Sui Southern Gas Company Limited

SSGC

ANNUAL REPORT 2018

CARVING OUT A CULTURE OF CONSERVATION

ABOUT THE COVER

Energy efficiencies and conservation are increasingly being seen as imperative for a well-functioning modern energy system. Increasing the efficiency of the natural gas system and curtailing system losses guarantees a win-win situation for all the stakeholders involved including the Company itself, its customers, the government and of course the country. Admittedly, since the last ten years or so, two of the major issues of the gas sector have been low fuel supplies and low system efficiency, particularly in gas distribution, wherein Unaccounted-for-Gas (UFG) is a menace gas utilities including SSGC have been working dedicatedly to control. On the other hand, SSGC has been laser focused towards creating awareness to its customers about conserving natural gas especially since the demand and supply gap has continued to widen. The Government of Pakistan and SSGC share a common vision of increasing energy efficiency and conservation through well planned, forward looking strategies.

VISION

To be a model utility, providing quality service by maintaining a high level of ethical and professional standards and through optimum use of resources.

MISSION

To meet the energy requirements of customers through reliable, environment-friendly and sustainable supply of natural gas, while conducting business professionally, efficiently, ethically and with responsibility to all our stakeholders, community and the nation.

COMPANY INFORMATION

BOARD OF DIRECTORS

AS ON JUNE 30, 2018

- **Lieutenant General Javed Zia (R), HI(M)**
  Chairman (Independent, Non-Executive Director)
- **Sardar Rizwan Kehar**
  (Independent, Non-Executive Director)
- **Mirza Mahmood Ahmad**
  (Non-Executive Director)
- **Mr. Azher Ali Choudhry**
  (Non-Executive Director)
- **Nawabzada Riaz Nosherwani**
  (Independent, Non-Executive Director)
- **Abdul Ghufran**
  (Non-Executive Director)
- **Agha Sher Shah**
  (Independent, Non-Executive Director)
- **Qazi Mohammad Saleem Siddiqui**
  (Non-Executive Director)
- **Mr. Mohammad Riaz Khan**
  (Independent, Non-Executive Director)
- **Mr. Hassan Nasir Jamy**
  (Non-Executive Director)
- **Dr. Ahmed Mujtaba Memon**
  (Non-Executive Director)

Acting Managing Director
Mr. Muhammad Amin Rajput

Company Secretary
Mr. Shoaib Ahmed

Auditors
M/s. Deloitte Yousuf Adil
Chartered Accountants

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

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Fax: 92-21-9923-1702
Email: info@ssgc.com.pk
Web: www.ssgc.com.pk
ssgc.official | ssgc_official

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

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

CONTENT

CORE VALUES

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

MAKING CONSERVATION A MAJOR CORNERSTONE

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

CONSERVING FOR THE FUTURE

Natural gas is an efficient, reliable and affordable energy resource which is a critical part of a low-carbon energy future. It is imperative for all our customers to be cognizant of the demand-supply gap that exists today and make conservation their way of life. It is in their best interest.

AIMING AT SUSTAINABLE DEVELOPMENT

Enabling human progress in a sustainable manner requires reliable, affordable and ever-cleaner energy to serve our franchise areas and create a better future for all. This vision guides SSGC's sustainability efforts and approach.

BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS

AS ON JUNE 30 2018

Lt. General Javed Zia (R), HI(M)
Chairman

Sardar Rizwan Kehar
Director

Mirza Mahmood Ahmad
Director

Mr. Azher Ali Choudhry
Director

Nawabzada Riaz Nosherwani
Director

Agha Sher Shah
Director

Abdul Ghufran
Director

Qazi Mohammad Saleem Siddiqui
Director

Mr. Mohammad Riaz Khan
Director

Mr. Hassan Nasir Jamy
Director

Dr. Ahmed Mujtaba Memon
Director

Mr. Muhammad Amin Rajput
Acting Managing Director

PRESENT BOARD OF DIRECTORS

Dr. Shamshad Akhtar
Chairperson

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

Muhammad Amin Rajput
Acting Managing Director

A Chartered Accountant by profession from the Institute of Chartered Accountants of Pakistan (ICAP), Muhammad Amin Rajput completed his Chartered Accountancy from KPMG Pakistan Office. He was SSGC's Chief Financial Officer prior to becoming the Company's Acting MD. He joined SSGC in March 2012 as its Chief Internal Auditor. Prior to that, Mr. Rajput worked as Chief Internal Auditor with K-Electric from 2008 to 2012. He was also Group Director, Internal Audit with the Dewan Mushtaq Group in 2007-08. Mr. Rajput has also worked for Zahid Tractors, Saudi Arabia Dealer (of Caterpillar and Volvo) in various capacities in its Audit and Finance Departments. The Acting MD is a Certified Internal Auditor from the Institute of Internal Auditors (IIA) and has a 6-Sigma Black Belt certification from Caterpillar University.

Muhammad Raziuddin Monem
Director

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

Mr. Faisal Bengali
Director

A professional fund manager with over 20 years' experience, Mr. Faisal Bengali has proven skills in people management, regulatory dealings, risk management and optimizing fund performance. He is also adept in many other aspects of financial management, including budgeting, investment, financial analysis and asset management. Since June 2018, he has been Director Investments at PNO Capital. From 2004 to 2008, he was CEO AKD Investments Ltd., where he executed the management takeover of Golden Arrow Stock Fund, Pakistan's oldest private sector closed-ended mutual fund. Earlier from 1994 to 2004, he was Director Sales, AKD Securities Ltd. He also served as Vice President, Bengal Fibre Industries Ltd. Mr. Bengali is MBA Finance from Rice University, Houston Texas and BSc in Electrical Engineering from Northwestern University, Illinois. He is a certified Director from the Institute of Chartered Accountants of Pakistan. Mr. Bengali has also participated in Canadian Securities Course offered by Canadian Securities Institute.

Ms. Nida Rizwan Farid
Director

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

Capt. (Retd.) Fazeel Asghar
Director

Captain (R) Fazeel Asghar, a PBS 21 officer from Pakistan Administrative Service is currently serving as Chief Secretary Balochistan. Captain (R) Fazeel Asghar is a senior civil servant and has discharged duties at various important administrative positions at the Federal and Provincial levels. His prominent appointments include Deputy Secretary, CM Secretariat Punjab, Deputy Secretary, Governor Secretariat Punjab, Additional Secretary and Additional Chief Secretary Home Department, Punjab, Chief Commissioner Islamabad, Joint Secretary Cabinet Division, Additional Secretary National Security Division, Islamabad and Additional Secretary, AJK. Captain (R) Asghar has also served in Pakistan Army for eight years in an artillery regiment. He takes keen interest in sports and was conferred with a gold medal as he was honoured as the best basketball player of Pakistan Army.

Mr. Imran Ahmed
Director

Mr. Imran Ahmed holds a Masters degree (M.Sc) in Geology from University of Balochistan with M.Sc degree in Geology. He joined Directorate General (Gas), the then Ministry of Petroleum and Natural Resources in 2004 as Assistant Director (Technical). During his career in Petroleum Division, he has served as Deputy Director/Director in Directorate General (Liquefied Gases) and Director (Exploration) in Directorate General (Petroleum Concession). At present, he is serving as Director General Petroleum Concession.

Dr. Ahmed Mujtaba Memon
Director

Dr. Ahmed Mujtaba Memon was appointed as Director in SSGC Board by the Government of Pakistan with effect from April 23, 2018. Before his posting in Finance Division, Dr. Memon was serving as Director General Input Output Co-efficient Organization, Federal Bureau of Revenue, in Karachi. He joined Pakistan Customs and Excise Group (currently Pakistan Customs Service) in November 1987 and has worked in various capacities in Central Excise, Sales Tax, Valuation, Adjudication and Customs functional areas. He has also worked on Asian Development Bank's Trade, Export Promotion and Industrialization (TEPI) loan project as Secretary TEPI in FBR. He brings along a rich professional and academic background. His educational qualifications are MBBS, MA (Economics) and MBA Finance. Presently, Dr. Memon is working as Additional Finance Secretary (CF/HR) in Finance Division since, March 2018. He is also a member on the board of NESPAK and K-Electric.

Dr. Sohail Razi Khan
Director

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

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

Mr. Manzoor Ali Shaikh

Director

Mr. Manzoor Ali Shaikh, an officer of Pakistan Administrative Service Federal Government in BPS-20 is presently posted as Executive Director, State Life Insurance Corporation of Pakistan. Prior to his posting in SLIC he has served the Federal and Provincial Government of Sindh in various positions. His last assignment was as Secretary to the Government of Sindh for Labor and Human Resources Department. He has also served as Secretary Forests and Wildlife Department. He has also worked as Director General Trade Development Authority of Pakistan and Executive Director Trading Corporation of Pakistan, and Divisional Commissioner Sukkur Division. Mr. Manzoor Ali Shaikh joined the Civil Services in 1994 and has vast professional experience in Senior Management positions in diversified fields such as Public Sector Management, Administration, Trade and Commerce, Planning and Development, Poverty Alleviation and Crisis Management. He is a certified Director and has attended professional training courses and workshops including those conducted by Pakistan Institute of Corporate Governance (PICG) on Governance of Risk and Human Resource and Remuneration Committee. Mr. Manzoor Ali Shaikh has Professional Degree in Civil Engineering, and has attained a Bachelor's Degree in Economics.

Mr. Zuhair Siddiqui
Director

Mr. Zuhair Siddiqui retired as Managing Director of SSGC after a service tenure of 12 years. Thereafter, he was hired on a two-year contract by SSGC based on his skills and competencies to assist the Board with technical matters relating to gas distribution and LNG projects. During his tenure of service in the Company, Mr. Siddiqui held a number of senior leadership positions which include General Manager (IT), Senior General Manager – Customer and Management Services, and Deputy Managing Director. His hands-on experience in the Company has provided him with invaluable technical and managerial knowledge vital to gas purification, transmission and distribution functions. Prior to joining SSGC, he was employed by Civil Aviation Authority, Karachi for a period of 10 years and AMD and National Semiconductor in USA, for a period of 11 years. Mr. Siddiqui holds a Bachelor's degree in Electronic Engineering from Karachi and a Master's degree in Computer Engineering from the USA. He is also a member of engineering institutions in Pakistan and United States.

Mr. Ayaz Dawood
Director

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

Mr. Shoaib Ahmed
Company Secretary

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

PRESENT COMPOSITION OF THE COMMITTEES OF THE BOARD AND THEIR TERMS OF REFERENCE (ToR)

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

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Board Human Resource and Remuneration Committee is composed of the following:

• Dr. Shamshad Akhtar	Chairperson
• Mr. Muhammad Amin Rajput	Acting Managing Director
• Mr. Imran Ahmed	Member
• Mr. Muhammad Raziuddin Monem	Member
• Capt. (R) Fazeel Asghar, HI(M)	Member
• Dr. Sohail Razi Khan	Member
• Dr. Ahmed Mujtaba Memon	Member
• Mr. Manzoor Ali Shaikh	Member

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

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

BOARD FINANCE AND PROCUREMENT COMMITTEE

The Board Finance and Procurement Committee is composed of the following:

• Dr. Ahmed Mujtaba Memon	Chairman
• Mr. Muhammad Amin Rajput	Acting Managing Director
• Ms. Nida Rizwan Farid	Member
• Mr. Imran Ahmed	Member
• Mr. Ayaz Dawood	Member
• Dr. Sohail Razi Khan	Member
• Mr. Zuhair Siddiqui	Member

The ToR of Board Finance and Procurement Committee includes the following:

- To review strategic business / investment proposals, policies prepared in pursuit of the corporate purpose of the Company by the Management and make recommendations to the Board for approval.
- To review and recommend to the Board, contracts of strategic nature that may have a material impact on the Company's capital, financial position and business.
- To ensure Board is aware of the matters which may significantly impact the financial condition or affairs of the business including but not limited to providing oversight on the receivable and payable position of the Company, procurement cycle of goods and services etc.
- To examine the Capital and Revenue Budget of the Company and to make recommendations to the Board of Directors, thereon.
- To examine the budgetary and operating limits of authority and recommend to the Board any deviation or any enhancement thereof.
- To accord approval to contracts or purchase orders in local or foreign currency for supply of material, services or other works exceeding the financial authority delegated to the Managing Director.
- To review the contracts or purchase orders exceeding the financial authority of the Committee and make recommendations to the Board for approval.
- To approve/recommend major contracts of civil works along with cost benefit analysis thereof which also include purchase of land.
- To lay down time limits / parameters in respect of procurement of various materials and services.
- To review the borrowing plans of the Company by assessing the requirements thereof and make recommendations to the Board for approval.
- Any other matter entrusted by the Board of Directors from time to time.
- To approve procurement of materials and services exceeding the authority limits of Management.
- To review and recommend to the Board any changes / amendments in the ToR of the Committee.

BOARD AUDIT COMMITTEE

The Board Audit Committee is composed of the following:

• Mr. Faisal Bengali	Chairman
• Mr. Imran Ahmed	Member
• Mr. Ayaz Dawood	Member
• Dr. Sohail Razi Khan	Member
• Dr. Ahmed Mujtaba Memon	Member
• Mr. Manzoor Ali Shaikh	Member

The ToR of Board Audit Committee includes the following:

- To recommend to the Board of Directors the appointment of external auditors by the Company's shareholders.
- To ensure the Independence of external auditor, reviewing the extent of non-audit work undertaken and the fees involved.
- To review quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors focusing on:

  ✓ Major judgmental areas.
  ✓ Significant adjustments resulting from the audit.
  ✓ The going concern assumption.
  ✓ Any changes in accounting policies and practices.
  ✓ Compliance with applicable accounting standards.
  ✓ Compliance with listing regulations, other statutory and regulatory authorities.
  ✓ Compliance with management control standards Company policies including ethics.
  ✓ Policy for good corporate governance.

- To facilitate the external audit and discussion with the external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management where necessary).
- To review the management letter issued by external auditors and management's response thereto.
- To ensure the coordination between the internal and external auditors of the Company to avoid duplication or incomplete coverage, as far as possible.
- To ascertain that the internal control systems including financial and operational controls, accounting system and reporting structure are adequate and effective.
- To ensure continuing suitability of the organization structure at all levels.
- To determine the appropriate measures to safeguard Company's assets and their performance including post facto
- To review major investment projects and programs.
- To review the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- To approve annual internal audit plan, review internal audit reports issued and action taken thereon. To review the appointment, performance, remuneration and replacement of the Head of Internal Audit Department, ensuring continuing independence of the internal audit function from undue management influence.
- To determine the compliance with relevant statutory requirements.
- To monitor the compliance with the best practices of corporate governance and identification of significant violations thereof.
- To consider any other issue or matter on its own or as may be assigned by the Board of Directors.

BOARD RISK MANAGEMENT, LITIGATION AND HSE&QA COMMITTEE

The Board Risk Management, Litigation and HSE&QA Committee is composed of the following:

• Mr. Muhammad Raziuddin Monem	Chairman
• Mr. Muhammad Amin Rajput	Acting Managing Director
• Ms. Nida Rizwan Farid	Member
• Mr. Ayaz Dawood	Member
• Capt. (R) Fazeel Asghar, HI(M)	Member
• Mr. Manzoor Ali Shaikh	Member
• Mr. Zuhair Siddiqui	Member

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

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

BOARD SPECIAL COMMITTEE OF DIRECTORS ON UFG

The Special Committee of Directors on UFG is composed of the following:

• Dr. Shamshad Akhtar	Chairperson
• Mr. Muhammad Amin Rajput	Acting Managing Director
• Ms. Nida Rizwan Farid	Member
• Mr. Faisal Bengali	Member
• Mr. Imran Ahmed	Member
• Capt. (R) Fazeel Asghar, HI(M)	Member
• Dr. Sohail Razi Khan	Member
• Mr. Zuhair Siddiqui	Member

The ToR of Board UFG Committee includes the following:

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

BOARD NOMINATION COMMITTEE

The Board Nomination Committee is composed of the following:

• Dr. Shamshad Akhtar	Chairperson
• Mr. Faisal Bengali	Member
• Mr. Imran Ahmed	Member
• Mr. Muhammad Raziuddin Monem	Member
• Dr. Ahmed Mujtaba Memon	Member
• Mr. Manzoor Ali Shaikh	Member

NOTICE OF 64TH ANNUAL GENERAL MEETING

Notice is hereby given that the 64th Annual General Meeting of Sui Southern Gas Company Limited will be held through Tele / Video link facility from the Company's Head Office, SSGC House, Sir Shah Suleman Road, Block 14, Gulshan-e-Iqbal, Karachi on Wednesday, August 05, 2020 at 11:00 am to transact the following businesses;

ORDINARY BUSINESS:

1. To review the minutes of the Extra Ordinary General Meeting (EOGM) of the Company held on October 28, 2019.
2. To consider the Annual Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Directors' Report in English and Urdu version and Auditors' Reports thereon.
3. To appoint Auditors for the year ended June 30, 2019 and fix their remuneration. The retiring auditors M/s. Deloitte Yousuf Adil, Chartered Accountants who, being eligible, have offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

Due to prevailing circumstances of COVID-19 across the country and in line with the direction issued to listed companies by Securities and Exchange Commission of Pakistan, vide its Circular # 5 of 2020 dated March 17, 2020, the Company has decided to hold its AGM through electronic means. In this regard, special arrangements have been made for the AGM which are as under;

- AGM will be held through Zoom application – a video link facility.
- Shareholders interested in attending the AGM through Zoom application will be requested to get themselves registered with Company's Share Registrar at least 48 hours before the time of AGM at cdcrta@cdcpak.com by providing the following details;

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

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

- Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company Secretary office at least two working days before the AGM, at the given email address **AGM2018@ssgc.com.pk** or **WhatsApp / SMS on 0321-8200864**. Shareholders are required to mention their full name, CNIC # and Folio/CDS # for this purpose.

- Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

By order of the Board

Shoaib Ahmed
Company Secretary

Karachi: July 13, 2020

Notes:

1. Closure of Shares Transfer Book

The shares transfer book of the Company shall remain closed with effect from July 28, 2020 to August 05, 2020 (both days inclusive). Transfers received in order at the office of Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block- B, S.M.C.H.S, Karachi, Phone # 021-111-111-500 (the Share Registrar) at the close of business on July 27, 2020 will be considered in time to attend the meeting.

2. Change of Address

The shareholders are requested to notify change in their address, if any, to our Share Registrar.

3. Participation in Annual General Meeting

a) Through electronic means (Optional/Recommended via video conferencing)

In wake of the prevalent COVID-19 pandemic situation and in the light of the relevant guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) vide Circular # 5 of 2020 dated March 17, 2020 the shareholders are encouraged to participate in the General Meeting through electronic facility arranged by SSGC. In order to attend the AGM through electronic facility, the shareholders are requested to get themselves registered with CDC Share Registrar Services Limited at least 48 hours before the time of AGM at **cdcrta@cdcpak.com**.

b) Participation in the Annual General Meeting

A member entitled to attend and vote at this meeting is entitled to appoint another person as his / her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed at least 48 hours before the time of AGM.

4. CDC Account holders will further have to follow the under mentioned guidelines

a) For attending the meeting

i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) / original passport at the time of attending the meeting.

ii) In the case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).

b) For appointing proxies

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

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

iii) Attested copies of CNIC or the Passport of the beneficial owners and of the proxy shall be furnished with the proxy form.

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

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

vi) The proxy instrument must be completed in all respects and in order to be effective should be deposited at the office of the Company Secretary at least 48 hours before the time of AGM.

vii) If any member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the Company, all such instruments of proxy shall be rendered invalid.

5. Transmission of Annual Audited Financial Statements through DVD

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

6. Transmission of Annual Reports through E-mail

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

7. Availability of Audited Financial Statements on Company's Website

The audited financial statements of the Company for the year ended June 30, 2018 have been made available on the Company's website www.ssgc.com.pk.

BOARD/COMMITTEE MEETINGS

(JULY 01, 2017 TO JUNE 30, 2018)

BOARD OF DIRECTORS MEETINGS		
Name of Director	Total Number of Meetings*	Number of Meeting(s) Attended
Lieutenant General Javed Zia (R), HI(M)	**14**	**14**
Mr. Miftah Ismail	**01**	**01**
Mr. Khalid Rahman**	**07**	**00**
Mr. Muhammad Amin Rajput***	**18**	**17**
Sardar Rizwan Kehar	**18**	**18**
Mirza Mahmood Ahmad	**18**	**18**
Mr. Azher Ali Choudhry	**18**	**16**
Nawabzada Riaz Nosherwani	**18**	**18**
Abdul Ghufran	**18**	**18**
Agha Sher Shah	**18**	**14**
Mr. Furqan Bahadur Khan	**01**	**01**
Syed Ghazanfar Abbas Jilani	**14**	**11**
Qazi Mohammad Saleem Siddiqui	**18**	**18**
Mr. Mohammad Riaz Khan	**18**	**18**
Mr. Hassan Nasir Jamy	**12**	**10**
Dr. Ahmed Mujtaba Memon	**03**	**02**

* Held during the period the concerned Director was on the Board.

