88,811
Gas distribution - Balochistan	508,387	78,915 (2,722)*	-	584,580	96,887	487,693	31,973
Meter manufacturing division	116,061	3,469	-	119,530	63,475	56,055	9,861
LPG bottling division	230,589	35,692 (4,028) (28)*	-	262,225	144,867	117,358	22,179
	5,000,731	633,830 (12,889) (5,053)*	-	5,616,619	1,889,692	3,726,927	331,810
	15,719,974 (63,158) (5,053)*	2,355,018	-	18,006,781	5,930,775	12,076,006	1,184,142
Leased							
Gas purification and transmission	28,754	9,932	-	38,686	19,239	19,447	7,737
Gas distribution	740,000	964,593	-	1,704,593	132,185	1,572,408	1,435
Meter manufacturing division	27,289	38,711	-	66,000	11,266	54,734	6,081
	796,043	1,013,236	-	1,809,279	162,690	1,646,589	105,253
	16,516,017	3,368,254 (63,158) (5,053)*	-	19,816,060	6,093,465	13,722,595	1,289,395
1995:	12,191,942	4,185,963 (11,383) (1,728)*	151,223	16,516,017	4,856,084	11,659,933	1,010,037

14.1 The following is a statement of operating fixed assets of purification and transmission section:

(Rupees in thousand)

	Cost at 1 July 1995	Additions/ (Deletions)/ Adjustments*	Net Exchange Differences	Cost at 30 June 1996	Accumulated Depreciation at 30 June 1996	For the Year	Rate %
Owned							
Freehold land ***	35,755	4,012	-	39,767	-	39,767	-
Leasehold land ***	6,610	-	-	6,610	-	6,610	-

Building on freehold land	204,289	35,744	-	174,314	65,719	174,314	5,818	2.50
Purification plant	321,145	7,399	-	300,953	229,049	71,904	15,710	**
		(27,591)						
Gas transmission pipelines			-	8,939,353	2,194,068	6,745,285	549,816	**
Compressors	1,612,096	-	-	1,612,096	846,634	765,462	145,648	**
Telecommunications	202,918	228,971	-	431,866	184,945	246,921	14,701	10
		(23)						
Plant and machinery	50,748	29,118	-	79,626	37,931	41,695	7,036	10
		(240)						
Tools and equipment	31,001	19,546	-	50,278	34,037	16,241	12,226	33.33
		(269)						
Motor vehicles	179,380	25,014	-	184,939	116,670	68,269	27,764	20 & 25
		(19,455)						
Furniture and equipment	88,408	34,069	-	122,391	73,478	48,913	18,628	20
		(86)						
Construction equipment and vehicles	352,245	32,610	-	382,250	258,552	123,698	54,985	20
		(2,605)						
	10,719,243	1,721,188	-	12,390,162	4,041,083	8,349,079	852,332	
		(50,269)						
Leased								
Motor vehicles	28,754	9,932	-	38,686	19,239	19,447	7,737	20
	10,747,997	1,731,120	-	12,428,848	4,060,322	8,368,526	860,069	
		(50,269)						
1995:	7,778,875	2,820,534	151,223	10,747,997	3,240,074	7,507,923	666,113	
		(2,289)						
		(346)*						

** The depreciation is being charged on straight line method as stated in Note 2.4 [b(i)]

*** Subject to determination of final cost by the authorities.

14.2 The following is a statement of operating fixed assets of distribution section

(Rupees in thousand)

Cost at 1 July 1995	Additions/ (Deletions)/ Adjustments*	Cost at 30 June 1996	Accumulated depreciation at 30 June	Book Value at 30 June 1996	Depreciation For the Year	Rate %
---------------------------	--	----------------------------	---	----------------------------------	---------------------------------	-----------

	1996						
Owned							
Freehold land	352		352	-	352	-	-
Leasehold land	8,562	7,857	16,419	-	16,419	-	-
Buildings on freehold land	11,648	1,426	13,074	4,896	8,178	571	5
Buildings on leasehold land	70,705	7,131	77,720	25,091	52,629	3,641	5 to 10
		(116)*					
Plant and machinery	245,661	61,796	304,353	152,123	152,230	32,343	10 to 40
		(383)					
		(2,721)*					
Roads, pavements and related infrastructure	4,956	-	4,956	3,783	1,173	127	5
Gas distribution system, related facilities and equipments	4,134,806	474,280	4,608,969	1,309,750	3,299,219	216,770	3 to 20
		(117)					
Furniture, fittings and office equipments	44,395	12,250	56,451	34,545	21,906	7,807	10 to 20
		(165)					
		(29)*					
Computer and ancillary equipment	22,272	6,748	29,020	20,680	8,340	2,715	20
Telecommunication system	4,487	783	5,270	3,962	1,308	439	10 to 20
Cylinders, regulators and valves	153,083	29,914	182,937	95,377	87,560	15,878	10
		(60)					
Appliances, loose tools and equipments	21,082	2,075	23,122	20,787	2,335	1,687	10 to 20
		(35)					
Motor Vehicles	179,575	29,570	194,829	136,929	57,900	34,960	25
		(12,129)					
		(2,187)*					
Supervisory control and data acquisition system	99,147	-	99,147	81,769	17,378	14,872	15
	5,000,731	633,830	5,616,619	1,889,692	3,726,927	331,810	
		(12,889)					
		(5,053)*					
Leased							
Gas distribution	740,000	964,593	1,704,593	132,185	1,572,408	91,435	5
Meter manufacturing division: Plant and machinery	27,289	38,711	66,000	11,266	54,73	6,081	10
	767,289	1,003,304	1,770,593	143,451	1,627.14	97,516	

	5,768,020	1,637,134	7,387,212	2,033,143	5,354,069	429,326
		(12,889)				
		(5,053)*				
1995:	4,413,067	1,365,429	5,768,020	1,616,010	4,152,010	343,924
		(9,094)				
		(1,382)*				

1996 1995
(Rupees in thousand)

14.3 The depreciation charge for the year has been allocated as follows:

Profit and loss account	1,171,449	904,262
Meter manufacturing:		
Profit and loss account	4,725	6,329
Gas meters components produced	11,217	9,121
LPG bottling division	22,179	19,537
Capital work-in-progress	79,825	70,788
	-----	-----
	1,289,395	1,010,037
	=====	=====

14.4 Under an agreement dated 18 July 1984 between the Company and Sui Northern Gas Pipelines Limited (SNGPL), certain purification banks owned by the Company have been designated to SNGPL. Similarly, under another agreement dated 12 October 1988 between the Company and Pak Arab Refinery Limited (PARCO), 50% share in the IRBP common Right Of Way has been designated to PARCO as referred in Note 12.2.

14.5 Disposal of fixed assets

All the assets having book value in excess of Rs. 5,000 were sold through public auction / tender except the following:

(Rupees in thousand)

Particulars	Cost	Book value	Proceeds	Mode of disposal	Name of purchaser
Motor vehicle	391	300	300	Under service rules of Company	Mr. Jamil A. Qureshi Executive
Furniture and equipment	54	35	35	-do-	-do-
Motor vehicle	391	290	290	-do -	Mr. Khurshid Ahmed Khan Executive

Furniture and equipment	68	37	37 -do-	-do-
Motor vehicle	170	170	13 -do-	Mrs. Anila Sehto w/o Aslam Sehto (Late) Executive
Furniture and equipment	18	11	7 -do-	-do-
Purification plant	27,591 -		33,625 Insurance Claim	National Insurance Corporation Karachi

	28,683	843	34,307	
=====				

1996 1995
(Rupees in thousand)

15. Capital work-in-progress

This comprises of:

IRBP Capacity Expansion Project		468	468
IRBP Compression Project	(Note 15.1)	24,441	24,441
SSGC Rehabilitation and Expansion Project	(Note 15.2)	552,154	762,178
Cost of buildings under construction		119,201	28,120
Gas distribution system		534,016	284,747
LPG bottling division		192	181
LPG Extraction Plant		12,041	1,530
Advance for common pool assets		24,389	18,727
QPL Capacity Expansion Project		16,364	5,585
Purification Plant Expansion Project	(Note 15.3)	765,847	511,866
Others		12,943	7,978

		2,062,056	1,645,821
=====			

15.1 This represents the cost of compressors which were not utilised on the project. However, the management plans to utilise the same on other projects of the company.

15.2 Financial charges amounting to Rs. 164.662 million (1995: Rs. 167.125 million) has been included in capital work-in-progress.

15.3 These include assets purchased under finance lease amounting to Rs. 162 million.

15.4 Assets amounting to Rs. 1,013.236 million have been capitalised as leased assets and Rs. 2,355.018 million as owned assets.

16. Stores and spares held for capital projects

Purification and transmission	721,249	204,398
Gas distribution	625,282	540,442
LPG bottling division	14,920	22,753

1,361,451 767,593
 =====

17. Long term investments

Subsidiary and associated undertaking

Sui Southern Gas Provident Fund Trust Co. (Pvt.) Ltd.

100 ordinary shares of Rs. 10 each Chief Executive

Z.A. Ansari (value based on net assets

as at 30 June 1996: Rs 0.009 million)

(1995: Rs. 0.008 million)

1 1

Civic Centres Company (Pvt.) Limited

6,500,001 ordinary shares of Rs 10 each

(value based on net assets as at 30 June 1995

Rs. 67.275 million) Chief Executive Mr. Sabir P.

Chohan

65,000 65,000

 65,001 65,001

Quoted

Sui Northern Gas Pipelines Limited

944,726 ordinary shares of Rs. 10 each

4,739 4,739

Pakistan Refinery Limited

150,000 ordinary shares of Rs. 10 each

1,037 1,037

Pakistan Chrome Mines Limited

55,592 ordinary shares of Rs. 10 each

383 383

Harnai Woolien Mills Limited

200 ordinary shares of Rs. 10 each

3 3

 6,162 6,162

Less: Provision for diminution in value of investments

2 2

Market value Rs. 45.097 million

(1995: Rs. 40.799 million)

6,160 6,160

Unquoted

Pakistan Tourism Development Corporation

5,000 ordinary shares of Rs. 10 each

Chief Executive Mr. Hameed Ahmed Qureshi

(value based on net assets as at 30 June 1995

Rs.0.048 million)(1994: Rs. 0.048 million)

50 50

United Bank Limited

294,417 ordinary shares of Rs. 10 each

Chief Executive Mr. Khalid A. Sherwani

(value based on net assets as at 31 December

1995 Rs. 5.712 million) (1994:

Rs. 7.148 million)

2,751 2,751

 2,801 2,801

73,962 73,962
 =====

Holding in each of the above companies is less than 10 percent of its equity except for Pakistan Chrome Mines Limited where the holding is approximately 10.59 percent, Civic Centres Company (Pvt.) Limited, where the holding is approximately 14.50 percent and Sui Southern Gas Provident Fund Trust Company (Private) Limited which is a wholly owned subsidiary.

18. Long term deposits and prepayments

Deposits	62,616	37,137	
Prepayments	-	271	
	-----	-----	
	62,616	37,408	
	=====		

19. Long term loans and advances - Considered good - secured

Loans	(Note 19.1)			
Executives		45,889	39,366	
Other employees		38,121	27,332	
		-----	-----	
		84,010	66,698	
Advances				
Executives		16,064	10,727	
Other employees		35,849	31,803	
		-----	-----	
		51,913	42,530	
		-----	-----	
		135,923	109,228	
Less: Recoverable within one year shown under current assets		64,025	50,917	
		-----	-----	
		71,898	58,311	
		=====		

The above comprises:

Loans outstanding for period exceeding three years	37,679	33,150	
Others	34,219	25,161	
	-----	-----	
	71,898	58,311	
	=====		

19.1 Represents house building and transport loans repayable in monthly installments over four to twelve years. Interest is charged @ 5% to 10% per annum. These loans are secured against balances due on account of retirement benefits and deposit of title deeds.

19.2 The maximum aggregate amount due from executives in respect of loan at the end of any month during the year was Rs.45.889 million (1995: Rs. 40.293 million).

19.3 The maximum amount outstanding from the Chief Executive of the Company at the end of any month during the year was Rs.0.008 million (1995:Rs.0.024 million).

1996 1995
(Rupees in thousand)

20. Stores, spares and loose tools

In hand		
Stores	1,598,828	892,378
Spares	616,060	590,593
Loose tools	1,629	2,773
	-----	-----
	2,216,517	1,485,744
In transit		
Stores	98,850	208,124
Spares	30,182	47,972
	-----	-----
	129,032	256,096
	-----	-----
	2,345,549	1,741,840
Less: Stores and spares held for capital projects	(Note 16) 1,361,451	767,593
Provision for obsolescence	2,078	2,078
	-----	-----
	1,363,529	769,671
	-----	-----
	982,020	972,169
	=====	=====

The stores, spares and loose tools may be re-classified operation-wise as under:

Gas Purification and transmission	697,053	709,428
Gas distribution	278,923	224,455
Other operating divisions	6,044	38,286
	-----	-----
	982,020	972,169
	=====	=====

21. Stock-in-trade

In bond		
Components	124,390	225,414
Work-in-process	29,959	30,745
Finished meters	6,212	17,209
	-----	-----
	160,561	273,368
In hand		
Stock of gas (LPG)	4,592	3,952

Gas in pipelines	28,052	27,392
	-----	-----
	32,644	31,344
	-----	-----
	193,205	304,712
	=====	=====

22. Consumers' installation work-in-progress - at cost

Represents works carried out by the Company on behalf of the consumers within the premises of the latter. Upon completion of work the cost thereof is transferred to purification, transmission and distribution cost and recoveries from such consumers are shown as deduction as reflected in Note 29.