** Mr. Khalid Rahman was on leave as he was assigned the task of Gas Sector Reforms by Ministry of Energy, Government of Pakistan as a team leader which continued till conclusion of his contract on January 4, 2018.

***Mr. Muhammad Amin Rajput attended 06 meetings in place of Mr. Khalid Rahman.

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE		
Name of Director	Total Number of Meetings*	Number of meeting(s) Attended
Lieutenant General Javed Zia (R), HI(M)	**05**	**05**
Mr. Miftah Ismail	**01**	**01**
Mr. Khalid Rahman**	**02**	**00**
Mr. Muhammad Amin Rajput***	**06**	**06**
Sardar Rizwan Kehar	**06**	**06**
Mr. Azhar Ali Choudhry	**06**	**06**
Mr. Furqan Bahadur Khan	**01**	**01**
Nawabzada Riaz Nosherwani	**06**	**06**
Mirza Mahmood Ahmad	**04**	**04**
Mr. Hassan Nasir Jamy	**04**	**03**

* Held during the period the concerned Director was on the Committee.

** Mr. Khalid Rahman was on leave as he was assigned the task of Gas Sector Reforms by Ministry of Energy, Government of Pakistan as a team leader which continued till conclusion of his contract on January 4, 2018.

***Mr. Muhammad Amin Rajput attended 02 meetings in place of Mr. Khalid Rahman.

BOARD FINANCE AND PROCUREMENT COMMITTEE		
Name of Director	Total Number of Meetings*	Number of meeting(s) Attended
Abdul Ghufran	**08**	**08**
Syed Ghazanfar Abbas Jilani	**05**	**05**
Mr. Khalid Rahman**	**02**	**00**
Mr. Muhammad Amin Rajput***	**08**	**05**
Agha Sher Shah	**08**	**08**
Qazi Mohammad Saleem Siddiqui	**08**	**08**
Mirza Mahmood Ahmad	**08**	**08**
Mr. Azhar Ali Choudhry	**08**	**07**
Dr. Ahmed Mujtaba Memon	**03**	**02**

* Held during the period the concerned Director was on the Committee.

** Mr. Khalid Rahman was on leave as he was assigned the task of Gas Sector Reforms by Ministry of Energy, Government of Pakistan as a team leader which continued till conclusion of his contract on January 4, 2018.

***Mr. Muhammad Amin Rajput attended 01 meeting in place of Mr. Khalid Rahman.

BOARD AUDIT COMMITTEE

Name of Director	Total Number of Meetings	Number of meeting(s) Attended
Agha Sher Shah	**03**	**03**
Qazi Mohammad Saleem Siddiqui	**03**	**03**
Syed Ghazanfar Abbas Jilani	**03**	**03**
Mr. Mohammad Riaz Khan	**03**	**03**

BOARD RISK MANAGEMENT, LITIGATION AND HSE&QA COMMITTEE

Name of Director	Total Number of Meetings*	Number of meeting(s) Attended
Mr. Mohammad Riaz Khan	**05**	**05**
Mr. Khalid Rahman**	**02**	**00**
Abdul Ghufran	**05**	**05**
Mirza Mahmood Ahmad	**05**	**05**
Mr. Muhammad Amin Rajput***	**05**	**03**

* Held during the period the concerned Director was on the Committee.

** Mr. Khalid Rahman was on leave as he was assigned the task of Gas Sector Reforms by Ministry of Energy, Government of Pakistan as a team leader which continued till conclusion of his contract on January 4, 2018.

***Mr. Muhammad Amin Rajput attended 01 meeting in place of Mr. Khalid Rahman.

BOARD SPECIAL COMMITTEE OF DIRECTORS ON UFG

Name of Director	Total Number of Board Meetings*	Number of meeting(s) Attended
Sardar Rizwan Kehar	**07**	**07**
Lieutenant General Javed Zia (R), HI(M)	**03**	**03**
Mr. Khalid Rahman**	**04**	**00**
Mr. Miftah Ismail	**01**	**01**
Nawabzada Riaz Nosherwani	**07**	**07**
Mirza Mahmood Ahmad	**07**	**07**
Mr. Furqan Bahadur Khan	**01**	**01**
Mr. Mohammad Riaz Khan	**07**	**07**
Qazi Mohammad Saleem Siddiqui	**07**	**07**
Mr. Muhammad Amin Rajput***	**07**	**06**
Mr. Hassan Nasir Jamy	**03**	**02**

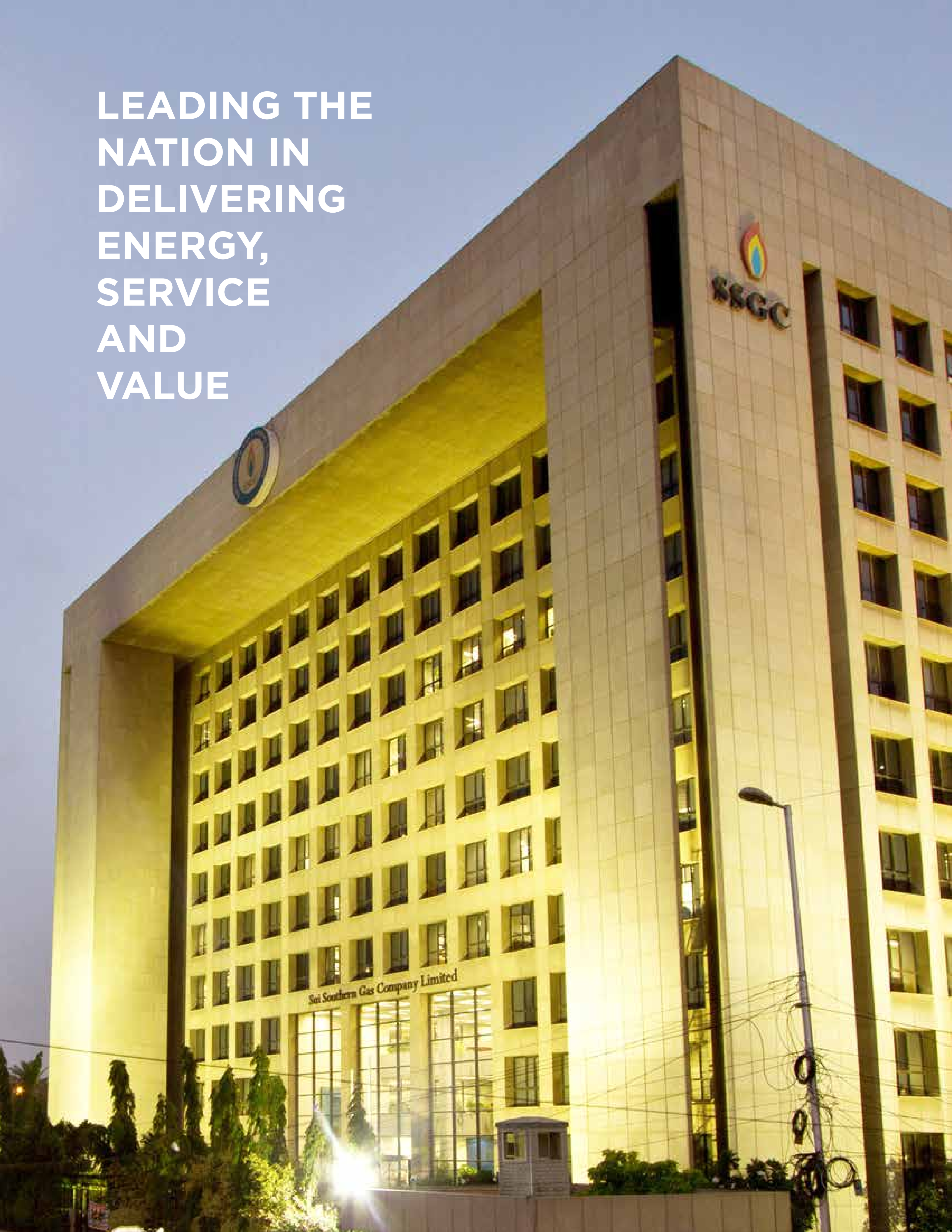
* Held during the period the concerned Director was on the Committee.

** Mr. Khalid Rahman was on leave as he was assigned the task of Gas Sector Reforms by Ministry of Energy, Government of Pakistan as a team leader which continued till conclusion of his contract on January 4, 2018.

***Mr. Muhammad Amin Rajput attended 03 meetings in place of Mr. Khalid Rahman.

BOARD NOMINATION COMMITTEE		
Name of Director	Total Number of Board Meetings	Number of meeting(s) Attended
Lieutenant General Javed Zia (R), HI(M)	**08**	**08**
Agha Sher Shah	**11**	**11**
Sardar Rizwan Kehar	**11**	**11**
Abdul Ghufran	**11**	**11**

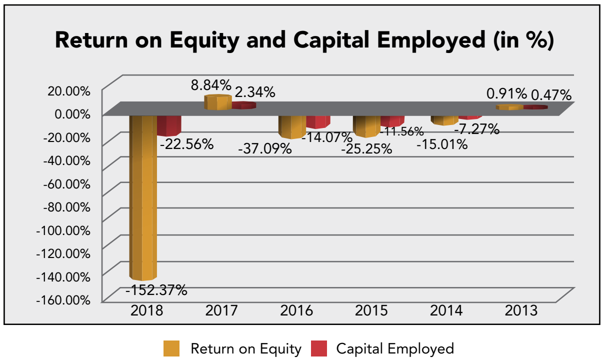
LEADING THE NATION IN DELIVERING ENERGY, SERVICE AND VALUE

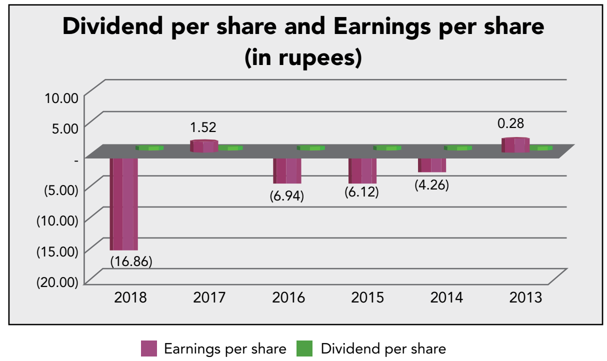


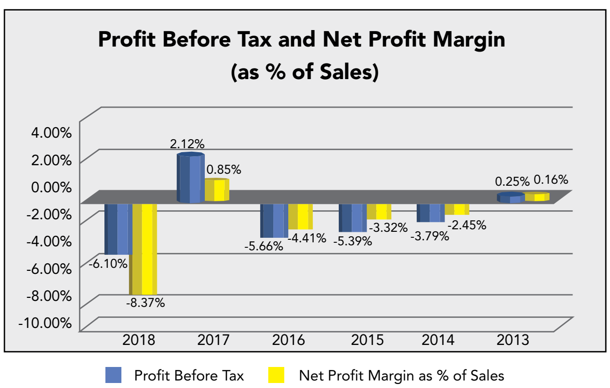
GENERAL OVERVIEW

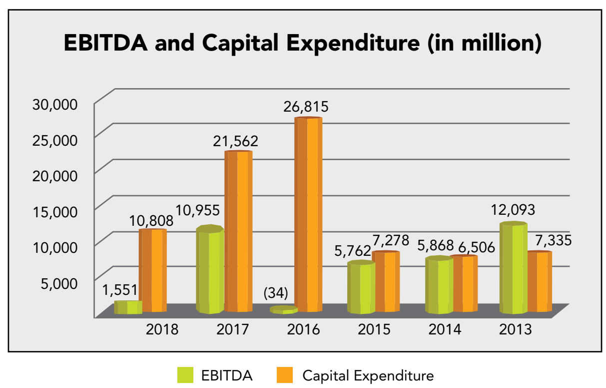
This Section outlines Performance Indicators in the form of graphical representations and tables of financial data and provides details of the Distribution Network and 6-year Financial Highlights.

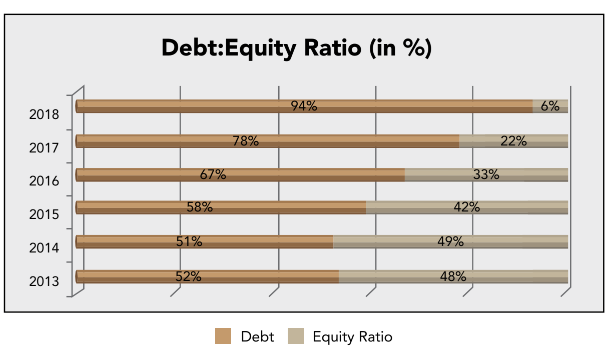
PERFORMANCE INDICATORS

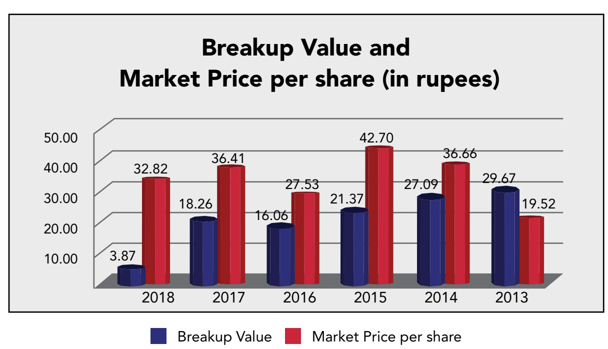












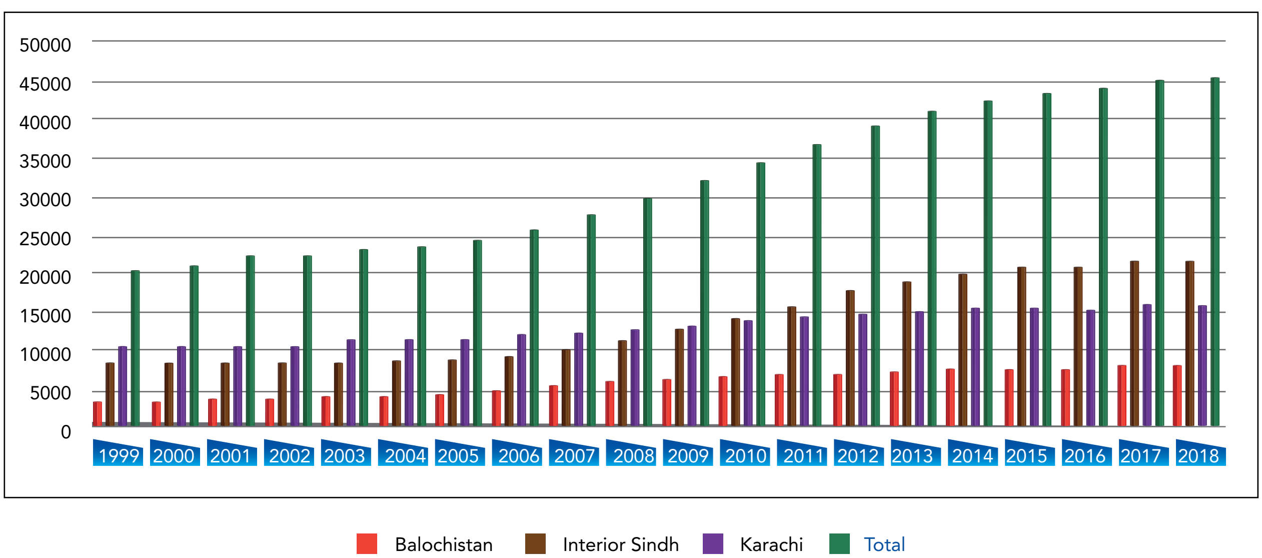
DETAILS OF DISTRIBUTION NETWORK
IN KILOMETERS

LEGEND #1 (1999 to 2008)

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Balochistan	3,316	3,487	3,576	3,699	3,817	4,109	4,619	5,250	5,796	6,193
Interior Sindh	7,786	7,975	8,062	8,310	8,478	8,809	9,361	10,077	11,375	12,484
Karachi	9,978	10,323	10,521	10,881	11,121	11,422	11,784	12,215	12,659	13,253
Total	**21,080**	**21,785**	**22,159**	**22,890**	**23,416**	**24,340**	**25,764**	**27,542**	**29,830**	**31,930**

LEGEND #2 (2009 to 2018)

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Balochistan	6,505	6,690	6,841	7,117	7,263	7,368	7,518	7,685	7,838	7,988
Interior Sindh	13,951	15,697	17,626	18,826	19,937	20,347	20,757	21,280	21,672	22,014
Karachi	13,826	14,398	14,786	15,019	15,217	15,374	15,615	15,796	16,009	16,207
Total	**34,282**	**36,785**	**39,253**	**40,962**	**42,417**	**43,089**	**43,890**	**44,761**	**45,519**	**46,209**



SIX-YEAR FINANCIAL HIGHLIGHTS

KEY INDICATORS

			Restated				
		2018	2017	2016	2015	2014	2013
Trading Results	**Rs Million**						
Sales (excluding Gas Development Surcharge)		177,404	156,673	138,616	162,583	153,283	151,368
Gross (loss) / profit		(9,777)	(839)	(24,824)	(6,436)	(8,968)	3,490
(Loss) / profit before tax		(10,826)	3,316	(7,840)	(8,769)	(5,810)	380
(Loss) / profit after tax		(14,848)	1,336	(6,115)	(5,391)	(3,753)	248
Operating Ratios	**%**						
Gross margin		-5.51%	-0.54%	-17.91%	-4.05%	-5.85%	2.30%
Pre tax margin		-6.10%	2.12%	-5.66%	-5.39%	-3.79%	0.25%
Net margin		-8.37%	0.85%	-4.41%	-3.32%	-2.45%	0.16%
Financial Position	**Rs Million**						
Shareholders equity *		3,406	16,082	14,146	18,827	23,867	26,135
Property, plant and equipment		120,524	114,993	96,711	73,943	70,165	67,736
Net current assets		(43,029)	(27,102)	(39,332)	(15,581)	(5,774)	1,665
Long term assets		1,870	4,601	4,470	2,241	1,955	2,051
Long term liabilities		75,959	76,409	47,702	41,776	42,479	45,317
Capital employed *		59,702	71,917	42,475	44,466	48,773	54,503
Performance							
Capital expenditure	**Rs Million**	10,808	21,562	26,815	7,278	6,506	7,335
Asset turnover ratio		0.51	0.53	0.50	0.64	0.71	0.82
Fixed assets turnover ratio		1.51	1.48	1.62	2.26	2.22	2.30
Inventory Turnover	Days	2.45	2.52	2.06	2.07	1.71	1.74
Return on equity *	%	-152.4%	8.8%	-37.09%	-25.25%	-15.01%	0.91%
Return on capital employed *	%	-22.56%	2.34%	-14.07%	-11.56%	-7.27%	0.47%
Valuation and other Ratios							
Earnings per share	**Rs**	(16.86)	1.52	(6.94)	(6.12)	(4.26)	0.28
Cash dividend - per share		-	-	-	-	-	-
Dividend payout ratio	%	0%	0%	0%	0%	0%	0%
Net assets per share (breakup value) *	**Rs**	3.87	18.26	16.06	21.37	27.09	29.67
Market value per share at 30 June	**Rs**	32.82	36.41	27.53	42.70	36.66	19.52
Price earnings ratio		(1.95)	24.01	(3.97)	(6.98)	(8.60)	69.28
Dividend yield	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt : Equity ratio *		94:06	72:22	67:33	58:42	51: 49	52:48
Current ratio		0.86	0.88	0.82	0.93	0.97	1.01
Debt service coverage ratio		0.11	1.30	(0.00)	0.84	0.93	2.22

* Due to promulgation of Companies Act 2017, surplus on revaluation of Fixed Assets is part of equity, because of which figures and ratios are also restated.

DIRECTORS' REPORT

Dear Shareholder,

We are pleased to present and share the Company's 64th Annual Report and Audited Financial Statements for the financial year ended June 30, 2018, together with the Auditors' Report thereon.

The present Board after taking charge in October 2019 had immediately taken up the issue of delay in holding of AGM and issuance of annual and interim financial statements. The delay primarily happened as the management was in constant pursuit of the implementation of the Policy Guidelines issued by the ECC of the Federal Cabinet to OGRA vide its decision dated May 11, 2018 on Case # ECC-37/09/2018, whereby OGRA had been directed to allow UFG to SSGC associated with the supply of RLNG transacted on "volume handled basis". The Board in anticipation of the financial impact of the delayed decision on RLNG revenue obligations by OGRA has communicated to the Government that non implementation of these Policy Guidelines has serious consequences on the financial health of the Company as well as detrimental to the socio-economic agenda of the GoP and well-being of the Company.

Latest update on the matter is that the ECC considered the summary in its three meetings but no decision was made and recently a two-member Secretarial committee has been designated to resolve the issue in consultation with the stakeholders. In this regard, first meeting of the committee was held on June 24, 2020, attended by Ministry of Energy – Petroleum Division and OGRA officials, SSGC and SNGPL teams, Chairpersons and various directors of both the Sui Companies.