	1996	1995
	(Rupees in thousand)	
23. Trade debts		
Considered good		
Secured	747,314	584,516
Unsecured	1,670,715	1,984,719
	-----	-----
	2,418,029	2,569,235
Considered doubtful	151,128	121,967
Less : Provision for doubtful debts	151,128	121,967
	-	-
	-----	-----
	2,418,029	2,569,235
	=====	=====

24. Short term loans, advances, deposits and prepayments

Short term loans		
-considered good-unsecured	(Note 24.1)	30,000
Advances - considered good		-
For goods and services - unsecured		141,731
Trade deposits		155,194
P repayments		32,174
		56,955
		58,680
		20,170

		262,585
		232,319
		=====

24.1 This represents a loan of Rs. 30 million advanced to Messrs Saindak Metals Limited between April and June 1996 on the recommendation of Ministry of Petroleum and Natural Resources. The advance carries a markup @ 20% p.a. and is repayable in FY. 1996-97. The Company is negotiating for precise term of repayment.

25. Notes receivable

In accordance with the instructions of Ministry of Finance, the Company's Board agreed to

accommodate KESC by accepting its Demand Promissory Notes (DPNs) in the sum of Rs.1,000 million. 20 DPNs of Rs. 50 million each were issued to the Company by KESC under an agreement dated 25 June 1996. The DPNs shall mature (and be encashed) on 24 June 1997. In addition under the agreement 4 DPNs of Rs. 45 million each, representing markup @ 18% p.a., have also been issued to the Company which shall mature at quarterly intervals commencing from 25 June 1996. The agreement further provides that as security against DPNs, KESC will give a hypothecation charge over its stores stock.

1996 1995
(Rupees in thousand)

26. Other receivable

Interest accrued on fixed deposits	8,962	9,521
Insurance claims receivable	301	296
Claims receivable	758	758
Recoverable from SN(3PL)	100,107	80,646
Recoverable from Government of Pakistan under exchange risk coverage scheme	284,225	97,560
Octroi	28,996	43,640
Recoverable from Privatisation Commission	6,584	-
Recoverable from ADP Projects	987	987
Recoverable against lease finance	25,000	-
Accrued sales	58,053	35,136
Advance payment of corporate taxes	37,564	-
Others	6,165	5,365
	-----	-----
	557,702	273,909
	=====	=====

27. Cash and bank balances

With banks		
On deposit account	345,605	328,721
On current account	98,743	107,130
	-----	-----
	444,348	435,851
Cash in hand	3,822	3,253
	-----	-----
	448,170	439,104
	=====	=====

28. Cost of raw gas

	1996		1995	
	Volume	Value in	Volume	Value in
	in HM3	thousand	in HM3	thousand
		of rupees		of rupees
(Gas in pipelines as at 1 July	224,661	27,392	135,456	10,153
Gas purchases:				
Pakistan Petroleum Limited	18,675,507	1,183,312	21,028,899	998,960
Pirkoh (Gas Company (Pvt.) Ltd	9,135,952	1,137,378	9,791,653	1,074,946
Oil & Gas Development Corp.	379,130	48,906	496,780	35,046
Union Texas (Pakistan) Inc. & other				

concerns in Badin concession	17,634,047	3,479,501	16,584,541	2,403,891
LASMO Oil Pakistan Limited	8,437,929	2,204,210	547,348	133,224
Marl (Gas Company Limited	39,122	1,140	32,408	3,847
	-----	-----	-----	-----
	54,301,687	8,054,447	48,481,629	4,649,914
	-----	-----	-----	-----
	54,526,348	8,081,839	48,617,085	4,660,067
Less: Gas Consumed internally (including domestic use)	1,384,180	100,477	1,524,286	83,081
Gas in pipelines as at 30 June	229,454	28,052	224,661	27,392
	-----	-----	-----	-----
	1,613,634	128,529	1,748,947	110,473
	-----	-----	-----	-----
	52,912,714	7,953,310	46,868,138	4,549,594
	=====	=====	=====	=====

1996 1995
(Rupees in thousand)

29. Purification, transmission and distribution cost

Salaries, wages, pension and staff welfare		1,380,497	1,149,447
Gas consumed internally		100,477	83,081
Stores, spares and supplies consumed		301,059	220,351
Material used on consumers' installation		20,966	30,297
Electricity		19,754	17,623
Rent, rates and taxes		21,378	23,897
Cost of services provided by Pakistan Petroleum Ltd.		278,513	236,787
Travelling		71,950	53,535
Insurance and royalty		37,620	26,954
Postage and revenue stamps		15,227	16,602
Repairs and maintenance		112,624	143,207
Legal and professional charges		7,806	5,073
Auditors' remuneration	(Note 29.1)	350	463
Security expenses		14,292	11,538
Donations	(Note 29.2)	19,473	145
Gas bills collection charges		15,829	16,396
Gas transportation charges		102,000	104,953
Others	(Note 29.3)	107,196	96,693
		-----	-----
		2,627,011	2,237,042
Less:			
Allocated to:			
Gas distribution system		347,858	214,657
Transmission system		78,301	77,534
Meter manufacturing division		2,131	1,531
Installation cost recovered from consumers		30,380	41,681
		-----	-----

458,670 335,403

 2,168,341 1,901,639
 =====

29.1 Auditors' remuneration

For statutory audit	220	200
For special audits	65	5
For ancillary assignments	-	193
Out of pocket expenses	65	65
	-----	-----
	350	463
	=====	=====

29.2 Donations do not include any donee in which any director or his spouse had any interest.

29.3 Purification, transmission and distribution cost - Others

Advertisement	8,026	14,722
Communication	12,425	12,064
Provision for doubtful debts	29,161	14,053
Subscriptions	260	5,894
Freight and handling	1,438	5,068
Miscellaneous	55,886	44,892
	-----	-----
	107,196	96,693
	=====	=====

30. Recoveries from Sui Northern Gas Pipelines Limited (SNGPL)

Represents gas purification and related charges including cost of Sui field joint services recovered from SNGPL in accordance with the cost sharing agreement dated 18 July 1984, effective from 1st July 1983.

1996 1995
 (Rupees in thousand)

These comprise

Cost charged by the Company to SNGPL

Operating cost	342,457	276,504
Depreciation	15,435	12,675
Financial charges	24,012	30,807
	-----	-----
	381,904	319,986

Cost charged by SNGPL to the Company

Operating cost	523	613
Depreciation	14,282	14,513
Financial charges	14,016	16,308
	-----	-----
	28,821	31,434

	353,083	288,552
=====		
31. LPG bottling division (loss)		
Sales	288,510	226,547
Cost of sales		
Opening stock	3,952	4,696
Cost of gas purchased	224,179	175,442
Excise duty	910	654
Transportation	24,719	25,381
Octroi	406	504
	-----	-----
	254,166	206,677
Less: Closing stock	4,592	3,952
	-----	-----
	249,574	202,725
Direct operating costs (Note 31.1)	34,064	29,480
Depreciation	20,975	18,423
	-----	-----
	304,613	250,628
	-----	-----
Gross (loss)	(16,103)	(24,081)
Operating expenses		
Salaries, wages and benefits	11,834	12,022
Rent, rates and taxes	603	395
Insurance	252	307
Motor running and up-keep expenses	1,011	1,064
Depreciation	1,204	1,114
Other expenses	3,531	3,222
	-----	-----
	18,435	18,124
	-----	-----
Operating (loss)	(34,538)	(42,205)
Other income	1,524	726
	-----	-----
	(33,014)	(41,479)
=====		

31.1 Includes salaries, wages and benefits Rs. 25.631 million (1995: Rs. 22.761 million).

1996 1995
(Rupees in thousand)

32. Meter manufacturing division profit		
Gross sales of gas meters		
Company's consumption (Note 32.1)	288,485	185,911
Outside sales	368,582	193,482
	-----	-----
	657,067	379,393

Less: Sales tax	85,704	49,486
	-----	-----
Net sales	571,363	329,907
Cost of sales		
Opening stock	17,209	41,806
Material consumed	445,292	252,159
Direct labour	20,428	14,093
Overheads	17,026	16,519
Depreciation	4,725	6,329
Packing cost	3,933	801
	-----	-----
	508,613	331,707
Less: Closing stock	6,211	17,209
	-----	-----
	502,402	314,498
	-----	-----
Operating profit	68,961	15,409
Other income	1,383	608
	-----	-----
	70,344	16,017
	=====	=====

32.1 These are valued at selling prices normally invoiced to customers.

33. Other income

Profit / interest on term deposits	46,683	58,754
Interest on staff loans	849	613
Rentals and service charges recovered	1,807	(74)
Profit on disposal of fixed assets	51,477	5,822
Recoveries from consumers	12,036	12,345
Dividend income	-	600
Income from sale of tender documents	966	1,995
Income from settlement of immovable property (Note 33.1)	61,566	-
Others	4,972	11,777
	-----	-----
	180,356	91,832
	=====	=====

33.1 During the year 1994-95 the Company and Messrs Fancy Foundation entered into an agreement through honourable High Court of Sindh to settle the dispute of ownership of a piece of land at consideration of Rs. 64.838 million. As per terms of settlement, Rs. 6.500 million was received last year and the balance is received during the current year.

1996 1995
(Rupees in thousand)

34. Financial charges

Interest, commitment charges, exchange risk coverage fee and Government guarantee fee on foreign loans	630,021	392,282
Interest and mark-up on local loans	197,162	225,061
Rental on leased assets	104,974	48,507
Interest on Term Finance Certificates	43,171	-
Interest on:		
Workers' (profit) participation fund	2,981	941
Consumers' deposits	13,084	10,688
Gas development surcharge	(15,512)	101,343
Others	17,377	909
	-----	-----
	993,258	779,731
	=====	=====

The above does not include Rs. 397.752 million (1995: Rs. 524.747 million) capitalised during the year.

35. Provision for taxation

For the year:

Current	(Note 35.1)	67,051	44,997
Deferred		384,375	150,892
For issue of Bonus Shares		52,329	45,504
		-----	-----
		503,755	241,393
For prior years:			
Current		-	(2,579)
		-----	-----
		503,755	238,814
		=====	=====

35.1 The tax for current year (F.Y. 1995-96) is based on turnover under Section 80(D) of Income Tax Ordinance, 1979.

36. Remuneration of Directors, Chief Executive and Executives

(Rupees in thousand)

	1995-96			1994-95		
	Directors	Chief Executive	Executives	Directors	Chief Executive	Executives
Managerial remuneration	-	294	84,466	-	450	95,438
Housing	-	215	30,773	-	191	37,931
Servant	-	36	4,906	-	42	5,797
Entertainment	-	27	5,305	-	37	6,218
Utilities	-	335	2,272	-	231	3,605
Retirement benefits	-	52	19,151	-	123	21,901
Fees	14	-		15	-	-

	14	959*	146,873	15	1,074*	170,890
Number	14	1	401	12	1	498

* In addition the Chief Executive and certain executives were also provided with free use of cars and certain household items in accordance with service rules. All executives were also provided with the free medical facilities.

37. Capacity and actual performance

37.1 Natural gas purification and transmission

	1995-96		1994-95	
	MMCF	HM3	MMCF	HM3
i) Joint purification operation				
(SSGCL & SNGPL Purification Bank 6 to 11)				
Capacity - Annual rated capacity	241,560	68,056,752	277,400	78,154,259
- Reduction in capacity due to scheduled annual overhauls	43,920	12,373,955	43,800	12,340,146
	197,640	55,682,797	233,600	65,814,113

Utilization

(Gas purified was shared jointly with SNGPL)	164,975	46,479,760	196,076	55,242,157
	83.47%		83.94%	

ii) SSGCL transmission operations

Capacity -Annual rated capacity at 100% load factor with compression	223,260	62,900,938	196,650	55,403,875
---	---------	------------	---------	------------

Utilization

Volume of gas transmitted	191,526	53,589,789	170,527	48,044,020
Capacity utilization factor	85.79%		86.72%	

37.2 Natural gas distribution

The Company has no control over the rate of utilization of its capacity, as the use of available capacity is dependent on off-takes by the consumers and supply of gas by producers.

37.3 Meter manufacturing division

The manufacturing division has produced and assembled 351,000 meters (1995: 247,500 meters) against an annual capacity of 220,000 meters on single shift basis.

Actual capacity utilized was higher than the installed capacity by 59.55%.

37.4 Liquefied petroleum gas bottling division

The installed filling capacity of LPG bottling plant is 90 metric tons (1995:72 metric tons) a day on single shift basis against which the actual average daily supply amounted to 81.03 metric tons (1995:72.54 metric tons).

38. Associated undertakings

The term "associated undertakings" has been deemed not to include those companies in which the Federal Government holds directly or indirectly over 10 percent shares.

39. Quetta pipeline project of the Government of Pakistan

The Company has been appointed as Executing Agent by the Government of Pakistan for designing and constructing a gas pipeline from Shikarpur to Quetta, which was commissioned in January 1983. The Project is owned by the Government and all assets and liabilities relating thereto are on Government account. The Company has maintained independent set of books of account which are subject to independent audit under the term of Agency Agreement between the Company and Government of Pakistan and is operating separate bank accounts to record transactions relating to this project. A summary of the project account is as follows:

	1996	1995
	(Rupees in thousand)	
Finance provided by:		
Government of Pakistan	499,043	509,043
Interest and sundry income	113,751	113,324
Sundry creditors and bills payable	149	149

	612,943	622,516
Applied as follows:		
Fixed capital expenditure	578,959	578,959
Stores and spares	2,099	2,106
Advances, deposits and other receivable	29,038	13,358

	610,096	594,423
Balance		
	2,847	28,093
Represented by:		
Fixed deposits 180 days (NDFC/NDLC/NBP)	-	26,000
Cash at bank on current account	2,847	2,093

	2,847	28,093
	=====	

Operations and maintenance of Quetta Pipeline

The Pipeline was commissioned in January 1983 and the Government of Pakistan has entrusted the responsibility of operating the pipeline to the Company. Independent set of

books of account and separate bank accounts have been maintained to record transactions relating to the operation of this pipeline. Accounting transactions relating to the operations are subject to independent audit and are not reflected in the Company's accounts.