The Board remained concerned with the AGM for FY 2018 not held for extended period of time and instead of inviting more regulatory complications, the Board decided to approve the financial statements for FY 2017-18 and announced AGM to schedule on August 5, 2020. The External Auditors as part of the signing conditions for their External Auditors' Report, requested for a letter from the Ministry of Finance specifying the Government of Pakistan's unconditional support to the Company to ensure that the Company continues to operate as a Going Concern and continue to discharge its liabilities in the ordinary course of business. The requisite support letter from Ministry of Finance has been furnished by the Government on July 6, 2020 offering comfort to investors and shareholders as Board steers Management further to enhance reforms.

For future reference, the Board has now directed the management to present the financial statements to the shareholders in timely manner in compliance with the requirements of the Companies Act, 2017 and finalization of financial statements and holding of AGM for FY 2017-18 is a step in that direction. The Board has also taken a principled decision that in future, the financial statements will be prepared based on OGRA's decision on Final Revenue Requirement (FRR) petition, while the process of appeals and review motions will be pursued in parallel in order to avoid delays.

STRENGTHENING OF SSGC'S OPERATIONAL AND FINANCIAL PERFORMANCE

The Board has steered the Management to promote good governance practices and to re-align the organizational reforms with agreed action plans in critical areas of SSGC's operations to make it a sustainable organization both from financial and operational perspective. To highlight the few, following are the major reforms:

- The Board is to appoint a competent person for the post of Managing Director having ability and experience to turnaround the Company and introduce change management culture. M/s. A.F Ferguson and Co., has been engaged as a head hunting firm to identify suitable candidate for the post and it is expected that the process will be culminated within this quarter.

- Developed a comprehensive strategy to curtail Un-accounted-for-Gas (UFG) which is important from both operational and financial perspective due to its adverse impact on the bottom line of the Company in the form of UFG disallowance. Under the strategy, 14 SMSs that contribute to over 95% of total UFG are being targeted for restructuring and reforms in order to get quick results for reduction of UFG.

- The management has agreed to hold itself accountable for UFG reduction and in order to ensure effective implementation of the UFG reduction strategy, the Board has decided to institutionalize and operationalize a dedicated UFG Hub, headed by a Deputy Managing Director level person having right skills, competency and experience to support the Company in swift reduction of UFG.

- It is anticipated that UFG levels will significantly reduce from current levels in two years' which will give some relief in financial management to generate cash flows for investment in capital projects.

- Being an engineering Company, Quality Assurance is critical for achieving operational excellence in SSGC, therefore a separate Quality Assurance Department is envisaged in the organizational chart. The head of Quality Assurance Department will report directly to the Managing Director.

- The management is asked to identify solutions to make SSGC lean, efficient and effective organization using resources to maximize stakeholder value.

- In order to enhance the cost efficiency and effectiveness, more stringent scrutiny is performed on budget proposal for FY 2020-21 and management was asked to rationalize the budget to control the Revenue Expenditure. The savings will help to prioritize capital flows towards allocation of budget on rehabilitation of transmission and distribution system in compliance with ASME standards and UFG reduction activities.

  As a matter of policy, the Capital Expenditure can only be incurred after the Board is satisfied with the detailed need analysis and feasibility study of each individual project.

- Procurement process has been revamped and the procurement cycle has been reduced from 152 days to 138 days i.e. by 10% approximately. The Board is pursuing further reduction in time lag involved in line with practices followed in good organizations and encouraging the management to operate under paperless environment through use of IT.

REFORMS IN HUMAN RESOURCE

High quality performance assessment and results based accountability is the key for ensuring delivery at all levels as per the expectations of the stakeholders. In this regard, a new performance based assessment has been introduced, backed by rigorous KPIs and management has been mandated to enforce the same to ensure accountability at all levels.

- The Board calls for streamlining organizational structure, reduce overlapping and define clearly the role and responsibilities of each hub, promote team work and enhance accountability.

- The hiring of Reservoir Engineer and Energy Economist is in process.

- The management is directed to fill all the vacant middle and senior management level positions by ensuring that all inductions are processed on a competitive and transparent basis.

- Introduction of Training and Development Framework focusing on skill-gap analysis.

  In order to give due emphasis, reference of "Health, Safety, Environment and Quality Assurance" has been included in the Terms of Reference of Board "Risk Management and Litigation Committee". The name of the Committee has been accordingly changed to "Board Risk Management, Litigation and HSEQA Committee".

  Although trainings were held in the area of HSE, the Board now intends to ensure that focus on HSE must be seen and practiced.

- Revision in Delegation of Authority is under consideration for empowering middle management level in day to day operations of the Company.

- Mandatory requirement of undertaking "Directors Training Program" for Senior General Manager Level and above officials.

- A Governance and Ethics Committee to be formed for implementing and monitoring the high standards of Corporate Governance causing change in work culture, ethics and practices.

The Board is extending its full support to the management in effective implementation of institutional reforms necessary to transform SSGC into a dynamic and result oriented organization. This will only be achieved if the entire management team gel in together as a team in order to perform to the best of their ability and depict highest standards of professional integrity, honesty and ethics in every sphere of SSGC operations.

ENERGY OVERVIEW

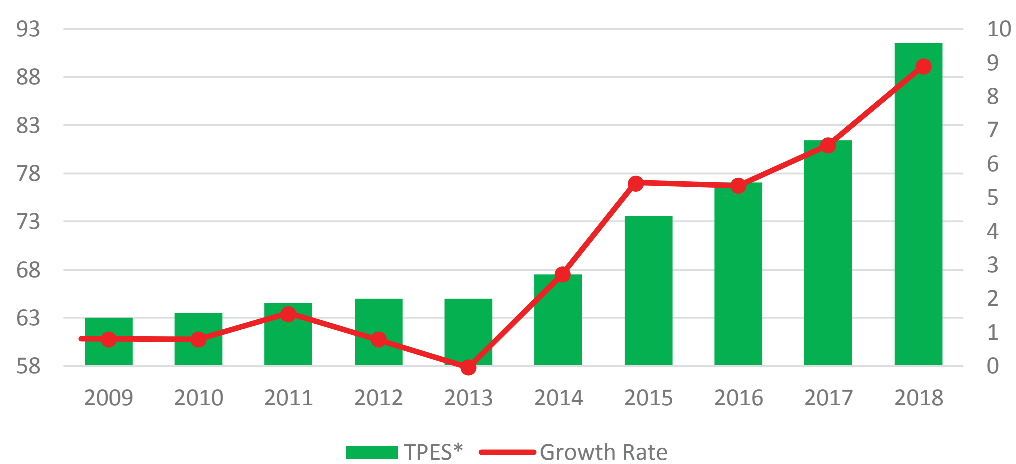
Pakistan's energy sector has continued the trend of increasing energy supply on the back of newer energy generation projects under CPEC. Pakistan's total primary energy supply has increased by 8.55% (6.8 MMTOE*) to reach 86.3 MMTOE, a drastic improvement since 2013 when the Country reported a reduction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

The country's energy deficit has increased to 16.7 MMTOE in 2018, an increase of nearly 1 MMTOE from 2017. The major contributor behind the deficit is the domestic and industrial sector for natural gas, wherein newer gas supplies have failed to meet the growing demand.

Natural gas is the largest energy source in the country with a total of 43% share of primary energy mix in 2018. Indigenous natural gas accounted for 34.6% of total energy supply and LNG imports have made up 8.7% of total supply.

**MMTOE stands for Million tonnes of oil equivalent*

PRIMARY ENERGY SUPPLY



*Total Primary Energy Supply

FINANCIAL OVERVIEW

During the period under review, the Company recorded a net loss after tax of Rs. 14,848 million after incorporating major disallowances and financial costs due to outstanding debts.

The summary of financial highlights is given below:

	2017-18 (Rupees in Million)
Loss before taxation	(10,826)
Taxation	(4,022)
Loss after taxation	(14,848)
Loss per share (Rs.)	(16.86)

SSGC profitability is derived from Guaranteed Return Formula prescribed by OGRA. Under this formula, SSGC is allowed 17% return on its average net operating fixed assets before financial charges and taxes. However, OGRA makes adjustments while determining the revenue requirements based on efficiency related benchmarks viz-a-viz Unaccounted for Gas (UFG), Human Resource Benchmark Cost and Provision for Doubtful Debts and some expenses. These adjustments affect the bottom line of the Company which is primarily based on guaranteed return of 17% net of financial charges and taxes.

SSGC has closed its financials for FY 2018 at a net loss of Rs. 14.8 billion. Following are the main reasons:

In financial Year FY 2018, SSGC was allowed a return of Rs. 14.8 billion. However, OGRA has made disallowance on account of UFG for Rs. 17.2 billion, Rs. 0.3 billion on account of Provision for Bad Debts and Rs. 0.9 billion against various other expenses. The Human Resource Cost of the Company remained within the benchmark; therefore a credit of Rs. 0.4 billion as 50% share of saving has been allowed.

HIGH UFG DISALLOWANCE

The extremely high UFG disallowance is due to the fact that OGRA is not accepting RLNG Volume Handling benefit allowed to SSGC vide a summary approved by Economic Coordination Committee (ECC) dated May 11, 2018. Had this benefit been allowed to SSGC the net UFG disallowance would have been reduced by Rs. 12.0 billion (including Rs. 4.2 for FY 2017). Besides this OGRA has made certain disallowances which are unprecedented as compared to its earlier determinations.

It is pertinent to mention here that the delay in holding of AGM for FY 2017-18 was caused as the management and the Board of Directors of the Company were making efforts in coordination with Ministry of Energy (Petroleum Division) (MOE – PD) to ensure that the Company continue to operate as a Going Concern in terms of their pursuance for implementing the decision of Economic Coordination Committee (ECC) meeting dated May 11, 2018 on the Summary submitted by the Petroleum Division under which the SSGC was allowed to make calculations for Unaccounted for Gas (UFG) based on RLNG volume handling (volumetric basis). The resultant financial impact was to be adjusted in the sale price of RLNG in the form of distribution loss occurred due to swapping arrangements and consumption of RLNG in SSGC franchise area. We understand that non incorporation of the impact of RLNG Volume Handling benefit into Financial Statements has unnecessarily burdened the SOE in the form of additional UFG losses having irreparable impact on its financial position. In order to control precarious situation which the Company is facing and to address OGRA's concerns, leading to non-implementation of above Summary, MoE – PD considering the legitimacy of the Company's claim decided to pursue the matter afresh after consulting all the stakeholders and had moved another Summary to the ECC so as to enforce decision made earlier by the ECC.

Resolution of the said issue is significant even for FY 2018-19, in the absence of which further deterioration in the financial position may occur due to erosion of equity further which will cast serious doubt on the sustainable and efficient operations of the Company in the manner expected by its stakeholders including the Government of Pakistan.

ABSORPTION OF PAST STAGGERED LOSSES

Another negative impact on SSGC financials is due to absorption of Rs. 3.7 billion of staggered losses pertaining to Sindh High Court decision dated November 25, 2016 wherein SSGC claim on UFG Benchmark and on the treatment of certain Non-operating Incomes have been rejected. As a consequence of this decision, SSGC had to absorb losses of Rs. 36.7 billion pertaining to FY 2011 to FY 2015. With the approval of competent authorities, SSGC had staggered these losses in 6 years and up till FY 2018, SSGC has been able to absorb Rs. 25.7 billion.

HIGH FINANCIAL COST

As explained above since the Company is entitled to Return on Assets before financial charges and taxes, SSGC has to bear financial charges against borrowing for Rs. 5.1 billion which is mainly due to the Long Term Loan obtained to finance its Pipeline Infrastructure for transmission of RLNG from Karachi Port to Sawan, delivering the RLNG volumes to SNGPL network to meet the energy requirements of North.

MODIFICATION IN EXTERNAL AUDITOR'S REPORT

The External Auditors, M/s. Deloitte Yousuf Adil Chartered Accountants had expressed qualified opinion in their audit report for the financial year ended June 30, 2018 for amount due from KE and PSML, late payment surcharge (LPS) receivable from SNGPL and WAPDA and Receivable from Habibullah Costal Power Company (Private) Limited (HCPCL).

RECEIVABLES FROM KE AND PSML

During FY 2017-18, receivable dispute situation of K-Electric (KE) and Pakistan Steel Mills Limited (PSML) remained the same as in previous years. The Management is vigorously pursuing recovery suit filed against KE. At the same time, the Management is in constant liaison with the concerned ministries to expedite the recovery of outstanding dues from KE and PSML. It is expected that as soon as the matter is permanently resolved by the Government of Pakistan, the overall financial position of the Company will improve. It is pertinent to mention that recently effective February 2020, PSML made payments of its monthly gas bills out of the allocations made by the Finance Division for the purpose. The claim of the Company against KE and PSML, as of June 30, 2018 is Rs. 85,763 million and Rs. 55,001 million, respectively.

LPS RECEIVABLE FROM SNGPL AND WAPDA

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

RECEIVABLE FROM HCPCL

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

On April 30, 2018, the decision of the arbitration proceedings was issued by the International Court of Arbitration in favor of HCPCL and the Company is required to pay to HCPCL as a final reward in the form of indemnity, liquidated damages, interest and legal and professional charges. Total exposure against the above amounts to Rs. 8.0 billion.

However, liquidated damages of Rs. 3.8 billion claimed by HCPCL from the Company was a consequence of liquidated damages charged to HCPCL by WAPDA/CPPA-G, it clearly depicts the flow of payment from one GoP entity i.e. the Company to another GoP entity i.e. WAPDA without yielding any substantial benefit to any claimant party. Therefore, ECC in its meeting held on February 07, 2018 approved in principle the proposal regarding waiver of liquidated damages with the direction to Petroleum Division and Power Division to work out modalities in consultation with all the stakeholders.

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

Accordingly, Rs. 3.8 billion was parked as "Recoverable from HCPC" and remaining amount of Rs. 4.2 billion pertaining to Reversal of LPS, Interest on LD Charges and Legal expenses was claimed from OGRA. However, OGRA has not allowed Rs. 4.2 billion in final decision and decided to defer the matter until its conclusion between the parties as per the ECC decision. This amount has also now been parked as "Expenses deferred by OGRA".

A Motion for Review Petition has already been filed with OGRA on the matters requiring review of the Authority at this stage. Based on the outcome of the implementation of the ECC decision dated February 7, 2018, the requisite financial impact will be claimed from OGRA if needed, in line with last arbitration decision.

The amount parked as "Recoverable from HCPC" has attracted qualification in the Auditors' Report. It is hoped that we will be able to get this qualification withdrawn as soon as a tripartite agreement is executed between the stakeholders in the matter which is being rigorously pursued by the management.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

Based on Financial performance discussed in Note 1.3 of Financial Statements mainly focusing on allow-ability of RLNG volume handling and reduction in UFG based on "UFG reduction strategy", auditors have concluded that material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern. The Auditors have expressly stated that their opinion is not modified in respect of this matter.

To evaluate the financial resilience of the Company the Management has prepared financial projections for next five years with following major factors confirming management's assertions regarding sustainability of its operations:

a) UFG allowance based on RLNG handling on volumetric basis would be sought from OGRA as already elaborated in preceding paragraph.

b) New Tariff Regime would provide guaranteed return on operating assets at 17.43% effective from FY 2018-19.

c) UFG is planned to gradually reduce to 11% by 2022. Further, after UFG study report finalized by a firm of Chartered Accountants, revised UFG allowance has already been set from 4.5% to 7.6% i.e. 5% base benchmark plus 2.6% subject to achievement of Key Monitoring Indicators (KMIs). Although, the Company achieved 95% KMIs in FY 2017-18 and based on 95% KMI achievement, benchmark was claimed at 7.47% which was reduced by 0.56% and allowed benchmark was set at 6.91% by reducing our KMI achievement from 95% to 73.46% without describing any specific reason. This matter is being pursued with OGRA through filing motion for review.

d) Government of Pakistan (Finance Division) (GOP) in its letter dated July 06, 2020, being majority shareholder has acknowledged the financial constraints and has aimed to ensure that SSGC will continue to sustain in the long term as a viable business entity. GOP has shown commitment to extend all support to maintain the going concern status of SSGC.

EMPHASIS OF MATTER

In addition to the above, the External Auditors, M/s. Deloitte Yousuf Adil Chartered Accountants have drawn attention on certain issues in their audit report for financial year ended 30 June 2018. Comments on these matters are as under:

i. The Company has absorbed Rs. 25.7 billion out of total Rs. 36.7 billion of losses arising due to Sindh High Court decision. Management is confident that remaining staggered loss will be absorbed by 2021.

ii. Litigation and other matters mentioned in Contingencies and Commitment note # 18 are being pursued aggressively for favorable resolution.

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

OPERATIONAL OVERVIEW

SSGC is guided by its core values of integrity, excellence, team work, transparency, creativity and responsibility to stakeholders. In alignment with the Company's mission, SSGC endeavors to provide natural gas facilities to an expanding customer base in a safe, reliable and affordable manner. Division and department-wise details of projects and achievements during FY 2017-18 are hereunder:

PROJECTS AND CONSTRUCTION (P&C)

A) Completion of Major Transmission / Distribution Pipeline Projects and Fabrication Works.

1. Quetta Pipeline Capacity Enhancement Project:
   - 24" dia x 34 Kms Shikarpur-Jacobabad Loopline.
   - 12" dia x 23 Kms Re-Routing existing pipeline at Dera Allah Yar and Dera Murad Jamali.
   - Upgradation of Gas Suction / Discharge / and regulation setup for compressor station at HQ Sibi.
2. 42" dia RLNG-II Leftover works on Indus River HDD Crossing, N-5 crossing and laying of 5 Kms Pipeline Project.
3. Submerging of 10 overhead crossings of Transmission pipelines through HDD and open ditch.
4. Gasification for 13 schemes completed in Sindh and 56 Kms Pipeline laid. (20" to 01" dia).
5. Gasification for 10 schemes completed in Balochistan and 90 Kms Pipeline (20" to 02" dia) laid.
6. Gas distribution network for LPG-Air Mix plants at Awaran and Bella in Balochistan.

B) Repair and Maintenance (Minor and Major): Carried out repair and maintenance of 623 machinery, equipment and vehicles at Base Workshop, Khadeji.

C) Pipe Tape Coating at Khadeji Pipe Dump of 183, 280 meters pipes of various diameters (3/4" to 2" dia).

D) Pipeline Related Civil Works:

- Construction of pipe supports, foundations anchor blocks at:
  i) CTS- Bin Qasim, ii) MVA-Pakland, iii) HQ- 3, iv) HQ- 2, v) MVA- Sarhari, vi) MVA - K.A. Jamali, vii) R.S. Nara, viii) CTS - Sawan and ix) HQ Sibi
- Construction of boundary wall, CC flooring, generator house, control room, battery room at CTS-Bin Qasim and CTS-Sawan.
- Construction of boundary wall and CC flooring at RS-Thareri Mohabat and MVA - Hazar Ganji, Quetta.
- Civil Construction work of LPG-Air Mix Plants at Awaran and Bella in Balochistan.

FUTURE PLAN

A) Major Transmission Pipeline Project

1. 30" dia x 125 Kms from SMS Sindh University to SMS Pakland Pipeline Project.
2. 12" dia x 46 Kms POGC Plant to MVA Naing Pipeline Project.
3. 8" dia x 28 Kms Ayesha Gas Field Integration Pipeline Project.
4. 30" dia x 17 Kms from CTS Bin Qasim to SMS Pakland Pipeline Project.

B) Civil Works

1. Road Work at Compressor Station HQ-2, Nawabshah.
2. Officers Transit Mess at HQ-2, Nawabshah.
3. Establishment of sports facility at KT.
4. Construction of pile and pile caps at Naseer Canal Tando Allahyar.
5. Construction of Pre-Engineered steel shed 90' x 50' for Store at HQ-2.

TRANSMISSION

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

- 42" dia RLNG Pipeline Internal cleaning through pigging from MVA Pakland to HQ-3 and HQ-2; a total of 258 Kms.
- Replacement of 185 ft. corroded pipe and removal of leak clamp on 16" dia. ILBP at Sui section.
- An approximate of 75,9887 MMCF gas was handled through SSGC network including swap and reverse flow during the FY-2018 as compared to 74,0354 MMCF from last year.
- Installation and commissioning of Metering Skid at HQ-Dadu for supplying of RLNG through 20" IRBP-CEP pipeline.
- Tie-in and commissioning of 18" dia with HDD submerged pipeline at QPCEP KM-47 and QPCEP KM-81+850 in Shikarpur section.
- Installation and commissioning of additional filtration setup at HQ-2.
- Fabrication and welding of three. Solar Bundles Shipping Capsule and Skid was carried out.
- Fabrication, welding, hot tapping and installation of new SMS Azizabad at HQ-Sibi section.
- Throttling setup of 16" dia valve at HQ-2 for controlled flow to solar compressor at HQ-2.
- Internal cleaning of Headers / Scrubber / Filters at HQ-2 Compressor Station.
- Cleaning of 35 filter separators and replacement of Filter Elements in KT- section.
- Purging and pressurizing of newly commissioned 42" RLNG pipeline from Jamshoro to Hyderabad and Hyderabad to Masu Valve assembly.