40. Government owned assets held on trust by the Company

This represents assets, held on trust on behalf of the Government of Pakistan, pertaining to the Government financed gas distribution projects and are not reflected in the Company's financial statements.

(Rupees in thousand)

Description	QNGDP	Naudero	Sangbar	Mirpurkhas	Total
Receipts for GOP projects:					
GOP Funds for construction of projects	186,781	14,102	36,218	56,286	293,387 /
Interest income on GOP Funds	-	1,192	1,018	-	2,210
GOP grants for working capital	4,000	-	-	-	4,000
Accumulated profit/(loss) on acquisition	36,524	(453)	49	(2,447)	336,731
Assets disposed off	(1,972)*	-	-	-	(1,972)
	-----	-----	-----	-----	-----
	225,333	14,841	37,285	53,839	331,298
	=====	=====	=====	=====	=====
1995:	225,333	14,841	37,285	53,839	331,298
	=====	=====	=====	=====	=====
Assets acquired upto date of adoption:					
Lease hold land	1,930	-	-	-	1,930
Office building and road pavement	99	-	-	-	99
Telecommunication	368	-	3	-	371
Gas distribution system	220,431	9,278	43,878	51,887	325,474
	(563)*	-	-	-	(563)
Plant and machinery	1,246	-	168	-	1,414
	738	-	-	68	806
Tools and equipment	178	-	11	29	218
Office furniture	118	-	-	1	119
Office equipments	2,197	-	642	-	2,839
Transport vehicles	(1,409)*	-	-	-	(1,409)
	-----	-----	-----	-----	-----
	225,333	9,278	44,702	51,985	331,298
	=====	=====	=====	=====	=====
1995:	225,333	9,278	44,702	51,985	331,298
	=====	=====	=====	=====	=====

41. Comparative figures

Prior years' figures have been rearranged, where necessary, for the purpose of comparison.

Subsidiary Company

Statement pursuant to Section 237 of the Companies Ordinance,1984

- a) Sui Southern Gas Provident Fund Trust Company (Private) Limited is a wholly owned subsidiary company.
- b) The subsidiary company did not have profit or loss from the date of its incorporation to 30 June 1996 except for interest amounting to Rs. 2,086 received on PLS account and Rs. 5,850 interest accrued on Defence Saving Certificates.
- c) There has been no change in the Company's interest in the above subsidiary between 30 June 1995 to 30 June 1996.
- d) The audited accounts for the year ended 30 June 1996 are annexed.

**Sui Southern Gas Provident Fund Trust Company (Private) Limited
Balance Sheet as at 30 June 1996**

	1996	1995
	(Rupees)	
Capital		
Authorised, issued and fully paid-up		
100 shares of Rs.10 each issued for cash	1,000	1,000
Profit and loss account		
Profit on PLS account	2,086	2,086
Interest on Defence Saving Certificates	5,850	4,500
	-----	-----
	8,936	7,586
	=====	
Investment in Defence Saving Certificates	3,000	3,000
Accrued interest on D.S.C.	5,850	4,500
Cash with bank on PLS account	86	86
	-----	-----
	8,936	7,586
	=====	

Auditors' Report to the Members

We have audited the annexed balance sheet of SUI SOUTHERN GAS PROVIDENT FUND TRUST COMPANY (PRIVATE) LIMITED as at 30 June 1996 and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and, after due verification thereof, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance 1984;
- b) in our opinion:
 - i) the balance sheet has been drawn up in conformity with Companies Ordinance, 1984 and is in agreement with the books of account and is further in accordance

with accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet gives the information required by the Companies Ordinance, 1984 in the manner so required and respectively gives a true and fair view of the state of the Company's affairs as at 30 June 1996;

d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Ford, Rhodes, Robson, Morrow
Chartered Accountants

Ten Years at a Glance 30 June 1987 to 1996

	1986-87	1987-88	1988-89	1989-90	1990-91
General					
Mains - Transmission (km) - Cumulative	1,120	1,229	1,229	1294	1522
Mains & services-Distribution (km) - Additions	368	478	264	464	642
New connections	34,358	32,224	28,765	32732	41160
Gas sales (MMCF)	97,170	97,636	102,468	115192	131805
LPG sales (M.Tons)	10,687	16,762	16,588	16869	20055
Gas meters produced/assembled	92,150	101,870	103,800	103050	125300
=====					
Balance Sheet - Summary					
Paid - up share capital	517.3	517.3	449.4	449.4	449.4
Reserves and accumulated profit	612.2	699.1	908.6	919.9	987.9
Redeemable capital	-	-	-		
Deferred credit	298.5	343.0	383.8	452.3	490.3
Deferred liabilities - Taxation	413.1	589.9	674.5	788.9	949.3
Deferred liabilities - Gratuity	41.4	29.3	35.7	55.3	99.7
Obligation under finance lease	-	-			
Long term loans outstanding:					
Foreign	1,525.2	1,593.1	2,033.5	2227.5	2330.3
Local	106.2	103.6	89.1	78.5	213.4
Long term deposits	208.3	252.6	271.5	293.5	320.0
	-----	-----	-----	-----	-----
	3,722.2	4,127.9	4,846.1	5265.3	5840.3
=====					
Represented by:					
Fixed assets	2,865.2	3,280.9	3,895.6	4662.0	5022.0
Other assets (net)	857.0	847.0	950.5	603.3	818.3

	3,722.2	4,127.9	4,846.1	5265.3	5840.3
=====					
Profit and Loss - Summary					
Income					
Sales	3,508.9	4,119.2	4,436.7	5075.3	6095.4
Less: Gas development surcharge	1,130.8	1,888.6	2,352.7	2389.6	2271.3

Net sales	2,378.1	2,230.6	2,084.0	2685.7	3824.1
Cost of raw gas	1,420.2	1,260.5	1,073.5	1810.4	2522.5

Gross profit	957.9	970.1	1,010.5	875.3	1301.6
Meter rentals	22.4	23.5	24.8	26.8	45.2
Late payment surcharge	15.7	16.5	20.9	32.0	34.5
Recognition of income against deferred credit	17.2	20.4	23.7	28.8	32.2
LPG bottling division profit / (loss)	8.5	11.3	6.2	3.5	2.0
Meter manufacturing division profit	1.5	0.8	10.5	13.7	10.3
Recoveries from SNGPL	46.9	86.4	109.6	136.5	155.7
Other income	43.4	70.5	107.8	85.7	84.0