Installation and commissioning of metering skid at HQ-Dadu for supplying RLNG through IRBP-CEP line

CATHODIC PROTECTION

Corrosion risk mitigation is achieved by having corrosion prevention measures in place along with maintenance that supports the corrosion prevention measures. Corrosion monitoring results are to be used as a tool to mitigate corrosion. Proper and timely inspections are part of the routine activities of the Cathodic Protection Department. Proper training and record keeping for dedicated resources are important to corrosion prevention success. The CP Department ensures integrity of underground structures of gas pipeline system against corrosion attacks through optimum use of resources.

ACHIEVEMENTS IN FY 2017-18

1. **Coating Refurbishment:** 580 Rft. coating repair job was carried out on 12" dia. Quetta Pipeline in the Quetta Section.

2. **Installations of Additional CP Stations** in three locations namely MP-154, KMP-18 and KMP-200 for 16"dia ILPB, 18"dia IRBP and 12" dia QPL pipelines respectively in HQ-2, HQ-Sui and HQ-Sibi sections.

3. **Installation of New Solar Power Systems** on 42" dia. RLNG-II Project to catholically protect throughout the length of 317 Kms on at least five locations on HQ-3 and HQ-2 sections.

4. **Renewal of Ground Beds:** Six old exhausted ground beds were renewed at MP-2841/4, MP 309, KMP-47, KMP-138, KMP-110 and KMP-155 on 16" dia ILBP, 18" dia IRBP and 12" dia QPL pipelines on Section IV, HQ SKP and HQ Sibi locations.

5. **Installations of Cathodic Test Posts:** 364 Cathodic Test Posts were installed on 16" dia ILBP, 20" dia., IRBP-CEP, 20" dia, Kadanwari, 20" dia Sanghar, 12" dia. QPL, 24" dia. Kunnar Pasakhi fields, 18" and 20" dia QPCEP, 18" dia BGFIP pipelines of Transmission Pipeline Network to record the pipe to soil potentials in order to maintain the integrity of pipeline.

6. **Pipeline Integrity Survey:** 85.5 Kms of Close Interval Potential Survey was carried out at 16" dia and 18" dia ILBP, 20" dia IRBP-CEP and 12" dia QPL Projects of Transmission Pipeline Network in order to inspect coating condition of pipeline.

7. **Amelioration of CP Solar System:** Upgradation of CP Solar was carried at different locations for 16" dia. ILBP in 5 locations and 18" dia IRBP and 12" dia QPL pipelines to maintain the overall efficiency of the cathodic protection system.

8. **Trial Applications of Advance Coating Systems:**
   i. Field application, post examination and testing of fusion bonded epoxy (SIGMA SHIELD 880) provided by the manufacturer (PPG) was applied at KMP-475 on IRBP pipeline Section IV near SMS Magnacrete.
   ii. Field application of viscoelastic tape coating system and its post field examination was done to check its quality along with other parameters.
   iii. Field application of liquid epoxy and its post examination and testing at KMP-475 on 18" dia. IRBP Section-IV, was completed.
   iv. Field Application of RD-6 Tape Coating and its consecutive testing for checking the parameters of quality, was carried out.

9. **Inspection of Joint Coating Material**
   Inspection and testing of joint coating material Heat Shrink Sleeves was done at Khadeji Spread Camp and submission of the test results to P&D Department to further proceed in technical evaluation of the material;

FUTURE PLAN

Coating Refurbishment (Planned for 2018-19)
For the year 2016-17 and 2017-18, the coating refurbishment job of both years is planned to be performed in 2018-19 on ILBP, IRBP and QPL lines covering a total of 33,000 Rft.

Pipeline Integrity Survey (Close Interval Potential Survey) in various locations along 16" dia ILBP, 18" dia IRBP and 12" dia QPL pipelines in HQ-Sui, HQ-II, HQ-Sui, HQ-Sibi and Section-IV.

Direct Current Voltage Gradient (DCVG) Survey
DCVG survey is used to assess the efficacy of corrosion protection and to trace the coating defects of buried pipelines. It is based on quantifying the voltage gradients present in the soil over pipelines that are under cathodic protection. DCVG survey will be performed at 130 Kms from KMP- to KMP- on 42" dia. RLNG-II line.

External Corrosion Direct Assessment (ECDA) Survey: This survey is used as a method for evaluating the seriousness and extent of external corrosion. This technique uses combination of different type of surveys to calculate the strength of the pipeline and estimated corrosion rate. ECDA survey will be performed at KMP-94 to KMP-208 on 18" dia. IRBP HQ-SKP Shikarpur Section.

Dip Cell Testing Method: Cathodic protection monitoring at HDD locations can be achieved by using Dip-cell testing method, in combination with Cu/CuSO4 reference electrode for land and Ag/AgCl reference electrode for submerged pipeline section for potential profile measurements of pipeline at river crossing. Dip Cell Testing method will be performed at 2.093 Kms at HDD Indus River Crossing on 42" dia. RLNG-II.

Installation of new CP Solar System:

i. MP-02 on 16" dia. ILBP Sui Section to meet the current requirement of pipeline.
ii. KMP-125 D/S HDD Indus River Crossing on 42" dia. RLNG-II to cathodically protect the Indus River Crossing Portion of the pipeline.

Under construction work on 42" dia. RLNG-II (HDD Indus River Crossing):

i. Two CP Monolithic Joints shall be installed at both ends (Left and Right) of HDD Indus River Crossing on 42" dia. RLNG II to isolate the 2.093 Kms portion of pipeline.
ii. Application of Heat Shrink Sleeves and Holiday Inspection of the coating shall be carried out on the under construction remaining work of 42" dia. RLNG II HQ-III Section.
iii. Installation/Renewal of Ground Beds in various pipelines on ILBP, IRBP and Kadanwari.

Inspection of applied Liquid Epoxy on 18" dia. IRBP Malir Cantt

Sand Blast Cleaning of 16" dia. ILBP Shikarpur Section

DISTRIBUTION SOUTH

Distribution South is responsible for all areas of Karachi city. During the year under review, Distribution South achieved the following:

INFRASTRUCTURE EXPANSION

Normal Expansion in pipeline network	105 Kms
Pipeline laid to reinforce the existing network	5 Kms
New customers added in the system	53,719
New Town Border Stations (TBS)	09
New Pressure Regulator Stations (PRS)	10
Modification of TBS's	11

UFG REDUCTION ACTIVITIES

Rehabilitation of Old Network	33 Kms
Underground Leak Survey	2,639 Kms
Underground Leak Rectification	4,480
Overhead Leak Survey	166,572
Overhead Leak Rectifications	101,043
Theft Disconnections	9,778
Creation of Segments	38

Major Project Undertaken

• 20" dia x 5 Kms Pipeline Expansion from Korangi to Landhi to increase the system capacity of the industrial network between Korangi and Landhi.

Future System Expansion Projects

• 20" dia x 7 Kms pipeline expansion from DHA Desalination Plant to Clifton Dolmen Mall to increase the system pressure of the tail end customers.

• 12" dia x 5 Kms Pipeline Old City Augmentation project from TBS Mazar-e-Quaid to TBS Lyari to increase the system pressure of old city area.

DISTRIBUTION NORTH

The Distribution North covers all areas in Interior Sindh and Balochistan. During FY 2017-18, the North team conducted a number of infrastructure expansions, maintenance of pipelines and UFG reduction activities. Following are the achievements:

INFRASTRUCTURE DEVELOPMENT

Activity	Interior Sindh	Balochistan	Total North
Normal Main Expansions including villages (Kms)	143	100	243
Reinforcement (Kms)	54	2	56
Additional TBSs (Nos.)	12	-	12
Additional PRSs (Nos.)	13	14	27
New Connections (Nos.)	26,912	8,213	35,125

UFG REDUCTION ACTIVITIES

Activity	Interior Sindh	Balochistan	Total North
Segmentation (Nos.)	37	-	37
Underground leak survey and rectification (Kms)	11,348	1,762	13,110
Overhead leak survey and rectification (Nos.)	452,809	106,851	559,660
Meters Replacement (Domestic) (Nos.)	27,933	58,131	86,064
Theft (Nos.)	22,355	2,557	24,912
Rehabilitation (Kms)	41	-	41

PLANNING AND DEVELOPMENT (P&D)

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

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

During the year under review i.e. FY 2017-18, P&D Department successfully delivered following listed gas transmission projects:

I. 24" dia x 34 Kms Loopline from Shikarpur to Jacobabad

To meet increasing gas demand of Balochistan Region which moves up substantially during winter season, a 24" diameter x 34 Kms loopline from Shikarpur to Jacobabad was successfully installed and commissioned in December 2017. The loopline has contributed significantly in relieving low-pressure problems faced by the region.

II. 12" dia x 19 Kms Rerouting of Quetta Pipeline System

Capacity bottlenecks of the Quetta Pipeline system were rectified through rerouting of 19 kms segment (14 Kms + 5 Kms) of the 12" diameter pipeline in January 2018. Rerouting has enabled operation on higher pressures to increase supply up to 181 MMCFD.

III. 42" dia x 24 Kms RLNG-2 Pipeline from MVA Jamshoro to MVA Masu

Disruption in pipeline construction caused by a politically backed land owner near Jamshoro rendered SSGC unable to commission 24 Kms segment from MVA Jamshoro to MVA Masu of the 373 Kms dedicated pipeline. Through a long and tedious run of strategizing, internal efforts, and networking, the segment was completed and fully commissioned in September 2018 thus enabling dedicated operation of RLNG network.

FUTURE PLAN

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

1. 30" / 42" dia x 17 Kms Pipeline from CTS Bin Qasim to SMS Pakland

This project is being planned to receive additional RLNG volumes from the LNG regasification terminals.

II. 30" dia x 125 Kms Loopline from SMS Sindh University to SMS Pakland

This pipeline is required to cater increasing gas loads at SSGC's ILBP network as it will add capacity and flexibility of operation.

III. 12" dia x 46 Kms Pipeline from Rehman Gas Field to Nainq MVA on IRBP System

The pipeline will enable receipt of enhanced gas production from Rehman Gas Field.

IV. 8" dia x 28 Kms from Ayesha Gas Field to Golarchi Point of Delivery
The pipeline will enable receipt of gas from recently discovered Ayesha Gas Field.

V. New Turbo Compressor unit at HQ -Shikarpur
To ensure sustainability of supply to Balochistan region, compression capacity at HQ Shikarpur needs augmentation. A 200 MMCFD capacity compressor unit is being added to the existing compressor station.

VI. 24" dia x 31 Kms Pipeline Project from ACPL to Surjani
The pipeline is required to relive capacity constraints for supply of gas to industrial consumers in Karachi's West region.

VII. New Turbo Compressor unit at HQ-Sibi
Linked to the sequential efforts for augmenting system capacity, a 22 MMCFD capacity compressor unit will be added at HQ-Sibi.

VIII. Compressor Station at HQ-Dadu for Gas Supply to Quetta
In view of depleting indigenous gas production and future demand, compression at HQ-Dadu would be required.

IX. 20" dia x 180 Kms Proposed Pipeline from Nawabshah to Sukkur
The project is being planned to increase system capacity and flexibility.

X. 42"/30"dia x 200 Kms Loopline Project (Parallel to RLNG-2)
This project is being planned to add contingency to RLNG supply chain.

SSGC engineers at work on the planning phase of a local project

LIQUEFIED GASES (LGs)

During the year under review, the LG Department played a pivotal role in expediting the progress of the RLNG-II Pipeline Project, undertaken by the Company to bridge demand-supply gap of natural gas. The input of the Department for the FY 2017-18 is tabulated below:

CURRENT PROJECTS

Project	Objective	Achievements
42" dia x 342 kms RLNG-II Pipeline	Close monitoring of construction activities and identification of impediments that hindering the progress of the project to the Management for their timely resolution.	316 kms out of 342 kms successfully commissioned in June 2017.
RLNG-II Compressors	Installation and commissioning of six RLNG-II compressors units at HQ-2 Daur (seen in the picture below)	All six RLNG -II compressors units were successfully installed and commissioned at HQ-2 Daur in FY 2016-17.

Project	Objective / Goal / Progress Achieved
LPG-Air Mix Plants in Awaran and Bella	Installation, commissioning and operation of LPG-Air Mix Plants and Bella in Balochistan province.

A COMMITTMENT TO EXCELLENCE

MANAGEMENT COMMITTEE

Muhammad Amin Rajput
Acting Managing Director

Mohammad Wasim
Dy. Managing Director
(Operations)

Imran Farookhi
Dy. Managing Director
(Corporate Services)

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

Irfan Zafar
Senior General Manager
(Special Projects)

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

Asad Saeed Khan
Senior General Manager
(Human Resource)

Syed Fasihuddin Fawad
Acting Chief Financial Officer

CUSTOMER SERVICES

CUSTOMER RELATIONS DEPARTMENT

The Customer Relations Department (CRD) registered some notable achievements in FY 2017-18 which are as follows:

- Volume gained against theft from domestic customers

Registered customers		Un-registered customers		Total customers	
Disconnection (Nos.)	Volume (BCF)	Disconnection (Nos.)	Volume (BCF)	Disconnection (Nos.)	Volume (BCF)
19,158	0.83	106,416	4.99	125,574	5.82

- 24/7 operational Contact Center (1199) agents received 704,477 telephone calls.
- CFC representatives dealt with 1,032,849 customers regarding Installment, duplicate bills, tenancy change, bank queries, LPS waiver, reconnection and unlocking etc.
- Carried out on daily basis, physical re-checking of leak Survey / Theft disconnected and rubber pipes removed cases.
- 142.83 MMCFD volume was gained from Rehabilitation / Leak Rectification on flat sides (from 110 buildings)
- Implemented SOPs in the office work under OGRA's Performance and Service Standards.

Activities	2017-18		2018-19
	Target	Achieved	Target
Domestic-Schedule Meter Replacement (Aging Base)	180,000	152,095	182,000
Domestic-PUG Meter Replacement	105,000	115,872	105,000
Domestic-Routine Meter Replacement	36,500	38,500	37,000
Commercial Meter Replacement	3,500	3,899	3,500
Customer Service Calls	92,000	87,783	81,000
Leak Rectification	40,000	46,072	40,000
Pressure Survey / Commercial Meter Inspection	22,552	22,097	22,702
Rehabilitation / Leak Rectification on Flat Sides (Buildings)	110	110	110
Theft Disconnection of Domestic Customers through Raids (BCF)	5.5	5.8	5.5
Internal House Line checking (2% of domestic customers) Karachi	35,000	40,908	36,000

RECOVERY

The Core function of Recovery Department is to take necessary steps for recoveries of outstanding amount due against defaulted customers. Total number of 336,274 defaulters of different segments which includes domestic, government, bulk and commercial customers was the TARGET given to Recovery Team in 2017-18. Recovery Team successfully achieved the targets and took action against 373,381 defaulters through rigorous disconnection campaigns companywide. Recovery Department also used others tools and techniques to pursue its customers for their due payments. Details are as under:

a) **Issuance of Notices/Reminders:** 460,000 notices/reminders were issued to defaulting customers in order to remind them of their moral/legal responsibility.

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

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

d) **Disconnection of Domestic Defaulters:** 373,381 defaulting domestic and commercial customers were targeted who owed Rs. 5,314 million to the Company against which Rs. 1,968 million was recovered.

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

Customer Class	Unit/Region	Number of Action	Action Amount (Rs.)	Number of Reconnections	Reconnection Amount (Rs.)
Domestic	Unit-A	179,118	2,113	78,680	765
	Unit-B	171,017	2,037	89,724	661
	Unit-Q	16,932	714	6,532	171
Total Domestic		**367,067**	**4,865**	**174,936**	**1,596**
Commercial	Unit-A	3,598	324	1,618	250
	Unit-B	1,949	54	879	90
	Unit-Q	767	71	265	32
Total Commercial		**6,314**	**449**	**2,762**	**372**
Total Domestic and Commercial		**373,381**	**5,314**	**177,698**	**1,968**

3) Sector-wise details of recoveries / outstanding dues of Domestic and Commercial Customers:

Domestic and Commercial Arrears Comparative Statement		
Customer Class	**As on June 30, 2017**	**As on June 30, 2018**
Domestic	5,674	6,076
Domestic Govt. / Bulk	352	353
Domestic Total	**6,026**	**6,430**
Commercial	508	305

BILLING

The Billing Department in FY 2017-18 continued with its mission of identification and reduction of UFG. Certain KMIs were set in the preceding year, to ensure that quality service is provided and operational efficiency is enhanced.

Customer surveys to detect UFG and theft cases for all customer categories were an integral strategy initiative of the Billing Department. A total of 66,940 domestic consumers were surveyed for pressure, while combing surveys were also conducted for verification of minimum/nil consumption customers to identify out-of-order meters and vacant house cases. An approximate of 182,136 domestic cases while 19,398 commercial consumers (verified on each quarter) were surveyed under the exercise. A survey of disconnected customers was conducted for 40,953 domestic and 8,613 commercial cases, to prevent gas theft.

Continuous efforts were made to identify Passing of Unregistered Gas (PUG) and tempered meter cases. Around 150,000 customer meters were identified as PUG. A volume of 12.5 BCF was accounted for as PUG claim and a volume of 3.7 BCF was recovered, as tampered claim. During the year under review, 4.45 BCF was claimed under non-registered theft cases and approximately 2 BCF was claimed under, law and order (no-go) areas. In addition to this a total of 130,000 cases were identified as theft and 121,875 cases were identified for rehabilitation necessitation. A total of 36 new UFG zones were created / segmented for reconciliation of UFG and to ensure strict measures are adopted to curtail UFG. This fiscal year the Gas Supply Deposit (GSD) of industrial/ commercial customers was enhanced by a total of Rs. 1,527 million.

FUTURE PLAN

- To focus on conducting regular special reading/survey for industrial customers on bi-monthly basis.
- To further the efforts by conducting special reading/survey for commercial customers on quarterly basis.
- To enable printing of images captured by the hand held devices on consumer bills to ensure further improved quality service experience to the customer
- To further enhance the functions of hand held devices by implementing finger impression application to ensure accurate meter reading.

SSGC 1199 24/7 operational Call (Contact) Centre Agents at work

SS&CGTO

Security Services and Counter Gas Theft Operations Department (SS&CGTO) was established in July 2017 after the amalgamation of Security Services (SS) and Surveillance and Monitoring (S&M) Departments along with FIR Cell already available with CRD Department. The newly established Department was aimed to implement the newly enacted Gas (Theft Control and Recovery) Act 2016 passed by National Assembly on March 23, 2016. An operational cycle was devised in which Gas Theft operations were planned by active intelligence resulting in swift crackdowns against the culprits followed by aggressive and well-orchestrated prosecution process in 24 Gas Utility Courts in Sindh and 11 in Balochistan. The first Intelligence based operation was conducted on August 10, 2017.

OVERALL PERFORMANCE AND MAIN ACHIEVEMENTS

Since the Department was re-organized, therefore it was a difficult task to gather requisite resources at one hand and continue to operate efficiently on the other with existing resources. The performance in gas theft operations is as under:

REGIONS	CASES	VOLUME CLAIMED (MMCFD)	AMOUNT CLAIMED (IN RS. MILLION)	FIRs LODGED
Karachi	482	589	414	71
Hyderabad	92	67	56	3
Nawabshah	30	12	12	-
Sukkur	18	10	10	2
Larkana	10	2	2	1
Jacobabad	19	14	13	1
Quetta	67	167	151	-
GRAND TOTAL	**718**	**862**	**657**	**78**

PROGRESS ON SECURITY OPERATIONS

Besides supporting the Gas Theft Operations by providing security, the progress of security wing is as under:

- Protection of premises and assets of SSGC in entire areas of franchise.
- Security audit of premises.
- Providing security to RLNG pipeline construction teams and act as liaison with locals in solving of disputes regarding acquisition of land.
- Close liaison and coordination with Police, Rangers, Frontier Corps and Army, in SSGC areas of franchise resulting in reduction in sabotage activity on pipeline network. The comparison is as under:-

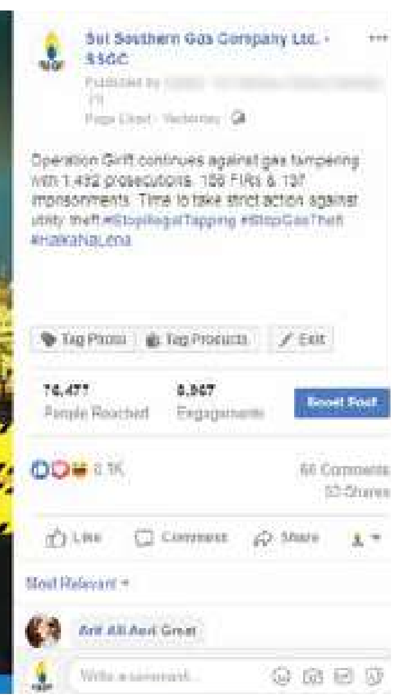
CONTRIBUTION IN UFG REDUCTION

- Induction of law officers and lawyers for prosecution of the Gas Theft Cases.
- Establishment of Internal watch and Gas Theft Intelligence Wing.
- Industrial Load Survey in Karachi Region.
- Closure of CNG stations / Industries for not observing Gas Closure schedules.
- Registration of FIRs in all regions including Quetta (First time).
- In Internal watch SSGC Employees / Contractor under Criminal Prosecution-4, Convictions-2, Arrest-1, on Bail-2.

FUTURE PLAN

- Propose amendments in Gas Theft Control and Recovery Act 2016, to iron out legal flaws.
- Formulate Rules to implement Gas Theft Control and Recovery Act 2016.
- Establish SSGC Police Stations in Quetta, Larkana and Hyderabad.
- Pursue establishment of separate Gas Utility Courts.
- Coordinate with Trade Bodies and Industry.
- Conduct complete Industrial Survey and monitor its follow up actions.
- Improve Internal watch and Gas Theft Intelligence mechanism.
- Implement anti-gas theft awareness campaigns through media.
- Undertake intense operations and effective prosecution.

SSGC's advertisement plan included anti-gas theft campaign that created awareness about this major crime.



UNACCOUNTED-FOR-GAS (UFG) CONTROL MEASURES

UFG, in parlance of Gas Distribution and Transmission Company, is the difference between gas purchased and Gas sold in volume and gas used internally by the Company for its operations.

It has been observed that the gas losses have been increased during last few years because of Government Moratorium on new connections of industrial, commercial and domestic housing schemes and high rise buildings as a result gas theft culture had increased. Beside this, high gas tariff also contributes to the theft by registered customers through tampering of gas meters specially in Balochistan province where the gas became necessity for surface heating in extreme cold weather conditions.

The shortage of electricity and the load shedding in entire franchise area directly impacts on UFG by using un-approved gas generators.

Reduction in UFG has always been the Company's top most priority. The Company has realigned its focus and organization to manage the issue with more concerted efforts on gas theft control and using innovative technologies and solutions.

SSGC is taking measures for UFG Reduction for sustainable and persistent results.

METER REPLACEMENT

There is a significant contribution of UFG due to faulty / tempered meters, these meters do not register (either fully or partially) the quantum of gas delivered to customers. All such meters are detected and being replaced. The target of meter replacement in increased and meter testing and proving facility is enhanced accordingly to test 100% removed meters for recovery of short bil led volumes.

REMOTE MONITORING

Modems on Meters of all major industrial customers including CNG stations have been installed and are being monitored remotely to control any abnormality in high consumption Industrial and CNG sectors.

THEFT CONTROL ACTIVITIES

A separate Counter Gas Theft Operations Department (CGTO) is established to control theft and in this regard Gas utility Courts are already established and separate Police Stations are being established in major cities like, Karachi, Hyderabad, Larkana and Quetta.

UNDER GROUND AND OVERHEAD LEAK RECTIFICATION

Leak surveys and rectification targets are revised and resources are being gathered to increase survey of network. These surveys will be conducted in high UFG prone areas and segments to get the desired results.

REHABILITATION OF OLD CORRODED STEEL PIPELINES

Rehabilitation of old corroded pipelines is also one of the major contributors to the UFG and it is big challenge for the Company to replace such pipelines especially in thick populated areas in big cities like Karachi. Company is focusing to enhance the rehabilitation targets and accordingly high UFG prone areas are being selected and prioritized for the rehabilitation.

METER MANUFACTURING PLANT (MMP)

PROGRESS AND ACHIEVEMENTS

The core objective of the Meter Manufacturing Plant (MMP) is to fulfill country's domestic gas meter requirement with self-reliance. Furthermore, it is a statutory requirement of Gas Companies to ensure that volume of gas consumed by the consumer shall be measured by an accurate measuring device installed by the Company. The Plant had been worth Certified ISO 9001:2008, and now its conversion into IS09001:2015 is almost completed and recertification is under process through local representative of accreditation authority. Meter Manufacturing Plant along with entire SSGC is also certified ISO 14001:2004 and OHSAS 18001:1999.

Two types of domestic gas meters are under production / assembly at MMP; namely G-1.6 (2,500 liter/hour capacity) 99% indigenized, whereas 3rd Generation G-4 (6,000 liter/hour capacity), at present we are behind in transfer of technology for measuring unit designed in 1985 introduced at SSGC in 1992. However, Meter Manufacturing Plant has studied and planned that the measuring unit which has high import cost, needs to be replaced under local integration (mandatory localization) through open international bidding process (mid of April 2019) through the world recognized suppliers and competitive source through long awaited technology transfer as our current supplier Itron is not in a position to do the needful.

PRODUCTION, SALES AND REVENUES

The following table provides a snapshot of the performance of Meter Manufacturing Plant during FY 2017-18:

	G 1.6	3rd Gen. G-4	Total
Production	182,640	321,200	503,840
Sold to SSGC	81,854	364,184	446,038
Sold to SNGPL	100,000	-	100,000
Others	1,115	1,640	2,755

MEASUREMENT

The Measurement Department performed the following tasks during the year under review:

- To identify slow meters, 2,617 Industrial meters were tested onsite at Customer Meter Stations.
- To improve measurement accuracy, 1,000 meters were replaced.
- For monitoring of gas consumption, additional 117 Remote Monitoring units were installed on Industrial Customer Meter Stations.
- For accurate measurement of gas volume, 2,662 Electronic Volume Correctors (EVCs) were calibrated on site at Customer Meter Stations (CMSs) and 73 EVCs were installed on Industrial Customer meters.

METER REPAIR SHOPS

- Meter Repair Shops repaired 3,854 Commercial and 625 Industrial faulty meters.
- In-house proving of 5,317 Commercial and 1,256 Industrial meters was done.
- Domestic meter proving capacity was enhanced at Meter Repair Shops and 290,810 Domestic meters were proved for PUG and slowness.

PROCUREMENT

During the financial year 2017-18, in addition to normal procurement, the Procurement Department played a pivotal role for timely procurement of line pipe by importing huge quantities of bare and coated line pipe for various projects of Transmission Division which are under progress.

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

INTERNAL AUDIT (IA)

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

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

All IA Assurance Services are undertaken as per Annual Audit Plan approved by the Audit Committee and consulting services are conducted as requested by the various levels of Management. The Audit Plan for FY 2017-18 was effectively followed. Significant audit findings were reported to Audit Committee of Directors. Corrective actions resulted in improving controls, adding value to the organization and savings through improved efficiency of operations and optimum utilization of resources.

REGULATORY AFFAIRS

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

- After import of LNG in Pakistan, there was a need of rules to govern the access to pipeline network of Sui Companies.
- Ministry of Energy (MoE) Government of Pakistan initiated a comprehensive study on Gas Sector Reforms.
- After a series of detailed consultative sessions amongst all stakeholders the Authority:
  - ✓ Notified OGRA Gas (Third Party Access) Rules, 2018 on May 31, 2018 and
  - ✓ Approved the Pakistan Gas Network Code on December 13, 2018.
- During the year under review, the Company filed its petition on March 06, 2017 before OGRA for determination of its Estimated Revenue Requirement (ERR) for FY 2017-18 in which SSGC requested an increase of Rs. 114.57 per MMBTU. Public hearing was conducted on August 8, 2017 at Karachi and on August 10, 2017 at Quetta. OGRA determined SSGCs shortfall Rs. 96.34 per MMBTU in its decision dated September 20, 2017.
- During the period under review, SSGC filed its Motion for Review Petition against DERR for FY 2017-18 dated September 20, 2017 on October 19, 2017 requesting for an increase in prescribed prices by Rs. 6.38 per MMBTU. Further, amended Motion for Review was submitted to OGRA on January 09, 2018 seeking average increase in prescribed price of Rs. 26.62 per MMBTU. OGRA disposed off the petition with remarks that financial impact adjustments as decided shall be allowed at the time of FRR based on the actual expenditure for the said year.

FY 2016-17

- Final Revenue Requirement for FY 2016-17 was filed on August 26, 2017 for increase of Rs. 89.10 / MMBTU. OGRA held hearing for the same on October 05, 2017 at Islamabad. The Authority vide its decision dated October 26, 2017 allowed an increase of Rs. 31.25 per MMBTU in the average prescribed price.
- During the period under review SSGC filed its Motion for Review Petition against DFRR for FY 2016-17 on November 24, 2017 and further submitted amended petition on March 07, 2017 requesting for an increase in prescribed prices by Rs. 75.92 per MMBTU. However, OGRA vide its determination dated May 10, 2018 determined an increase of Rs. 6.97 per MMBTU.
- During the period under review, SSGC filed its Motion for Review Petition against DMFRR for FY 2016-17 dated May 10, 2018 on June 07, 2018 requesting for an increase in prescribed prices by Rs. 72.19 per MMBTU. The same was further amended on July 09, 2018 requesting an increase in prescribed price of Rs. 72.23/MMBTU. However OGRA allowed Rs. 53.23 per MMBTU.

FY 2015-16

Earlier, SSGC filed Motion for Review against DFRR FY 2015-16 dated December 22, 2016 for increase in prescribed price by Rs. 8.54/MBTU, which was last amended on June 19, 2017 with a request for increase in prescribed price by Rs. 4.59/MMBTU. However OGRA on August 04, 2017 determined a surplus in revenue requirements of Rs. 5.17 per MMBTU.

LPG LICENSES

During the year under review OGRA granted construction license for LPG Air-mix plants in Bela.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY ASSURANCE

HSE&QA has been continually endeavoring to cultivate a culture of unconditional dedication to HSE&QA throughout SSGC. In this regard, a comprehensive Integrated Management System, comprising of Quality Management System, Environmental Management System and Occupational Health and Safety Management System, has been implemented in all franchise areas. Besides other incredible activities, HSE&QA also plays an instrumental role in broadening the aptitude of employees towards HSE&QA through interactive trainings.

HSE&QA played a pivotal role in the construction of 42'' diameter, 342-Km RLNG transmission pipeline along with QA/QC contractor. Furthermore, in an attempt to go progressively "paperless" and get rid of manual routing of papers, HSE&QA along with IT Department successfully launched online web portal mechanism of HSE&QA performance dashboard, accident notification and investigation as well as Non-conformities that have significantly eradicated redundancies embedded with the paper work and simplified traceability of all related documents. This database can now be used to quantify and categorize the information in a structured way so that gravity of the situation can be assessed to help top management in taking decisive actions.

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

HSE&QA has been putting all-out efforts to uphold quality related activities. There is a plan to establish state-of-the-art Quality Assurance lab. Accordingly DI shop will be shifted to Dopeyard, old testing equipment will be replaced with modern equipment/tool, automated test bench for regulators and conveyor belt will be installed. In addition to this, electrical safety audit of head office and Karachi Terminal will be conducted. Moreover, Technical audit in compliance with OGRA licensing condition 28.1 will be carried out.

SSGC won the 13th Employers Federation of Pakistan, Best Practices Award on Occupational Safety and Health 2017. SSGC has been declared as 2nd Prize Winner in the Power and Utility Sector on account of its excellent Occupational Safety and Health Practices and successful implementation of OSH Management System.

INFORMATION TECHNOLOGY

During the year under review, the IT Department achieved the following:

- Operationalized SSGC's In-house Disaster Recovery site in Hyderabad Regional Office.
- Automated new business process for managing RLNG customers and their billing in SSGC's Customer Relationship Management and Billing Application (Oracle Customer Care and Billing CC&B).
- Improved SSGC's financial recovery process by automating Slow Meter, Sticky Meter and Theft Claims through Oracle CC&B.
- Re-engineered and successfully implemented Staff Tariff Billing program in Oracle CC&B.
- Successful implementation of No-Go Areas Quetta Billing through Oracle CC&B.
- Successful incorporation of SMS/TBS/PRS/ DMS/ Non-Consumers objects for SSGC's Distribution function to monitor UFG.
- Optimized IT OPEX spent by saving around PKR 10 million by contracting annual maintenance of Oracle CC&B to Oracle Pakistan (OEM) instead of local partners without any compromise on service levels.
- Automated material inspection in SSGC's Enterprise Resource Planning system (Oracle EBS).
- Automated Sales Tax process for local and international purchases by implementing E-business taxation in Oracle EBS.
- Implementation of Biometric Attendance System across SSGC offices and sites.
- Soft launch of SSGC's Mobile Application Service on Apple iOS and Google Android platforms.

FUTURE PLAN

- Upgrading of Oracle Customer Care and Billing.
- Replacement of SSGC's Email system from IBM Notes to Microsoft Exchange.
- Refreshing SSGC's Call Center System.

RESEARCH AND DEVELOPMENT

The R&D Department is playing an active role in streamlining Company's business operations and bringing it up to date with modern best practices. The department has been vigorously providing strategic and technical support to all Divisions and Senior Management of SSGC focusing on improving overall operational efficiency of the Company. During FY 2017-18, the department executed following projects:

SSGC-ACADEMIA COLLABORATION DRIVE

Substantial progress in SSGC-Academia Collaboration Drive was achieved during the year in which draft MoU were finalized. After formal management approvals collaboration budget allocations, R&D team met with officials of five universities including NED UET, Dawood UET, Mehran UET, BUITEMS and IBA Sukkur, selected keeping in view the spread of SSGC franchise and academic excellence of each institute, and took them onboard. The management constituted a Projects Review Committee to review projects after deliberation. Online web-portal for projects submission will also be operational soon.

THREE LAYER SECURITY SYSTEM TO CONTROL THEFT

Keeping in view theft and malpractice with metering equipment, the R&D Team suggested additional controls to restrict adulteration of Gas Meters. For domestic users, Heat Shrink Sleeve seals can be installed on meter coupling to prevent access to meter. If found tampered with, user can be accounted for potential theft. For commercial meters, Swivel Meter Locks can replace existing meter cages. These locks are hard, compact and tamperproof owing to their unique design. Lastly, to prevent meter damage due to heavy impacts, Shock indicators can be installed inside meters to indicate meter reliability.

ASSET INTEGRITY MANAGEMENT SEMINAR

Considering the newly installed Rotary Gas Compressors under RLNG-II Project, a comprehensive workshop on Asset Integrity Management was organized at SSGC Learning and Development Centre. The objective was to introduce modern maintenance strategies to prevent catastrophic failures. Various strategies discussed included condition monitoring, vibration and lube oil analysis and Non Destructive Testing.

TURBO EXPANDER GENERATORS

A case study was carried out to determine the power generation potential available at various Sales Metering Stations (SMS) of SSGC using Turbo Expanders. Vast amount of energy is lost due to pressure reduction by conventional throttling methods. This lost energy can be recovered as electricity if Turbo-Expanders coupled with generators are used. Various renowned suppliers were contacted for their input and analysis. Simulations were developed in Aspen HYSYS®8.4 of various SMS and highest power capacity was calculated at Karachi Terminal of 3.1 MW. Detailed report was presented to Senior Management who lauded the efforts and directed technical teams for way forward.

NATURAL GAS ENERGY CONSERVATION CAMPAIGN

To inculcate values of energy gas conservation amongst industrial customers, R&D Department in collaboration with Pakistan Standard Quality Control Authority (PSQCA) organized a seminar on “Natural Gas Energy Conservation under ISO-50001- Energy Management System”. The main objective of the workshop was to launch awareness campaign amongst our main customers including industrial, captive power plants and commercial and to initiate Natural Gas Energy Audit System.

GAS SECTOR REFORMS AND TRANSACTION ADVISORY FIRM MATTERS

R&D Department played key role in different Working Groups on Gas Sector Reforms with SNGPL, MoE and World Bank and developed comprehensive financial model to evaluate feasibility of Gas Transmission and Distribution Companies after unbundling process. The group proposed recommendations on Weighed Average Cost of Capital (WACC) for Sui companies' returns with other analysis on Gas Supply Projections, Postage Stamp Tariff, Prescribed Pricing Equalization, UFG Disallowances to ensure sustainability and Cross-Subsidy in multiple Tier Customers.

The R&D Department was in the forefront for managing the activities related to Pre-Qualification of Transaction Advisor Firm for Structural Reforms of Downstream Gas Sector. A detailed RFP (Reference for Proposals) with ToRs (Terms of Reference) encompassing major areas i.e financial, technical, legal, HR, accounting, and regulatory domains was prepared and a Pre-bid meeting was organized for maximum participation. Leading auditing and consultancy firms participated in bidding process. In-depth review and analysis of the vast experience quoted by the firms was evaluated by Sui Companies. Government Directives are awaited for further progress on Gas Sector Reforms.

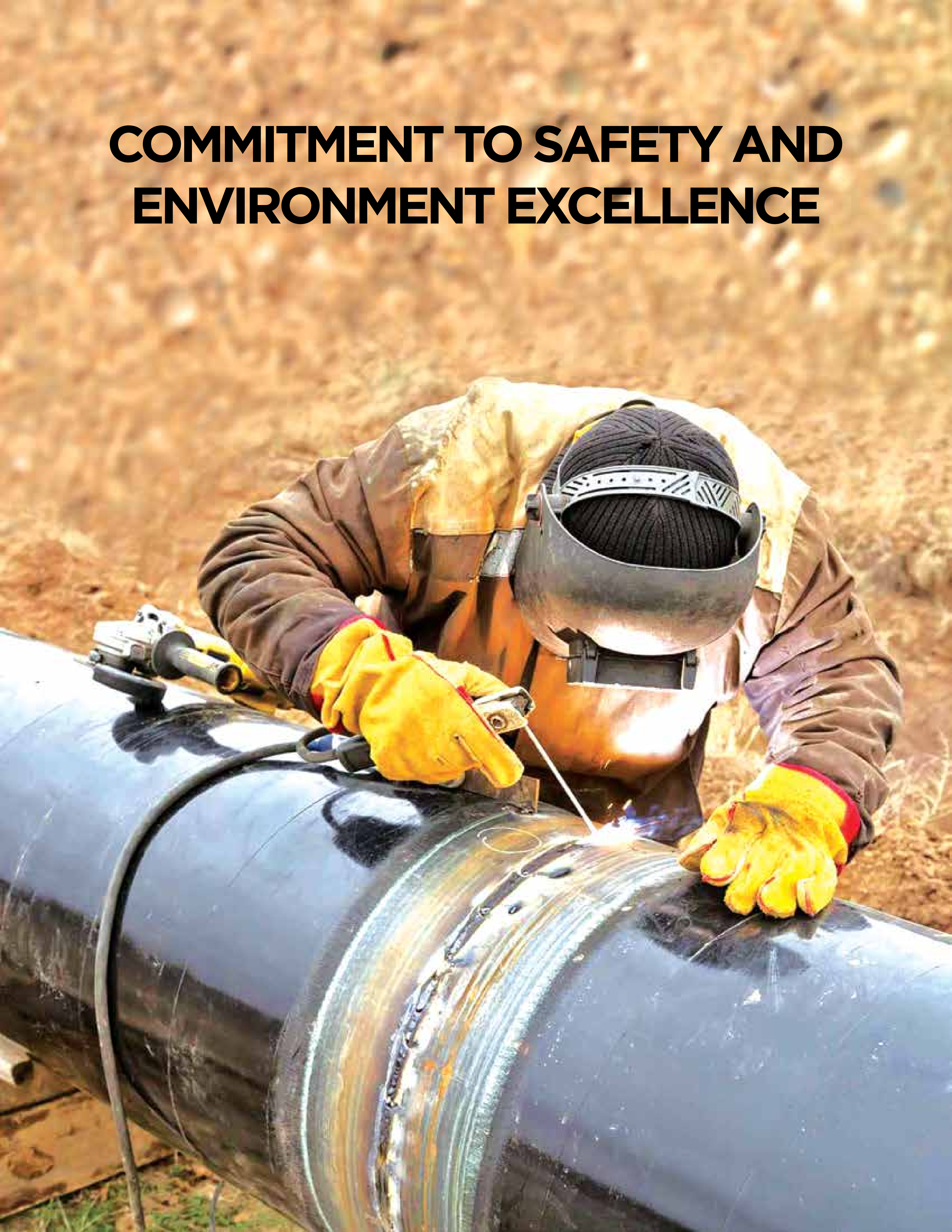
UFG BENCHMARK STUDY

R&D was the focal Department in redefining UFG Benchmark, coordinated with all departments, consolidated relevant information, facilitated the Consultant team and clarified all aspects related to UFG. Moreover, prepared responses for queries raised by OGRA with detail analysis on consultant reports. Revised UFG Benchmark has been implemented based on Company performance against Key Monitoring Indicators (KMIs) related to Network Measurement and Visibility, Network Rehabilitation, Theft Control, and Research and Development. The Department proposed formats for evaluating Company Progress and coordinating with all Departments in Progress monitoring of KMIs and evaluating overall performance against Targets, and assessing Company's UFG Benchmark.

RLNG EFFECTS ON UFG

On a special assignment, the R&D Department evaluated the effects of RLNG Injection into the Karachi Distribution Network. Due to variance in specific gravity of RLNG, substantial increase in network pressure was observed which resulted in increased UFG. Rigorous bibliographic review of research papers and AGA standards were explored to prove the phenomenon, backing up with theoretical evidence and calculations.

COMMITMENT TO SAFETY AND ENVIRONMENT EXCELLENCE



HUMAN RESOURCE

The Organizational Development section of HR Department has been dedicatedly working for the development of its executives. During FY-2017-18, a total of over 5600 Man-days were achieved during a year, enabling OD to reach a milestone in success. Moreover, a total of 500 students were offered Internship in the various departments of SSGC. The students were given a learning platform and exposure to various operational activities of SSGC.