"A"	1,113.5	1,199.5	1,314.0	1202.3	1665.5

Expenditure					
Purification, transmission and distribution cost	368.7	380.1	440.6	552.4	748.9
Depreciation	151.0	185.0	203.5	214.6	351.3
Financial charges	155.2	209.6	193.7	191.5	232.5
Workers' (profit) participation fund	22.4	21.5	23.8	12.2	16.6

"B"	697.3	796.2	861.6	970.7	1349.3

Profit					
Profit before taxation (A-B)	416.2	403.3	452.4	231.6	316.2
Provision for taxation	192.8	222.6	209.7	119.2	192.0

Profit after taxation	223.4	180.7	242.7	112.4	124.2
=====					
Dividend					
Cash dividend					
SGC	35%	22.5%	-	-	-
SGTC	12.50%	17.5%	-	-	-
SSGC	-	-	22.5%	22.5%	12.50%
Bonus shares					
SGC	-	-	-	-	-
SSGC	-	-	116.7%*	-	50%

Rate of Corporate tax	40%	44%	44%	44%	44%**
=====					

* Issued to the Shareholders of former SGC.

Ten Years at a Glance 30 June 1987 to 1996

	1991-92	1992-93	1993-94	1994-95	1995-96
General					
Mains - Transmission (km) - Cumulative	1,522	1,557	1,713	2,420	2,486
Mains & services-Distribution (km) - Additions	1,002	1,519	1,637	2,130	1,852
New connections	66,173	94,534	96,573	97,476	98,941
Gas sales (MMCF)	143,888	164,877	159,360	151,430	172,371
LPG sales (M.Tons)	17,398	14,390	20,946	26,478	29,578
Gas meters produced/assembled	238,230	300,300	336,700	247,500	351,000
=====					
Balance Sheet - Summary					
Paid - up share capital	674.1	674.1	1,685.3	3,031.4	3,488.6
Reserves and accumulated profit	852.3	1,205.4	1,528.9	1,781.8	1,864.1
Redeemable capital					500.0
Deferred credit	578.7	736.6	836.3	943.3	1,058.0
Deferred liabilities - Taxation	1,094.0	1,233.8	1,499.4	1,650.3	2,034.7
Deferred liabilities - Gratuity	120.7	149.4	167.9	196.1	177.0
Obligation under finance lease			121.4	769.5	1,832.8
Long term loans outstanding:					
Foreign	2,471.4	3,000.2	4,003.1	5,563.7	6,190.7
Local	243.6	260.0	671.4	1,156.4	2,042.9
Long term deposits	348.2	429.2	508.0	627.3	734.5
	6,383.0	7,688.7	11,021.7	15,719.8	19,923.3
=====					
Represented by:					
Fixed assets	5,767.2	7,216.0	10,752.1	14,073.3	17,146.1
Other assets (net)	615.8	472.7	269.6	1,646.5	2,777.2
	6,383.0	7,688.7	11,021.7	15,719.8	19,923.3
=====					
Profit and Loss - Summary					
Income					
Sales	7401.7	8438.0	9195.0	9557.7	13042.2
Less: Gas development surcharge	3199.1	2814.6	2606.2	1241.8	320.7
Net sales	4202.6	5623.4	6588.8	8315.9	12421.5
Cost of raw gas	2466.3	3362.8	3841.7	4549.6	7953.3
Gross profit	1,736.3	2,260.6	2,747.1	3,766.3	4,468.2
Meter rentals	48.5	56.9	63.7	71.4	93.1
Late payment surcharge	39.9	53.3	64.7	76.0	93.0
Recognition of income against deferred credit	38.6	48.9	56.5	65.3	75.0
LPG bottling division profit / (loss)	0.9	(11.9)	(16.0)	(41.5)	(33.0)

Meter manufacturing division profit		27.4	29.7	27.9	16.0	70.3
Recoveries from SNGPL		129.0	141.5	240.4	288.5	353.1
Other income		51.7	122.5	144.1	215.8	309.1
	"A"	2,072.3	2,701.5	3,328.4	4,457.8	5,428.8
Expenditure						
Purification, transmission and distribution cost		871.7	1,244.2	1,513.6	1,901.6	2,168.3
Depreciation		436.7	523.8	642.3	904.2	1,171.4
Financial charges		292.4	325.0	351.2	779.7	993.2
Workers' (profit) participation fund		23.6	30.4	41.1	43.6	54.8
	"B"	1,624.4	2,123.4	2,548.2	3,629.1	4,387.7
Profit						
Profit before taxation	(A-B)	447.9	578.1	780.2	828.7	1,041.1
Provision for taxation		224.0	225.1	288.1	238.8	503.8
Profit after taxation		223.9	353.0	492.1	589.9	537.3

Dividend**Cash dividend**

SGC	-	-	-	-	-
SGTC	-	-	-	-	-
SSGC	20%	-	-	-	-

Bonus shares

SGC	-	-	-	-	-
SSGC	-	25%	20%	15%	15%

Rate of Corporate tax	44%**	42%**	39%**	36%**	36%**
-----------------------	-------	-------	-------	-------	-------

** Excluding turnover and corporate assets taxes.

Gas Sales - Classified Breakdown 1995-96

Category	Sales in Thousand of Cubic Metres					Consumers as at 30 June 1996				
	Karachi	Sindh (Interior)	Balochistan	Total	%	Karachi	Sindh (Interior)	Balochistan	Total	%
Power Stations	773,794	956,939	126,199	1,856,932	38.2	5	3	1	9	0.0
Cement Plants	105,591	80,067	-	185,658	3.8	2	3	-	5	0.0
Pakistan Steel	378,345	-	-	378,345	7.8	1	-	-	1	0.0

textiles	392,411	18,000	-	410,411	8.5	444	19	-	463	0.1
Chemicals, Refineries & Pharmaceuticals	198,250	2,829	-	201,079	4.1	168	4	-	172	0.0
Glass & Ceramics	57,568	31,022	-	88,590	1.8	40	63	-	103	0.0
Iron & Steel	62,170	3,040	-	65,210	1.3	104	8	-	112	0.0
Oil & Soap	31,048	20,036	-	51,084	1.1	63	15	-	78	0.0
Metallurgy	33,442	-	-	33,442	0.7	150	-	-	150	0.0
Other industries	176,865	40,641	4,335	221,841	4.6	608	112	67	787	0.1
Industrial	2,209,484	1,152,574	130,534	3,492,592	71.9	1585	227	68	1880	0.2
Commercial	98,092	29,617	12,638	140,347	2.9	10478	3271	1768	15517	1.3
Domestic	775,686	275,771	171,951	1,223,408	25.2	851829	226269	81,181	1,159,279	98.5
Total	3,083,262	1,457,962	315,123	4,856,347	100.0	863,892	229,767	83,017	1,176,676	1