A UFG Awareness workshop was organized at Ramada Hotel for Senior Management, where a detailed discussion was held over core reasons of UFG and also the measures to be taken n future.

A total of 61+ positions are in process of being filled across different Company functions. Owing to ban on recruitment imposed by ECP in 2018. Online job Portal was launched successfully in 2018, through which recruitment process will be further streamlined and automated to induct best talent.

The Management had enrolled a batch of 75 young graduates having brilliant academic career and high potential to grow within the Company under the title "Emerging Leadership Program. The 2017-18 batch of 42 trainees were offered permanent career term of Grade II as Assistant Manager/Engineer.

The Board instructed the Management to implement the Biometric Attendance System throughout the Company. The machines were installed on fast track basis. SSGC's executives and subordinates have been successfully enrolled, while third party employees have been also registered on biometric system. During said period a total of 172 machines have been installed company-wide.

During the period 2017-18, HR Department successfully completed promotion exercise for Grade VII to VIII. HR Department timely completed the exercise of compilation of assessment data, arranging interviews and finalizing data for promotions of Grade VIII. Also promotion was successfully carried out for Grade I to II and II to III, in which 51 and 288 executives were promoted, respectively. Companywide promotion cycle across all grades has been initiated in 2018.

According to Executive Job Rotation Plan phase III, a total of 81 Executives were rotated in Grade V and VI as per the Job Rotation Plan. Also job rotation was successfully carried out in Grades II, III and IV in which 670 out of 715 executive were rotated.

SSGC management always believes in maintaining cordial relations with CBA to maintain durable Industrial Peace throughout the Company which the HR Department has successfully achieved. Various initiatives were taken to control the raising trend in payment of overtime.

Internal Elections for change of office bearers of M/s People Labor Union (CBA) were held on May 14, 2018 under the supervision of Registrar, NIRC Islamabad. The election was held in very peaceful manner at all locations of the company and no untoward incident took place at any location.

101 sub-ordinates were appointed under Workers Wards Quota in accordance with the Agreements signed between Management and CBA.

In order to maintain conformity, the Enquiry and Discipline section of HR issued Dismissal Orders to 45 Executives and Subordinate Staff (18 on the charge of Forged Degree, 3 on dual employment, 24 on other misconduct). Also, reduction of Commission rate of Manpower Contractor/OSP's from 15.76% to 10% resulting in savings of Rs. 72 million per annum and reduction of number of Manpower Contractors / OSP's from 19 to 13. Implementation of One Billing System (One Contractor/OSP - One Bill-One Month) was also carried out.

MEDICAL SERVICES DEPARTMENT

In FY 2017-18, Medical Services Department (MSD) focused on the judicial use of medicines, patient safety and early diagnosis through screenings. Like the previous year, several new cases of heart attacks, diabetes with its complications, accidents and trauma, cancers specially breast, ovaries and prostate were reported.

Health care cost was effectively managed without compromising effective disease management. To facilitate our employees, 4 new hospitals, 3 new consultants and 2 new dentists in Karachi and up-country were enlisted.

To proliferate useful medical information to its beneficiaries, MSD maintains legacy of Awareness Programs in every medical center of SSGC. Despite burgeoning health care costs and rate of inflation, MSD continued its saving trend which for the first time went into negative figure, if the trend of rise of medical cost is compared to previous years.

The journey to provide efficient health care in a corporate setup is revering up to keep the pace with advances in the field of health management.

In order to provide cost effective and quality care treatment in upcountry, Medical Services Department established a medical centre in Zonal Office Shikarpur which is supervised by a Company doctor and has revamped one of the retainer doctor from there.

Company doctors attended seminars on different diseases for their growth and development to keep themselves abreast with new guidelines, thus reducing treatment variation based on scientific knowledge, new concepts and paradigm shift in treatment strategies of diabetes and hypertension.

The Medical Services Department (MSD) provided comprehensive assistance in arranging blood collection camps organized by CCD along with Indus Hospital in Medical Department.

SSGC-LPG (PVT.) LIMITED (SLL)

SSGC LPG Private limited a wholly owned, subsidiary of Sui Southern Gas Company, has been engaged in the LPG marketing business. In FY 2017-18, SSL's net revenue increased by Rs. 117 million.

There has been an improvement in LPG sales while the terminal sales were on a decline, mainly due to increase in local production of LPG. The Company had maintained a 42% market share (FY 2017: 44%). A slight decline in market share was due to maintenance and recertification of storage tanks at PQA, during the year resulting in short capacity of 1,000 – 1,500 MT storage, during months of high seasonal (winter) demand.

The Company plans to increase its market share in LPG segment by importing its own parcels and selling the product in bulk to other marketing companies as well as improving its terminal volumes. This will increase the overall sales volumes and profitability of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In FY 2017-18, the Company continued to take initiatives under its vibrant Corporate Social Responsibility (CSR) program by investing in projects supporting education, healthcare, environment and other noble causes in its franchise areas of Sindh and Balochistan, focusing to bring improvements in the lives of lesser privileged communities, residing in these provinces. The Company was conferred with prestigous CSR awards from The National Forum for Environment and Health (NFEH) and The Professional Network (TPN) for its best CSR Practices.

EDUCATION

Over the years, awarding scholarships to meritorious students, facing hardships in pursuing their higher education due to their constrained economic backgrounds has been a hallmark of SSGC's CSR program. The Company continued to provide tertiary level scholarships through its collaboration with Institute of Business Administration, Karachi (IBA), Sukkur IBA, Quaid-e-Awam University for Engineering, Science and Technology, Nawabshah (QUEST), Mehran University of Engineering and Technology, Jamshoro (MUET), Balochistan University of Information Technology, Engineering and Management Sciences, Quetta (BUITEMS), Lasbela University of Agriculture, Water and Marine Sciences, Uthal (LUAWMS) and Balochistan University of Engineering and Technology, Khuzdar, (BUETK). SSGC also provided monetary assistance to Mehran University of Engineering and Technology, Jamshoro to facilitate its research based Projects.

The Company also supported lesser privileged school students (including the hearing impaired children) by covering their entire yearly expenses. The academic institutions SSGC collaborated with included Chamalang Balochistan Educational Program, Quetta (CBEP), Al-Hijra School Trust (AHST), Ziarat and Family Educational Services Foundation, Rashidabad (FESF). SSGC also facilitated lesser privileged students in pursuing their technical education (medical related trades) through Social Organization for Care of Humanity, Quetta (SOCH).

The Company continued its yearly support to the leading academic organization 'The Citizen Foundation (TCF)' by covering entire yearly operational expenses of its two schools, one each in Sindh and Balochistan. Financial assistance was also provided to Imkaan Welfare Organization (IWO) to meet their operational expenses incurred in running a learning centre in Karachi's remote locality, Machhar Colony. School furniture (desks sets) was provided for 15 academic centers spread across district Tharparkar, operational under the aegis of Pakistan Hindu Council (PHC). Computers and laboratory articles were provided to Quetta's historical school, Government Sandeman High School. In collaboration with prominent international NGO, WWF-Pakistan, SSGC reached out to around 1,500 lesser privileged students in schools of Quetta and Karachi, for dcreating awareness on key environmental issues and need for conservation in a non-formal and friendly manner, through WWF-P's program Spellathon. The Company also supported lesser privileged student to acquire high-class 5-days training in the Young Leaders Conference held under the auspices of School of Leadership Foundation (SoLF).

HEALTHCARE

During FY 2017-18, SSGC continued to support Marie Adelaide Leprosy Centre (MALC) by providing them monetary facilitation to meet entire yearly operational expenses of their two medical centers, Triple Merger Centre in Mirpurkhas and Eye Care Centre in Gwadar. The Company reached out for the treatment of thalassemic children through notable NGOs like Afzaal Memorial Thalassemia Foundation (AMTF), Omair Sana Foundation (OSF) and Help International Welfare Trust (HIWT). Treatment of children suffering from eye cancer was also supported through Child Aid Association, NICH, Karachi.

Company's CSR facilitation to Markaz-e-Umeed for supporting education of differently-abled children spans over many years

The Company supported Health and Social Welfare Association (HASWA) for provision of artificial limbs for handicapped people. An ambulance was gifted to Lasbela Welfare Trust (LWT) for serving the needy patients of Uthal and Bela especially for their timely shifting to hospitals in Karachi. SSGC also provided a dialysis machine to Sindh Institute of Urology and Transplantation, Sukkur (SIUT) and an ultrasound machine to Poor Patients Aid Society Civil Hospital, Karachi (PPAS).

ENVIRONMENT

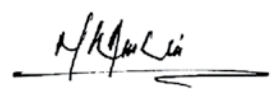
For many years SSGC has been discouraging the use of plastic bags by promoting biodegradable paper bags that are gifted to departmental stores spread over Company's franchise provinces of Sindh and Balochistan for their onward mass consumption. The gas conservation and safety messages are also printed on either side of these paper bags. The activity continued in the period under review. The Company supported orphans / abandoned children residing at SOS Village, Karachi by absorbing their entire yearly academic and boarding / lodging expenses. For the very first time, SSGC arranged multiple road-side iftaars by distributing meal boxes to the pedestrians and commuters, right in front of its Head zoffice building.

ACKNOWLEDGEMENTS

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

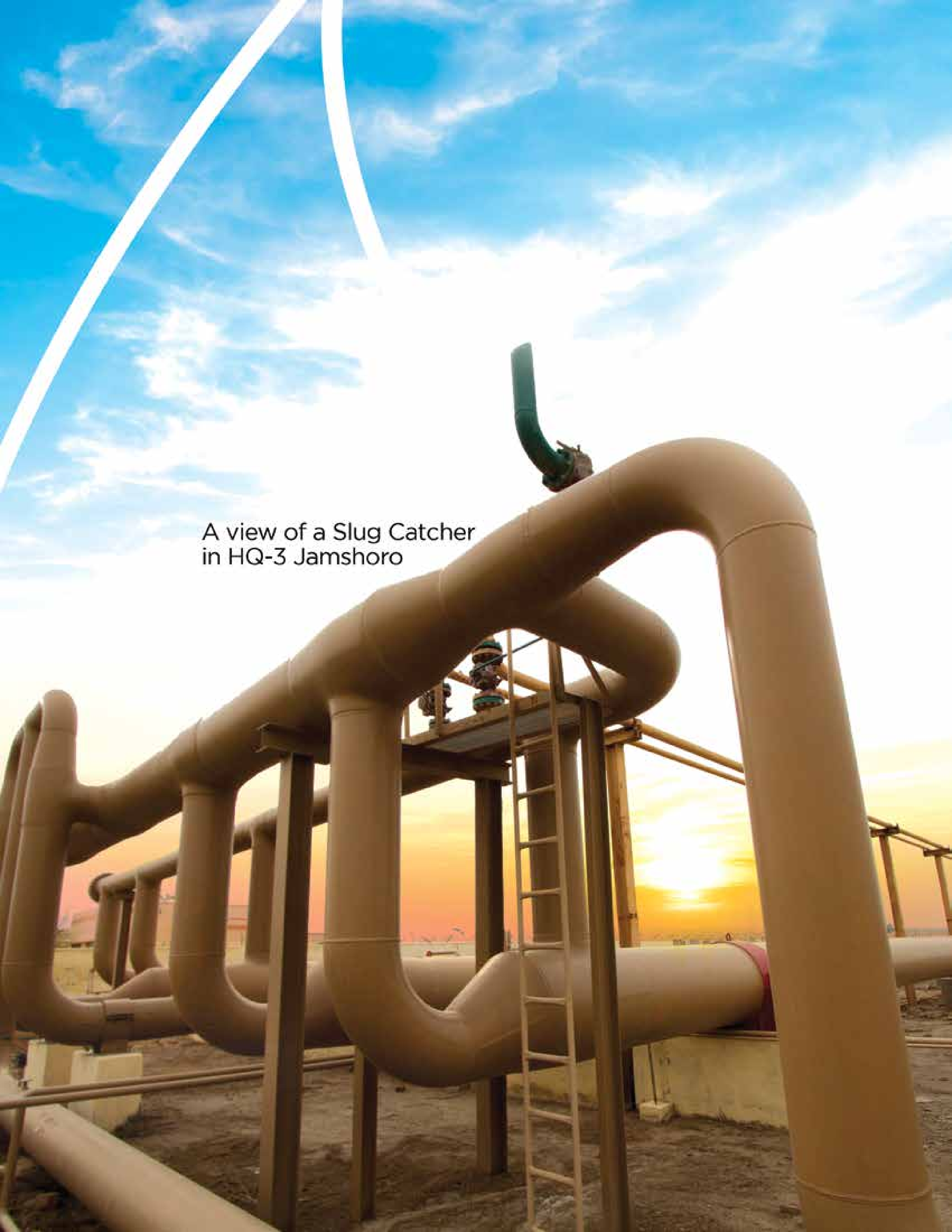
On behalf of the Board,

Dr. Shamshad Akhtar
Chairperson, Board of Directors



Muhammad Amin Rajput
Acting Managing Director

July 11, 2020



A view of a Slug Catcher
in HQ-3 Jamshoro

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

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

APPOINTMENT OF MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

During the period FY 2017-18, the contract of Mr. Khalid Rahman (MD) concluded on January 4, 2018. Mr. Khalid Rahman (MD) was replaced by Mr. Muhammad Amin Rajput as the Acting Managing Director on January 4, 2018.

The Board recorded its appreciation for the valuable services rendered by Mr. Khalid Rahman as Managing Director of the Company.

CASUAL VACANCY ON THE BOARD

The following casual vacancies occurred on the Board during FY 2017-18:

1. Dr. Miftah Ismail resigned on October 18, 2017 and Lt. General Javed Zia (Rtd.) filled the casual vacancy on November 16, 2017.
2. Mr. Furqan Bahadur Khan resigned on October 20, 2017 and Mr. Hassan Nasir Jamy filled the casual vacancy on December 9, 2017.
3. Syed Ghazanfar Abbas Jilani was replaced by Dr. Ahmed Mujtaba Memon on April 23, 2018.

The Board records its appreciation for the valuable services rendered by the outgoing Directors Dr. Miftah Ismail, Mr. Furqan Bahadur Khan and Syed Ghazanfar Abbas Jilani.

COMPOSITION OF THE BOARD

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

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

SSGC being a listed Company, pursues highest standards of corporate governance to imbue value, efficiency and transparency in business dealings. The Company is a public sector enterprise and operates under the framework enshrined in the Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2017 whereby overall governance rests with the Board of Directors. Management is responsible for day to day operations, implementation of policies and disclosure requirements as envisaged in the Companies Act, Rules, Regulations and the relevant Governance Regulations.

Specific statements to comply with requirements of the Code of Corporate Governance are as follows:

- The financial statements prepared by the management present fairly its state of affairs, result of its operations cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.

- The Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with, the period in which such non-compliance continued and reasons for such non-compliance.
- A sound system of internal control is established and maintained which is regularly reviewed and monitored with ongoing efforts towards its further improvement.
- There are no doubts upon the Company's ability to continue as a going concern as further explained in note # 1.3 to the financial statements.
- The appointment of the Chairperson and other members of the Board and terms of their appointment along with the remuneration policy adopted are in the best interests of the Company as well as in line with the best practices.
- Disclosure on remuneration of Chief Executive, Directors and Executives is given on page number 257 of the Annual Report 2018.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- Information about outstanding taxes and levies is given in the notes to the financial statements.
- Details of the value of investments by the following funds based on respective audited financial statements as at June 30, 2018 are follows:

Rs. Million	2018	2017
Pension Fund - Executives	1,184,607	1,140,000
Gratuity Fund - Executives	2,754,249	2,582,000
Pension Fund Non-executives	255,810	215,000
Gratuity Fund Non-executives	3,032,482	2,970,000
Provident Fund - Executives	3,682,566	3,569,000
Provident Fund Non-executives	3,512,184	3,384,000
Benevolent Fund – Executives	187,280	175,000

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

- A statement of the Pattern of Shareholding in the Company as on June 30, 2018 of certain classes of shareholders whose disclosure is required under the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, along with the statement of purchase and sale of shares by Directors, executives and their minor children during the year is shown on page 277 of the Annual Report.

AUDITORS

The present auditor's M/s. Deloitte Yousuf Adil and Co. Chartered Accountants retire and being eligible, have offered themselves for re-appointment.

DIVIDENDS

OGRA in its decision dated December 24, 2018 directed the Company to review dividend payment policy in terms of staggering of losses of previous years with respect to Sindh High Court (SHC) orders until such adjustments impact is dispelled.

On behalf of the Board

Dr. Shamshad Akhtar
Chairperson, Board of Directors

Muhammad Amin Rajput
Acting Managing Director/CEO

SCHEDULE-I
Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

Name of company: Sui Southern Gas Company Limited
Name of the line ministry: Ministry of Energy (Petroleum Division)
For the year ended: June 30, 2018

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

ii) The Company has complied with the provisions of the Rules in the following manner:

<table>
<tr><th rowspan="2">Sr. #</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule #</th><th>Yes</th><th>No</th></tr>
<tr><th colspan="2">Tick the relevant box</th></tr>
<tr><td>1.</td><td>The independent Directors meet the criteria of independence, as defined under the Rules.</td><td>2(d)</td><td>✓</td><td></td></tr>
<tr><td>2.</td><td>The Board has at least one-third of its total members as independent Directors. At present the Board includes:
<table>
<tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr>
<tr><td rowspan="5">Independent Directors</td><td>1. Lieutenant General Javed Zia (Retd), HI(M)</td><td>16-11-17</td></tr>
<tr><td>2. Sardar Rizwan Kehar</td><td>28-10-16</td></tr>
<tr><td>3. Nawabzada Riaz Nosherwani</td><td>28-10-16</td></tr>
<tr><td>4. Agha Sher Shah</td><td>28-10-16</td></tr>
<tr><td>5. Mr. Mohammad Riaz Khan</td><td>28-10-16</td></tr>
<tr><td>Executive Directors</td><td>Mr. Muhammad Amin Rajput</td><td>05-01-18</td></tr>
<tr><td>Non-Executive Directors</td><td>1. Mirza Mahmood Ahmad</td><td>28-10-16</td></tr>
</table>
</td><td>3(2)</td><td>✓</td><td></td></tr>
</table>

	2. Mr. Azher Ali Choudhry — 28-10-16 3. Abdul Ghufran — 28-10-16 4. Qazi Mohammad Saleem Siddiqui — 28-10-16 5. Mr. Hassan Nasir Jamy — 09-12-17 6. Dr. Ahmed Mujtaba Memon — 23-04-18			
3.	The Directors have confirmed that none of them is serving as a Director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	**3(5)**	✓	
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	**3(7)**	N/A	
5.	The Chairman of the Board is working separately from the Chief Executive of the Company.	**4(1)**	✓	
6.	The Chairman has been elected by the Board of Directors except where Chairman of the Board has been appointed by the Government.	**4(4)**	✓	
7.	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the Chief Executive has been nominated by the Government)	**5(2)**	N/A	
8.	(a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company's website. www.ssgc.com.pk (c) The Board has set in place, adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	**5(4)**	✓ ✓ ✓	

9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5)(b)(vi)	✓	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	✓	
13.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	✓	
14.	The Board has developed a vision and mission statement and corporate strategy of the company.	5(6)	✓	
15.	The Board has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates, on which they were approved or amended, has been maintained.	5(7)	✓	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and have submitted its request for appropriate compensation to the Government for consideration.	5(8)	N/A	
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	
18.	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓ ✓	
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	✓	

<table>
<tr><td>20.</td><td>The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.</td><td>9</td><td>✓</td><td></td></tr>
<tr><td>21.</td><td>(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.