Gas Sales- Ten Years of Progress

NUMBER OF CONSUMERS AS AT 30 JUNE SALES IN THOUSAND OF CUBIC METRES

		INDUSTRIAL		COMMERCIAL		DOMESTIC		TOTAL	
		Consumers	Sales	Consumers	Sales	Consumers	Sales	Consumers	Sales

1	Karachi	960	1,685,082	6,960	73,169	461,716	425,155	469,636	2,183,406
9	Sindh (Interior)	191	446,118	2,635	19,579	102,594	88,543	105,420	554,240
8	Balochistan	4	3,772	944	5,936	22,613	49,864	23,561	59,572
7	Total	1,155	2,134,972	10,539	98,684	586,923	563,562	598,617	2,797,218

1	Karachi	1,029	1,621,086	7,359	75,495	487,695	467,686	496,083	2,164,267
9	Sindh (Interior)	192	471,150	2,628	20,542	105,521	94,827	108,341	586,519
8	Balochistan	5	10,162	1,075	6,800	28,837	59,277	29,917	76,239
8	Total	1,226	2,102,398	11,062	102,837	622,053	621,790	634,341	2,827,025

1	Karachi	1.08	1,703,666	7,727	78,771	508,219	494,046	517,025	2,276,483
9	Sindh (Interior)	195	478,759	2,626	18,836	109,284	107,920	112,105	605,515
8	Balochistan	6	11,064	1,206	8,118	34,409	74,252	35,621	93,434
9	Total	1,280	2,193,489	11,559	105,725	651,912	676,218	664,751	2,975,432

1	Karachi	1,119	1,886,759	8,159	79,131	537,036	520,313	546,314	2,486,203
9	Sindh (Interior)	193	626,606	2,626	17,610	114,330	108,093	117,149	752,309
9	Balochistan	8	9,758	1,316	7,888	37,847	82,885	39,171	100,531
0	Total	1,320	2,523,123	12,101	104,629	689,213	711,291	702,634	3,339,043

1	Karachi	1,177	2,018,498	8,548	85,653	569,868	505,667	579,593	2,609,818
9	Sindh (Interior)	194	960,751	2,672	18,601	118,900	116,842	121,766	1,096,194
9	Balochistan	11	87,662	1,377	9,090	40,378	91,243	41,766	187,995
1	Total	1,382	3,066,911	12,597	113,344	729,146	713,752	743,125	3,894,007

1	Karachi	1,242	2,007,441	7,962	92,882	613,549	562,222	622,753	2,662,545
9	Sindh (Interior)	195	1,269,130	2,671	19,797	127,259	102,411	130,125	1,391,338
9	Balochistan	12	158,168	1,515	8,875	45,751	112,047	47,278	279,090
2	Total	1.45	3,434,739	12,148	121,554	786,559	776,680	800,156	4,332,973
1	Karachi	1,380	2,070,386	10,351	97,993	672,974	597,039	684,705	2,765,418
9	Sindh (Interior)	196	1,427,475	2,722	22,160	140,825	133,611	143,743	1,583,246
9	Balochistan	12	175,427	1,677	9,803	53,117	111,322	54,806	296,552
3	Total	1,588	3,673,288	14,750	129,956	866,916	841,972	883,254	4,645,216
1	Karachi	1,336	2,014,521	10,407	103,332	737,922	640,580	749,665	2,758,433
9	Sindh (Interior)	190	1,213,888	2,854	23,128	177,501	190,688	180,545	1,427,704
9	Balochistan	14	161,506	1,630	10,134	57,983	132,008	59,627	303,648
4	Total	1,540	3,389,915	14,891	136,594	973,406	963,276	989,837	4,489,785
1	Karachi	1,516	2,024,589	10,390	100,261	796,597	707,901	808,503	2,832,751
9	Sindh (Interior)	196	930,446	3,100	27,662	196,794	209,367	200,090	1,167,475
9	Balochistan	20	132,418	1,660	10,219	68,879	123,498	70,559	266,135
5	Total	1,732	3,087,453	15,150	138,142	62,270	1,040,766	1,079,152	4,266,361
1	Karachi	1,585	2,209,484	10,478	98,092	851,829	775,686	863,892	3,083,262
9	Sindh (Interior)	227	1,152,574	3,271	29,617	226,269	275,771	229,767	1,457,962
9	Balochistan	68	130,534	1,768	12,638	81,181	171,951	83,017	315,123
6	Total	18,801	3,492,592	15,517	40,347	159,279	1,223,408	1,176,676	4,856,347

Gas Sales Pattern 1995-96

	Consumer		Volume		Value		
	Numbers	%	Thousand cubic Metres	%	Rupees in thousand	%	
Karachi	1,585	0.18	2,209,484	71.66	6,650,396	80.54	Industrial
	10,478	1.21	98,092	3.18	345,983	4.19	Commercial
	851,829	98.61	775,686	25.16	1,260,945	15.27	Domestic
	863,892	100.00	3,083,262	100.00	8,257,324	100.00	Total
Sindh (Interior)	227	0.10	1,152,574	79.05	3,492,445	87.26	Industrial
	1.42	1.42	29,617	2.03	102,283	2.56	Commercial
	226,269	98.48	275,771	18.92	407,547	10.18	Domestic
	229,767	100.00	1,457,962	100.00	4,002,275	100.00	Total
Balochistan	68	0.08	130,534	41.42	393,323	50.26	Industrial
	1,768	2.13	12,638	4.01	45,035	5.75	Commercial
	81,181	97.79	171,951	54.57	344,226	43.99	Domestic
	83,017	100.00	315,123	100.00	782,584	100.00	Total
Total	1,880	0.16	3,492,592	71.92	10,536,164	80.79	Industrial
	15,517	1.32	140,347.00	2.89	493,301	3.78	Commercial

1,159,276	98.52	1,223,408	25.19	2,012,718	15.43 Domestic
1,176,676	100.00	4,856,347	100.00	13,042,183	100.00 Total

Service Calls Analysis 1995-96

(Industrial/Commercial/Domestic)
Calls Percentage

A. Genuine (leakage, high gas bills and meters/appliances defects)

Karachi	46,683	29.4
Sindh (Interior)	5,942	3.7
Balochistan	3,303	2.1

Total (A)	55,928	35.20

B. Non-genuine

(fictitious and miscellaneous)

Karachi	101,051	63.70
Sindh (Interior)	1,608	1.0
Balochistan	211	0.1

Total (B)	102,870	64.80

Total (A+B)	158,798	100.00
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Town-wise Detail of Consumers as at 30 June 1996

Towns	Industrial	Commercial	Domestic	Total
Karachi	1,585	10,478	851,829	863,892
Sindh (Interior):				
Dhabeji	3	1	15	19
Thatta	2	16	1,773	1,791
Kotri / Jamshoro	33	70	6,001	6,104
Hyderabad	135	1,331	77,152	78,618
Tando Adam	1	114	4,600	4,715
Shahdadpur	2	58	3,693	3,753
Nawabshah	2	175	11,017	11,194
Tando Allahyar	-	28	3,971	3,999
Nasarpur/Palijani	-	5	616	622
Nooriabad	1	-	-	1
Hala & Bhit Shah	-	11	1,798	1,809

Mirpurkhas	-	102	10,032	10,134
Sanghar	-	46	3,428	3,474
Tando Jam	1	7	1,882	1,890
Tando Mohammad Khan	-	12	2,059	2,071
Khairpur	1	99	6,622	6,722
Ranipur	-	22	1,645	1,667
Kot Diji	-	4	268	272
Rohri	2	46	3,723	3,771
Sukkur	25	374	20,442	20,841
Shikarpur	10	104	7,387	7,501
Gari Yasin	-	23	1,789	1,812
Larkaria	3	174	12,591	12,768
Badah	-	13	720	733
Uaudero	-	15	1,166	1,181
Dadu	1	42	3,801	3,844
Piaro Goth	-	-	168	168
Bhan Saeedabad	-	3	359	362
Rehmania Nagar	-	10	543	553
Boobak	-	-	85	85
Phulji	-	-	207	207
Pano Aqil	1	13	1,893	1,907
Radhan	-	10	379	389
Tharri Uohabat	-	6	170	176
Mehar	-	23	1,782	1,805
Moro	-	39	3,229	3,268
Khairpur Nathan Shah	-	11	870	881
Gambat	-	8	1,653	1,661
Pirjo Goth	-	17	2,355	2,372
Karampur	-	1	433	434
Rato Dero	-	26	1,418	1,444
Kandhkot	-	12	1,368	1,380
Jacobabad	3	66	4,730	4,799
Jhatpat	-	2	540	542
Dokri	-	3	394	397
Rustum	-	1	376	377
Sehwan Sharif	-	10	778	788
Daharki	-	22	1,813	1,835
Wazirabad	-	-	103	103
Lakhi Ghulam Shah	-	-	263	263
Setharja	-	2	192	194
Naushero Feroz	-	5	1,116	1,121
Matli	-	17	1,205	1,222
Khora	-	3	95	98
Kumb	-	1	115	116
Padidan	-	5	79	84
Therri	-	2	126	128
Badin	-	6	750	756
Mir Pur Mathelo	-	3	789	792
Daur	-	2	423	425
Sakrand	-	15	1,002	1,017

Serhari	-	1	226	227
Qazi Ahmed	-	1	338	339
Mehrab Pur	-	4	1,625	1,629
Sinjhero	-	-	429	429
Kambar	-	26	620	646
Uadeji	-	2	217	219
Bandhi	-	1	196	197
Thul	-	-	271	271
Miro Khan	-	-	168	168
Shahdad Kot	-	-	2,187	2,187

227 3,271 226,269 229,767

Balochistan:

Quetta	67	1,646	70,118	71,831
Sibi	1	48	2,376	2,425
D.M. Jamali	-	3	958	961
Dhadar	-	8	439	447
Uach	-	14	576	590
Kolpur	-	-	140	140
Belpat	-	-	112	112
Pirkoh	-	-	152	152
Usta Mohammed	-	5	1,211	1,216
Bhag	-	3	320	323
Lehri	-	1	233	234
Dera Allah Yar	-	11	921	932
Pishin	-	23	1,247	1,270
Kuchlak	-	3	1,242	1,245
Yaru	-	-	204	204
Uastung	-	-	932	935

68 1,768 81,181 83,017

1,880 15,517 1,159,279 1,176,676

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Pattern of Shareholdings as at 30 June 1996

No. of shareholders	Shareholding		Total shares held
	From	To	
2,474	1	100	83,779
1,763	101	500	431,552
1,078	501	1000	729,264
2,896	1,001	5,000	5,664,059
344	5,001	10,000	2,299,756
130	10,001	15,000	1,526,710
42	15,001	20,000	716,784
25	20,001	25,000	548,191

	21	25,001	30,000	576,176
	13	30,001	35,000	424,477
	4	35,001	40,000	144,531
	6	40,001	45,000	252,989
	5	45,001	50,000	243,467
	2	50,001	55,000	103,672
	5	55,001	60,000	289,847
	1	60,001	65,000	62,450
	1	65,001	70,000	69,786
	4	70,001	75,000	290,225
	2	75,001	80,000	158,101
	2	80,001	85,000	162,969
	2	85,001	90,000	171,300
	1	90,001	95,000	90,275
I		95,001	100,000	95,643
	1	105,001	110,000	107,258
	1	110,001	115,000	112,700
	1	135,001	140,000	139,773
	1	140,001	145,000	144,474
	1	150,001	155,000	154,790
	1	155,001	160,000	155,250
I		160,001	165,000	160,403
	1	170,001	175,000	171,810
	1	175,001	180,000	176,916
	1	200,001	205,000	200,010
	3	205,001	210,000	626,635
	1	250,001	255,000	252,954
	1	285,001	290,000	287,500
	1	310,001	315,000	315,000
	1	350,001	355,000	351,325
	1	355,001	360,000	359,902
	1	380,001	385,000	382,040
	1	405,001	410,000	406,500
	1	410,001	415,000	414,000
	1	455,001	460,000	460,000
	1	500,001	505,000	504,400
	1	570,001	575,000	575,000
	1	635,001	640,000	637,497
	1	685,001	690,000	686,200
	1	695,001	700,000	698,800
	1	885,001	890,000	889,410
I		925,001	930,000	928,726
	1	955,001	960,000	956,754
	1	1,295,001	1,300,000	1,298,143
	1	1,440,001	1,445,000	1,440,663
	1	1,470,001	1,475,000	1,473,460
	1	2,000,001	2,005,000	2,000,950
	1	3,135,001	3,140,000	3,139,738
	1	4,330,001	4,335,000	4,333,072
	1	5,025,001	5,030,000	5,027,164

4	9,975,001	ABOVE	303,754,873
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8,863			348,860,093
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Categories of Shareholders as at 30 June 1996

Categories of shareholders	Number of shareholders	Shares held	Percentage
President of the Islamic Republic of Pakistan	1	245,707,123	70.43
Individuals	8,722	15,919,748	4.58
Investment Companies	19	41,255,459	11
Insurance Companies	16	26,455,386	7.58
Joint Stock Companies	20	4,951,609	1.42
Financial Institutions	24	1,791,031	0.51
Modaraba Companies	19	374,305	0.11
Foreign Shareholders	20	11,731,845	3.36
Others:			
Administrator of Abandoned Properties	1	27,006	0.01
Associations, Foundations, Societies, Institutions and Nazir of the High Court	21	646,581	0.18
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	8,863	348,860,093	100.00
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