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

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

✓</td><td>✓

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

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

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

(d) The committees were chaired by the following non-executive Directors:

<table>
<tr><th>Committee</th><th>Number of members</th><th>Name of Chair</th></tr>
<tr><td>Audit Committee</td><td>4</td><td>Agha Sher Shah</td></tr>
<tr><td>Risk Management and Litigation Committee</td><td>4</td><td>Mr. Mohammad Riaz Khan</td></tr>
<tr><td>Human Resource and Remuneration Committee</td><td>7</td><td>Lt. Gen Javed Zia (Retd.), HI(M)</td></tr>
<tr><td>Finance and Procurement Committee</td><td>7</td><td>Abdul Ghufran</td></tr>
<tr><td>Nomination Committee</td><td>4</td><td>Lt. Gen Javed Zia (Retd.), HI(M)</td></tr>
</table>
</td><td>12</td><td>✓

✓

✓

✓</td><td></td></tr>
</table>

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

<table>
<tr><td>31.</td><td>The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members:
<table>
<tr><th>Name of member</th><th>Category</th><th>Professional background</th></tr>
<tr><td>Agha Sher Shah</td><td>Independent Director</td><td>MBA</td></tr>
<tr><td>Mr. Mohammad Riaz Khan</td><td>Independent Director</td><td>Graduate</td></tr>
<tr><td>Qazi Mohammad. Saleem Siddiqui</td><td>Non-Executive Director</td><td>Graduate</td></tr>
<tr><td>Dr. Ahmed Mujtaba Memon</td><td>Non-Executive Director</td><td>MBBS, MA (Economics)</td></tr>
</table>
The chief executive and chairman of the Board are not members of the audit committee.</td><td>21 (1) and 21(2)</td><td>✓</td><td></td></tr>
<tr><td rowspan="3">32.</td><td>(a) The Chief Financial Officer, the Chief Internal Auditor, and a representative of the external auditors attended all meetings of the Audit Committee at which issues relating to accounts and audit were discussed.</td><td rowspan="3">21(3)</td><td>✓</td><td></td></tr>
<tr><td>(b) The Audit Committee met the external auditors, at least once a year, without the presence of the Chief Financial Officer, the Chief Internal Auditor and other executives.</td><td></td><td>✓</td></tr>
<tr><td>(c) The Audit Committee met the Chief Internal Auditor and other members of the internal audit function, at least once a year, without the presence of Chief Financial Officer and the external auditors.</td><td></td><td>✓</td></tr>
</table>

33.	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee. (b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules. (c) The Internal Audit reports have been provided to the external auditors for their review.	22	✓ ✓ ✓	
34.	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓	
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓	

Dr. Shamshad Akhtar
Chairperson, Board of Directors

Muhammad Amin Rajput
Acting Managing Director/CEO

SCHEDULE-II

Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

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

Sr.#	Rule / sub-rule/ regulation #	Rule / sub-rule / observation	Reasons for non-compliance	Future course of action
1.	8 (1)	The Government has not carried out any performance evaluation of the members of the Board.	-	-
2.	10 (1)	No quarterly accounts were prepared during the year by the Company for the Board's approval.	The reason for non-finalization of Quarterly, Half yearly and delay in finalization of Annual Accounts are appropriately communicated to SECP and PSX.	Noted for compliance
3.	21 (1)	Audit Committee does not comprise of majority number of independent and non-executive Directors.	The Board Audit Committee comprises of 4 members / Directors out which 2 members / Directors including Chairman were independent.	Noted for compliance
4.	21 (3)	Internal auditor and External auditor did not meet with the Audit Committee in the absence of CFO during the year.	The last meeting of the Board Audit Committee of FY 2017-18 was planned for consideration of Financial Statements. However, due to non-finalization of Financial Statements, this last meeting was not conducted.	Noted for compliance
5.	28 (2)	Audit Committee did not meet at least once in every quarter of the financial year as per requirement of Listed Companies (Code of Corporate Governance) Regulations, 2017. No meeting was held in the last quarter of the financial year 2018.	The last meeting of the Board Audit Committee of FY 2017-18 was planned for consideration of Financial Statements. However, due to non-finalization of Financial Statements, this last meeting was not conducted.	Noted for compliance

Certain additional disclosures as required under Code of Corporate Governance (the Code).

a) All Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
b) All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and Non-Executive Directors, have been taken by the Board/shareholders.
c) All meetings of the Board were presided over by the Chairman.
d) The "closed period", prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and Pakistan Stock Exchange.
e) The Statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company.
f) Material/Price Sensitive information has been disseminated amongst all market participations at once through stock exchange

Dr. Shamshad Akhtar
Chairperson, Board of Directors

Muhammad Amin Rajput
Acting Managing Director/CEO

SCHEDULE-III(i)
REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 AND PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Public Sector Companies (Corporate Governance) Rules, 2013 (both hereinafter referred to as 'Codes') prepared by the Board of Directors of Sui Southern Gas Company Limited for the year ended June 30, 2018 to comply with the requirements of regulation 40 of Listed companies (Code of Corporate Governance) Regulations, 2017 and the provisions of Public Sector Companies (Corporate Governance) Rules, 2013.

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended June 30, 2018.
Further, we highlight below instances of non-compliance with the requirements of the Rules as disclosed in the Statement of Compliance:

Sr. #	Reference	Description
i.	8 (1)	The Government has not carried out any performance evaluation of the members of the Board.
ii.	10 (1)	No quarterly accounts were prepared during the year by the Company for the Board's approval.
iii.	21 (1)	Audit Committee does not comprises of majority number of independent and non-executive directors.
iv.	21 (3)	Internal auditor and External auditor did not meet with the audit committee in the absence of CFO during the year.
v.	28 (2)	Audit Committee did not meet at least once in every quarter of the financial year as per requirement of Listed Companies (Code of Corporate Governance) Regulations, 2017. No meeting was held in the last quarter of the financial year 2018.

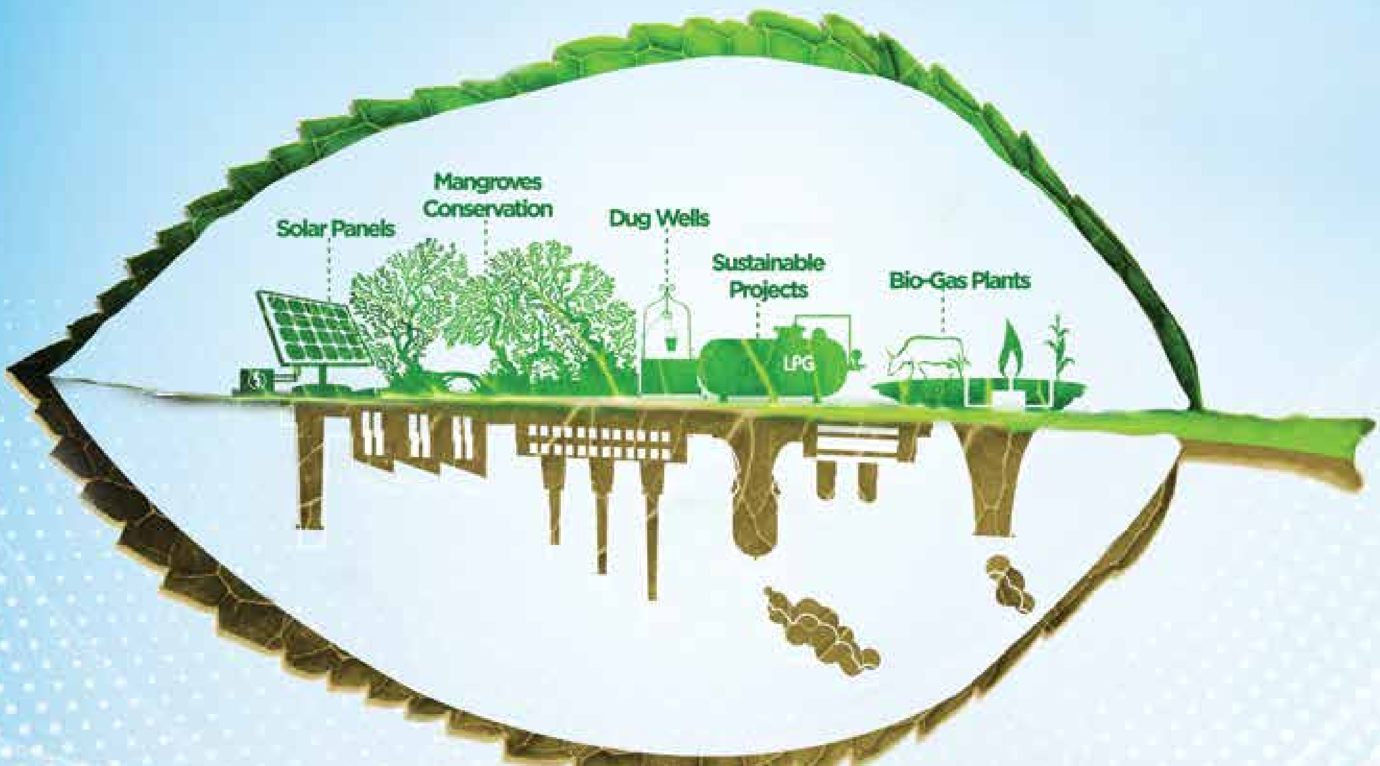
Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:
Hena Sadiq

Date: July 11, 2020
Place: Karachi

WEAVING A SUSTAINABLE ENERGY FUTURE



FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the members of Sui Southern Gas Company Limited
Report on the Audit of the Unconsolidated Financial Statements

Qualified Opinion

We have audited the annexed unconsolidated financial statements of Sui Southern Gas Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2018, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss, the total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

a) As disclosed in notes 27.1 and 27.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 31,948 million (2017: Rs. 32,378 million) and Rs. 22,924 million (2017: Rs. 22,310 million) from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML) respectively. Significant portion of such receivables include overdue amounts, which have been considered good by management and classified as current assets in the unconsolidated financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances due to which management has decided to recognise LPS on a receipt basis from the aforesaid entities effective from July 01, 2012.

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

b) As disclosed in note 30 to the unconsolidated financial statements, interest accrued includes interest receivable of Rs. 6,416 million and Rs. 3,421 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA) respectively. These have been accounted for in line with Company's practice of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to dispute with WAPDA, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered and the timeframe over which such recovery will be made;

c) On April 30, 2018, The International Court of Arbitration decided against the Company in the case with Habibullah Coastal Power Company (Private) Limited (HCPCL) and imposed liquidated damages amounting to Rs. 3,788 million. Prior to the decision, the Economic Coordination Committee (ECC) through its meeting held on February 07, 2018 had proposed waiver of liquidated damages and directed Ministry of Energy – Petroleum Division to work out modalities in consultation with all stakeholders. Based on that decision, management has recognised a receivable of Rs. 3,788 million from HCPCL as disclosed in note 31 to these unconsolidated financial statements. However, to date, no agreement has been finalized between the relevant stakeholders. In the absence of the agreement, there is no contractual right to receive cash or financial asset from HCPCL and the requirements of IAS 39 – Financial Instruments are not met. Had management not recognised this receivable, the loss before tax would have increased by Rs. 3,788 million and net assets would have reduced by Rs. 2,652 million.

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

Material Uncertainty Related to Going Concern

We draw attention to note 1 of the unconsolidated financial statements, which indicates that the Company has incurred net loss after tax of Rs. 14,848 million during the year ended June 30, 2018, and as of that date, the Company's current liabilities exceed current assets by Rs. 43,028 million. Further, staggering of losses and matters discussed in the Basis for Qualified Opinion of the report along with other conditions as set forth in note 1, indicate that material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern. Amongst other mitigating actions explained in detail in the aforementioned note, the Government of Pakistan has offered its unconditional support to maintain the going concern status of the Company in a letter dated July 06, 2020. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to:

(i) note 2.1.1 to the unconsolidated financial statements that describes the reasons why the Company has staggered the effect of Sindh High Court decision over a period of five financial years from 2017 to 2021 based on the permission received from the ECC, Securities and Exchange Commission of Pakistan (SECP) and the Oil and Gas Regulatory Authority (OGRA);

(ii) note 18 to the unconsolidated financial statements that describes that the Company is subject to various material litigations and claims involving different courts. The outcome of these cases is uncertain and beyond management's control.

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

Our opinion is not qualified in respect of above matters.

Key Audit Matters

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

S. No.	Key Audit Matter	How matter was addressed in our audit
1	**Revenue** (Refer to note 34 of the unconsolidated financial statement) The Company is engaged in the transmission and distribution of natural gas in Sindh and Balochistan. The revenue is recognised on the basis of gas supplied to customer, at rates announced by OGRA, at the time when the gas has been delivered to the respective customer's gas meter. For the year ended June 30, 2018, Company's revenue related to distribution of gas amounts to Rs. 184,015 million.	Our audit procedures include the following: - Obtained detailed understanding of the management process for recognition of revenue and to assess whether it is consistent with requirements of applicable accounting standard; - Evaluated the design and operating effectiveness of control (including mitigating controls) over revenue recognition; and

S. No.	Key Audit Matter	How matter was addressed in our audit
	We consider this as key audit matter due to significance of the amount involved and the fact that this amount is included in FRR to OGRA as operating income and OGRA relies on results of our audit procedures and consequently considerable time and resources are required.	- Performed substantive procedures including test of details on a sample of transactions by inspecting meter reading documents, sales agreement, gas bills and rates from OGRA notification and substantive analytical procedures by developing an overall expectation of revenue based on relevant and reliable data and comparing with actual results.
2	**Deferred Tax Asset** (Refer to note 9 of the unconsolidated financial statement) At June 30, 2018, the Company had taxable temporary difference of Rs. 15,091 million. At the same time, the Company also had deferred tax asset in respect of carryforward of losses amounts to Rs. 3,483 million and deductible temporary difference in respect of liabilities more than 3 years of Rs. 19,286 million. This results in net deferred tax of Rs. 7,679 million which management has not recognized for reasons disclosed in the said note. The analysis and recoverability of the deferred tax asset is significant to our audit because the amount is material, the assessment process is complex and judgmental and is based on the assumption that are affected by expected future market and economic conditions.	We obtained an understanding of process of recognition of taxes, and evaluated the design and tested the effectiveness of controls in areas relevant to our audit. We performed substantive audit procedures on the recognition of deferred tax balances and on the recoverability of deferred tax assets. We have evaluated the Company's assumption and estimates in relation to the likelihood of generating sufficient taxable profits based on the most recent budgets and plans used in evaluation of going concern assessment, principally by evaluating and testing the key assumptions used to determine the amount recognized. Had detailed discussion with management and Board of Directors regarding recoverability of deferred tax asset.
3	**Trade and other receivables** (Refer note 27 and 31 to the unconsolidated financial statements) As at June 30, 2018, the Company's trade debts and other receivables (other than sales tax receivable and Sindh Sales tax receivable and receivables forming subject matter of our qualified opinion) aggregate to Rs. 21,889 million and Rs. 114,745 million respectively. As part of financial reporting, the Company based on the nature / class of related customer, the aging of such receivable and historical pattern makes its assessment regarding the estimate the future cash collection against such trade debts which involves significant judgements. As a result of such an exercise provision amounting to Rs. 14,783 million and Rs. 2,346 million	Our audit procedures include: - Obtained an understanding of and assessed the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts. - Tested controls around preparation of aging of trade debts and other receivables and assessing, on a sample basis, whether items in the trade debtors' aging report were classified within the appropriate aging bracket by comparing individual items in the report with underlying documentation; - Assessed the management's rationale for impairment calculation in view of the key factors such as nature of counterparties, aging of debts and historical receipt pattern. - Checked mathematical accuracy of the impairment calculated as at June 30, 2018.

S. No.	Key Audit Matter	How matter was addressed in our audit
	against trade debts and other receivable respectively is being carried as at June 30, 2018, in the annexed unconsolidated financial statements which include the charge of Rs. 1,017 million recorded during the year. Because of use of significant judgement and estimates in the overall process and the materiality of amounts involved, we have considered the impairment provision against trade debts and other receivable as key audit matter.	- Compared, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade debtor balances as at 30 June 2018 with the underlying documentation; - Inspected correspondence between the Company and customers and where relevant with the ECC and Ministry of Petroleum and Natural resources; and - Assessed the adequacy of the disclosure in accordance with the financial reporting framework applicable for the Company.
4	**Employee Benefits** (Refer note 41 of the unconsolidated financial statements). The Company operates approved funded pension and gratuity schemes for all employees. The total net present value of the obligation is Rs. 4,230 million at June 30, 2018. We have considered this matter as key audit matter as the valuation of pension and gratuity plan liabilities requires judgement in determining appropriate assumptions such as salary increase, mortality rates, discount rates and inflation level.	Our audit procedures comprised of below: - Evaluated the design and implementation of controls in respect of post-retirement benefit obligations. - Assessed the competence, capability and independence of the management expert. - Evaluated the underlying data sent to management expert; and - Engaged an auditor's expert to assess whether the assumptions used in calculating the liabilities were reasonable who performed the following procedures: • Assessed whether salary increases and mortality rate assumptions were consistent with the relevant national and industry benchmarks; • Assessed that the discount and inflation rates used were consistent with auditor expert's expertise and knowledge and in line with other companies' recent external reporting; and • Reviewed the calculation prepared by management's expert to assess the consistency of the assumptions used.
5	**First time application of Fourth Schedule to the Companies Act, 2017** Refer note 3.3 to the annexed unconsolidated financial statements that states that the Companies Act, 2017 (along with fourth schedule) was applicable to the Company for the first time for the preparation of the annexed unconsolidated financial statements. As part of the transition, the management performed an analysis to identify differences between the previous and the	Our audit procedures amongst others included the following: - Obtained understanding of the requirements of the Companies Act, 2017 and applicable Fourth Schedule along with its subsequent amendments to date; - Considered the management's process to identify the necessary amendments and additional disclosures required in the annexed unconsolidated financial statements; - Evaluated the underlying evidence for the amendments and additional disclosures made in the annexed unconsolidated financial statements;

S. No.	Key Audit Matter	How matter was addressed in our audit
	current Fourth Schedules along with subsequent amendments to the date, and as a result, certain amendments relating to presentation and disclosure were made in the annexed unconsolidated financial statements. These amendments also include recognition of surplus on revaluation of property, plant and equipment in comprehensive income' as required by the Companies Act, 2017. This change in the presentation relating to surplus on revaluation of property, plant and equipment has been accounted for as a change in accounting policy that also required retrospective restatement of the annexed unconsolidated financial statements and inclusion of an additional unconsolidated statement of financial position at the beginning of the earliest period presented in accordance with the requirements of International Accounting Standard (IAS) 8 "Accounting Policies changes in Accounting Estimates and Errors". In view of the amendments and various new disclosures prepared and presented in the annexed unconsolidated financial statements, we considered this as a key audit matter.	- Assessed the accounting implications, presentation and disclosure requirements of the financial reporting framework relating to change in accounting policy for surplus on revaluation of property, plant and equipment; and - Assessed the adequacy and appropriateness of the additional disclosures and changes to the previous disclosure made in the annexed unconsolidated financial statements in accordance with the requirements of the Fourth Schedule to the Companies Act, 2017.

Information Other than the unconsolidated Financial Statements and Auditor's Report hereon

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the matters discussed in our 'Basis for Qualified Opinion' paragraph

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

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

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

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

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

Deloitte Yousuf Adil

Chartered Accountants

Date: July 11, 2020
Place: Karachi

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

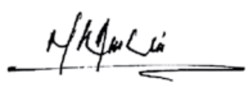
As at June 30, 2018

	Note	2018	2017 (Restated)	2016 (Restated)
		(Rupees in '000)		
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised share capital:				
1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000**	10,000,000	10,000,000
Issued, subscribed and paid-up capital	4	**8,809,163**	8,809,163	8,809,163
Reserves	5	**4,907,401**	4,907,401	4,907,401
Surplus on re-measurement of available for sale securities		**334,805**	518,699	201,787
Surplus on revaluation of fixed assets	6	**13,673,415**	11,728,265	11,728,265
Accumulated losses		**(24,318,479)**	(9,880,716)	(11,500,489)
Total Equity		**3,406,305**	16,082,812	14,146,127
LIABILITIES				
Non-current liabilities				
Long term finance	7	**44,721,775**	48,790,294	22,573,040
Long term deposits	8	**15,181,333**	14,222,296	12,462,204
Employee benefits	10	**5,935,400**	4,886,461	4,704,086
Obligation against pipeline	11	**933,345**	982,731	1,027,886
Deferred credit	12	**6,037,795**	5,320,034	5,842,485
Long term advances	13	**3,148,848**	2,207,355	1,092,831
Total non-current liabilities		**75,958,496**	76,409,171	47,702,532
Current liabilities				
Current portion of long term finance	14	**11,573,691**	7,045,427	5,756,246
Short term borrowings	15	**9,759,947**	2,900,653	4,860,212
Trade and other payables	16	**267,253,137**	195,950,390	189,324,005
Current portion of obligation against pipeline	11	**49,386**	45,155	41,287
Current portion of deferred credit	12	**570,973**	422,867	427,547
Unclaimed Dividend		**285,565**	285,721	285,837
Interest accrued	17	**17,229,031**	16,898,655	16,532,459
Total current liabilities		**306,721,730**	223,548,868	217,227,593
Total liabilities		**382,680,226**	299,958,039	264,930,125
Contingencies and commitments	18			
Total equity and liabilities		**386,086,531**	316,040,851	279,076,252

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2018

	Note	2018	2017 (Restated)	2016 (Restated)
		-------------------- (Rupees in '000)		--------------------
ASSETS				
Non-current assets				
Property, plant and equipment	19	**120,523,674**	114,993,177	96,711,045
Intangible assets	20	**48,853**	74,148	24,643
Deferred tax	9	**-**	2,476,353	2,668,942
Long term investments	21	**1,376,433**	1,560,328	1,243,416
Net investment in finance lease	22	**246,764**	304,579	362,394
Long term loans and advances	23	**180,117**	171,407	162,426
Long term deposits		**17,438**	14,365	8,302
Total non-current assets		**122,393,279**	119,594,357	101,181,168
Current assets				
Stores, spares and loose tools	24	**2,015,195**	2,472,190	2,146,869
Stock-in-trade	25	**1,125,441**	1,139,269	801,819
Current maturity of net investment in finance lease	22	**57,815**	57,815	110,161
Customers' installation work in progress	26	**179,691**	165,402	184,508
Trade debts	27	**76,761,352**	82,137,595	86,285,447
Loans and advances	28	**2,492,061**	2,642,233	2,643,911
Advances, deposits and short term prepayments	29	**171,729**	146,751	481,877
Interest accrued	30	**11,690,562**	10,594,367	9,191,342
Other receivables	31	**149,239,943**	77,326,874	55,108,009
Taxation - net	32	**19,549,064**	18,867,146	19,986,902
Cash and bank balances	33	**410,399**	896,852	954,239
Total current assets		**263,693,252**	196,446,494	177,895,084
Total assets		**386,086,531**	316,040,851	279,076,252


Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in '000)	
Sales		**184,014,613**	187,028,899
Sales tax		**(25,251,284)**	(25,665,983)
	34	**158,763,329**	161,362,916
Gas development surcharge		**22,645,175**	(4,689,641)
RLNG differential margin		**(4,004,081)**	-
Net sales		**177,404,423**	156,673,275
Cost of sales	35	**(187,181,334)**	(157,512,161)
Gross loss		**(9,776,911)**	(838,886)
Administrative and selling expenses	36	**(4,475,239)**	(4,311,328)
Other operating expenses	37	**(5,512,109)**	(3,293,096)
		(9,987,348)	(7,604,424)
		(19,764,259)	(8,443,310)
Other income	38	**14,002,137**	13,451,579
Operating (loss) / profit		**(5,762,122)**	5,008,269
Finance cost	39	**(5,063,738)**	(1,692,477)
(Loss) / profit before taxation		**(10,825,860)**	3,315,792
Taxation	40	**(4,022,348)**	(1,979,962)
(Loss) / profit for the year		**(14,848,208)**	1,335,830
		(Rupees)	
Basic and diluted (loss) / earning per share	42	**(16.86)**	1.52

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in '000)	
(Loss) / profit for the year		**(14,848,208)**	1,335,830
Other comprehensive income			
Item that may be reclassified subsequently to unconsolidated statement of profit or loss:			
- Unrealised (loss) / gain on re-measurement of available for sale securities		**(183,894)**	316,912
Items that will not be reclassified subsequently to unconsolidated statement of profit or loss:			
- Remeasurement of post retirement benefits obligation		**(1,368,151)**	(946,477)
- Impact of deferred tax		**410,445**	283,943
- Gas development surcharge	31.1.3	**1,368,151**	946,477
		410,445	283,943
Revaluation surplus arising during the year		**1,945,150**	-
Total comprehensive (loss) / income for the year		**(12,676,507)**	1,936,685

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2018

	Issued, subscribed and paid-up capital	Capital reserves (Note 5)	Revenue reserves (Note 5)	Surplus on re-measurement of available for sale securities	Surplus on revaluation of fixed assests	Accumulated losses	Total
	(Rupees in '000)						
Balance at June 30, 2016	8,809,163	234,868	4,672,533	201,787	-	(11,500,489)	2,417,862
Effect of change in Accouting policy (Note # 3.3)	-	-	-	-	11,728,265	-	11,728,265
Balance at July 01, 2016 (Restated)	8,809,163	234,868	4,672,533	201,787	11,728,265	(11,500,489)	14,146,127
Total comprehensive income for the year ended June 30, 2017							
Profit for the year	-	-	-	-	-	1,335,830	1,335,830
Comprehensive income for the year	-	-	-	316,912	-	283,943	600,855
Total comprehensive income for the year	-	-	-	316,912	-	1,619,773	1,936,685
Balance at June 30, 2017 (Restated)	8,809,163	234,868	4,672,533	518,699	11,728,265	(9,880,716)	16,082,812
Total comprehensive (loss) / income for the year ended June 30, 2018							
Loss for the year	-	-	-	-	-	(14,848,208)	(14,848,208)
Comprehensive (loss) / income for the year	-	-	-	(183,894)	1,945,150	410,445	2,171,701
Total comprehensive (loss) / income for the year	-	-	-	(183,894)	1,945,150	(14,437,763)	(12,676,507)
Balance as at June 30, 2018	**8,809,163**	**234,868**	**4,672,533**	**334,805**	**13,673,415**	**(24,318,479)**	**3,406,305**

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Acting Managing Director

Syed Fasihuddin Fawad
Acting Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(10,825,860)**	3,315,792
Adjustments for non-cash and other items	43	**15,750,685**	9,463,667
Working capital changes	44	**4,635,174**	(14,815,207)
Financial charges paid		**(4,973,973)**	(2,962,673)
Employee benefits paid		**(100,361)**	(87,971)
Payment for retirement benefits		**(904,810)**	(511,075)
Long term deposits received - net		**959,037**	1,760,092
Deposits paid - net		**(3,073)**	(6,063)
Loans and advances to employees - net		**141,462**	(7,303)
Interest income received		**17,987**	58,584
Income taxes paid		**(1,817,468)**	(383,674)
Net cash generated from / (used in) operating activities		**2,878,800**	(4,175,831)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(10,799,143)**	(21,490,340)
Payments for intangible assets		**(8,702)**	(72,067)
Proceeds from sale of property, plant and equipment		**125,832**	89,749
Lease rental from net investment in finance lease		**114,780**	177,910
Payment for obligation against pipeline		**(135,732)**	(135,732)
Dividend received		**18,818**	2,163
Net cash used in investing activities		**(10,684,147)**	(21,428,317)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		**10,072,635**	32,986,444
Repayments of local currency loans		**(9,611,491)**	(5,465,880)
Customer finance received		**12,962**	9,345
Repayment of customer finance		**(14,350)**	(23,473)
Dividend paid		**(156)**	(116)
Net cash generated from financing activities		**459,600**	27,506,320
Net (decrease) / increase in cash and cash equivalents		**(7,345,747)**	1,902,172
Cash and cash equivalents at beginning of the year		**(2,003,801)**	(3,905,973)
Cash and cash equivalents at end of the year		**(9,349,548)**	(2,003,801)
Cash and cash equivalent comprises:			
Cash and bank balances		**410,399**	896,852
Short term borrowings		**(9,759,947)**	(2,900,653)
		(9,349,548)	(2,003,801)

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

1. STATUS AND NATURE OF BUSINESS

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

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

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

1.2 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA), the Company is provided a minimum annual return before taxation of 17% per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial and other non-operating expenses and non-operating income. The determination of annual required return is reviewed by OGRA, under the terms of the license for transmission, distribution and sale of natural gas, targets and parameters set by OGRA. Income earned in excess / short of the above guaranteed return is payable to / recoverable from the Government of Pakistan (GoP) and is adjusted from / to the gas development surcharge balance payable to / receivable from the GoP.

1.3 Financial Performance

During the year, the Company has suffered loss after tax of Rs. 14,848 million resulting increase in its accumulated losses by Rs. 14,438 million and weakening equity by Rs. 12,677 million after including the impact of staggering as discussed in note 2.1.1 to these unconsolidated financial statements.

The Company's financial performance for the year has been deteriorated mainly because of higher UFG due to RLNG off load into Company's franchise area which was sold to indigenous gas customers and staggering of losses due to dismissal of Company's petitions by Sindh High Court (refer note 1.4).

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

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Company was allowed UFG based on RLNG handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. However, in its determination on Final Revenue requirement for FY 2017-18 OGRA did not consider implementing the aforementioned decision and advised to take up the matter with SNGPL in consultation with Ministry of Energy (Petroleum Division). The Company has reiterated its earlier position of higher UFG due to RLNG and another summary is being considered at ECC to reinforce earlier ECC decision with multiple options for its implementation.

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

- The Company has devised a strategy to control UFG in coming years and the same is under implementation with the approval of Board of Directors.

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

- Banks have relaxed debt to equity ratio of the Company from 80:20 to 95:05 from financial year 2016 to 2019. However, subsequent to year end, the Company has never defaulted in payment of any installment of principal and interest thereon and some of the loans have been totally paid off to date.

- The Company is also evaluating the option to issue shares to improve the equity and cash flows of the Company.

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

1.4 Determination of revenue requirements

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

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

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

2. BASIS FOR PREPARATION

2.1 Statement of compliance

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

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

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

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

2.1.1 Staggering of Losses arising due to Sindh High Court decision

As disclosed in note 1.4, OGRA has disallowed certain expenses for the years ended 2011 to 2015. Consequently, management had approached Securities and Exchange Commission of Pakistan (SECP) through its letter dated December 14, 2016 to allow staggered recognition of the disallowed expenses of Rs. 36,718 million in 3 years. The permission from SECP was sought based on the grounds that recognition of such disallowances in one year will reflect very adverse results and financial position of the Company, considering that OGRA's determination of some significant aspects of revenue requirements are provisional and are likely to be revised.

Accordingly, SECP through its letter dated December 20, 2016 has granted permission to stagger disallowed expense in the financial statements for the years ended / ending June 30, 2016 and 2017 subject to the conditions that disallowed expense will be staggered on equal basis, facts and circumstances are adequately disclosed and compliance with the disclosure requirement of IFRSs for departing with IFRSs.

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

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

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except for certain investments stated in note 21 which are carried at their fair values, employee benefits which are valued at their present value using actuarial assumptions and freehold and leasehold land which are carried at revalued amount.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of these unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including reasonable expectation of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by management that may have a significant risk of material adjustments to the unconsolidated financial statements in the subsequent year are discussed in note 51.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New accounting standards/amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / Amendments / Interpretations	Effective Date (accounting period beginning on or after)
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017

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

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company including change in nomenclature of primary statements.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of siginificant additional disclosures.

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

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

	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after January 01, 2018.
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	January 01, 2018
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.

	Effective from accounting period beginning on or after:
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

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

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

3.3 Change in accounting policy

Section 235 of the Repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets.The specific provision/section in the Repealed Companies Ordinance,1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. In view of foregoing and the contents of note 3 & note 4.1 the accounting and presentation of revaluation surplus is required to be made in accordance with the requirements of International Accounting Standard (IAS)16, Property,Plant and Equipment.

The applicability of requirements of IAS 16 accordingly results in the change in accounting policy of revaluation of surplus in following manner:

– present surplus on revaluation of fixed assets under equity;
– offset the deficit arising from revaluation of the particular asset; and
– transfer the realized surplus directly to the retained earnings/unappropriated profit;

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ and the corresponding figures have been restated. The effect of retrospective application in case of the Company has resulted in reclassification of surplus on revaluation of freehold land to reserves. There is no other impact of the retrospective application on the amounts of surplus presented in prior years.

3.4 Property, plant and equipment

Initial recognition

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

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

Measurement

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

Freehold land and leasehold land are stated at revalued amount and surplus arising on revaluation of freehold land and leasehold land is disclosed as surplus on revaluation of fixed assets.

The cost of the property, plant and equipment includes:

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

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

Subsequent expenditure (including normal repairs and maintenance)

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

Capital work in progress

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

Depreciation

- Compressors and transmission lines

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

- Other operating assets

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

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

Assets' residual values and their useful lives are reviewed and adjusted at each statement of financial position date if significant and appropriate.

Intangible assets

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

Definite life

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

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

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

Borrowing costs

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

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

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

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

Gains and losses on disposal

Gains and losses on disposal are taken to the unconsolidated statement of profit or loss.

Leased assets

Leased assets in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment loss, if any. Depreciation on assets subject to finance lease is recognised in the same manner as for owned operating assets.

3.5 Investments

Available-for-sale

Investments which are intended to be held for an indefinite period and may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale investments. These investments are initially recognised at fair value, being the cost of the consideration given and transaction cost. After initial recognition, investments classified as available-for-sale are re-measured at fair value, determined with reference to the year-end quoted rates. Gains or losses on re-measurement of these investments are recognised in comprehensive income and accumulated in the investment revaluation reserve until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in unconsolidated statement of profit or loss. Impairment losses recognised in unconsolidated statement of profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through unconsolidated statement of profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in unconsolidated statement of profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in unconsolidated statement of profit or loss.

Held to maturity

Investments with fixed or determinable maturity where management has both the positive intent and ability to hold till maturity are classified as held-to-maturity. These investments are measured initially at its fair value plus transaction costs that are directly attributable to these investments. Subsequent to initial measurement, held to maturity investments are measured at amortised cost using effective interest method. All investments categorised under held to maturity are subject to annual review for impairment. Provision for impairment in value, if any, is taken to unconsolidated statement of profit or loss.

Investment in subsidiary

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

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

Date of recognition

All purchases and sales of investments that require delivery within the time frame established by regulations or market convention (regular way) are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investments.

De-recognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risk and rewards of ownership.

3.6 Net investment in finance lease

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

3.7 Stores, spares and loose tools

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.8 Stock-in-trade

Gas in pipelines

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

Meter manufacturing division

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Trade debts and other receivables

Trade debts and other receivables are recognised at fair values plus directly attributable cost, if any.

A provision for impairment of trade and other receivables is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.10 Trade and other payables

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

3.11 Mark-up bearing borrowings

Long term financing

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

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

Leases

The Company accounts for lease obligations by recording the asset and the corresponding liability determined on the basis of discounted value of minimum lease payments. Financial charges are recognised in the unconsolidated statement of profit or loss.

3.12 Provisions

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

3.13 Deferred credit

Amounts received from customers before July 1, 2009 and the Government as contributions and grants for providing service connections, extension of gas mains, laying of distribution lines, etc. are deferred and recognised in the unconsolidated statement of profit and loss over the useful lives of the related assets starting from the commissioning of such assets.

Contribution from customers

Advance taken from customers on or after July 1, 2009 for laying of distribution lines is recognised in the unconsolidated statement of profit or loss when the connection to the network is completed, immediately in accordance with the requirements of IFRIC-18 "Transfer of Assets from Customers".

3.14 Taxation

Current

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

Deferred

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

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

3.15 Revenue recognition

- Revenue from gas sales is recognised on the basis of gas supplied to customers at rates periodically announced by the OGRA.
- Meter rental income is recognised monthly at specified rates for various categories of customers.
- Revenue from sale of meters, liquid petroleum gas and gas condensate is recognised on dispatch to the customers.
- Deferred credit from Government and customers before July 1, 2009 is amortised and related income is recognised in the unconsolidated statement of profit or loss over the useful lives on commissioning of the related assets.
- Deferred credit from customers after July 01, 2009 for laying of distribution lines is recognised in the unconsolidated statement of profit or loss when the network connection is completed, immediately in accordance with the requirements of IFRIC-18 "Transfer of Assets from Customers".

- Income from new service connections is recognised in unconsolidated statement of profit or loss immediately on commissioning of related assets.

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

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

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

3.16 RLNG differential margin

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

3.17 Impairment

Financial assets

The Company assesses at each unconsolidated statement of financial position date whether there is any objective evidence that financial asset or group of financial asset is impaired. A financial asset or group of financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. In case of quoted equity securities, classified as AFS impairment is assessed based on significant or prolonged decline in market prices of securities.

An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss had been recognised. An impairment loss is reversed only to the extent that the financial assets carrying value after the reversal does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised. Reversal of impairment is recognised in unconsolidated statement of profit or loss except in the case of available for sale instruments where the reversal is included in the unconsolidated statement of comprehensive income.

Non-financial assets

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

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

3.18 Staff retirement benefits

The Company operates the following retirement schemes for its employees:

- Approved funded pension and gratuity schemes for all employees.

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

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

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

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

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

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

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

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

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

- Employees benefit valuation carried by management expert M/s. Akhter and Hasan Private Limited Actuaries as on June 30, 2018

3.19 Compensated absences

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

3.20 Foreign currency translation

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

3.21 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value and subsequently at fair value or amortised cost as the case may be. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are derecognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the unconsolidated statement of profit or loss immediately.

3.22 Derivative financial instruments

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

3.23 Off-setting

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

3.24 Segment reporting

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

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

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

Gas transmission and distribution

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

Meter manufacturing

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

3.25 Cash and cash equivalents

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

3.26 Earnings per share

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

3.27 Dividend and reserves appropriation

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

3.28 Share Capital

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

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018 (Number of shares)	2017 (Number of shares)		2018 (Rupees in '000)	2017 (Rupees in '000)
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	**2,195,666**	2,195,666
661,349,755	661,349,755	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**6,613,497**	6,613,497
880,916,309	880,916,309		**8,809,163**	8,809,163

4.1 The Company has one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders. All shares rank equally with regard to the Company's residual assets. Currently Government of Pakistan (GoP) holds 53.18% (2017: 53.18%) paid up capital of the Company.

5. RESERVES

	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Capital reserves			
Share capital restructuring reserve	5.1	**146,868**	146,868
Fixed assets replacement reserve	5.2	**88,000**	88,000
		234,868	234,868
Revenue reserves			
Dividend equalisation reserve		**36,000**	36,000
Special reserve I	5.3	**333,141**	333,141
Special reserve II	5.4	**1,800,000**	1,800,000
General reserve	5.5	**2,015,653**	2,015,653
Reserve for interest on sales tax refund	5.6	**487,739**	487,739
		4,672,533	4,672,533
		4,907,401	4,907,401

5.1 Share capital restructuring reserve

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

5.2 Fixed assets replacement reserve

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

5.3 Special reserve I

This represents accumulated balance arising on a price increase of Rs. 4.10 per MCF granted to the Company by the Government of Pakistan in January 1987 retrospectively from July 1, 1985 to enable the Company to meet the requirements of Asian Development Bank regarding debt / equity ratio and other financial covenants specified in loan agreements with them.

5.4 Special reserve II

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

5.5 General reserve

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

OGRA, in its decision dated December 24, 2018 stated the Company's distribution of dividends during stay period should not have been offered and funds should have been kept aside until final decision/policy had been put in place.

5.6 Reserve for interest on sales tax refund

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

6. SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book values resulting from the revaluation of the Company's freehold and leasehold land carried out by an independent valuer K.G. Traders (Private) Limited to determine the fair value as of June 30, 2018. The desktop valuation was based on market research.The last valuation was carried out by K.G Traders (Private) Limited in 2016.

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

	2018	2017
	(Rupees in '000)	
Freehold land	**454,156**	454,156
Leasehold land	**208,351**	208,351
	662,507	662,507

6.1 Details of the Company's freehold and leasehold land and information about fair value hierarchy, explained in note 48.4.1, as at June 30, 2018 are as follows.

	Level 1	Level 2	Level 3	Total
	----------------------------Rupees in '000----------------------------			
Freehold land	-	6,309,707	-	**6,309,707**
Leasehold land	-	8,026,216	-	**8,026,216**

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

	Note	2018	2017
		(Rupees in '000)	
7. LONG TERM FINANCE			
Secured			
Loans from banking companies	7.1	**43,961,852**	46,084,648
Unsecured			
Front end fee of foreign currency loan	7.2	**23,950**	23,950
Customer finance	7.3	**189,600**	190,927
Government of Sindh loans	7.4	**546,373**	2,490,769
		759,923	2,705,646
		44,721,775	48,790,294

	Note	2018	2017
		(Rupees in '000)	

7.1 Loans from banking companies

	Installment payable	Repayment period	Mark-up rate p.a. (above 3 months and 6 months * KIBOR)	Note	2018	2017
Faysal Bank Limited	quarterly	2015 - 2018	0.70%	7.1.3	-	500,000
United Bank Limited - Led Consortium	quarterly	2015 - 2018	0.70%	7.1.3	-	1,333,333
Meezan Bank Limited	quarterly	2015 - 2018	0.70%	7.1.3	-	666,667
Habib Bank Limited	quarterly	2015 - 2018	0.70%	7.1.3	-	333,333
Bank Alfalah Limited - Led Consortium	quarterly	2018 - 2019	0.40%	7.1.3	**5,250,000**	7,000,000
Habib Bank Limited	quarterly	2018 - 2022	0.50%	7.1.3	**2,700,000**	3,000,000
United Bank Limited - Led Consortium	semi annually	2018 - 2022	0.50% *	7.1.1 & 7.1.3	**13,500,000**	15,000,000
Habib Bank Limited - Led Consortium	semi annually	2018 - 2026	1.10% *	7.1.2	**34,200,000**	25,000,000
Unamortised transaction cost					**(313,148)**	(365,352)
					55,336,852	52,467,981
Less: Current portion shown under current liabilities				14	**(11,375,000)**	(6,383,333)
					43,961,852	46,084,648

7.1.1 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. As at June 30, 2018, the Company has utilised total sanctioned amount. During the year, repayment of Rs. 1,500 million has been made.

7.1.2 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at June 30, 2018, the Company has utilised Rs. 34,200 million out of the total sanctioned amount. The financial arrangements have been secured by GoP guarantee and ranking charge created by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

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

7.1.4 The Company is required to maintain debt to equity at 80:20. In FY 2016, the Company has obtained relaxation letter from respective banks. As per the relaxation letter issued by banks, debt to equity ratio has been revised from 80:20 to 95:05 from financial year 2016 to 2019.

7.2 Front end fee of foreign currency loan

	Installment payable	Repayment period	Mark-up rate per annum	Note	2018	2017
					(Rupees in '000)	
IBRD LOAN - 81540	Half-yearly	2020 - 2036	11.80%	7.2.1	**23,950**	23,950

7.2.1 This represents front end fee in respect of USD 100 million loan from the Government of Pakistan through International Bank for Reconstruction and Development (IBRD) for Natural Gas Efficiency Project.

	Note	2018	2017
		(Rupees in '000)	
7.3 Customer finance			
Customer finance	7.3.1	**201,624**	203,021
Less: Current portion shown under current liabilities	14	**(12,024)**	(12,094)
		189,600	190,927

7.3.1 This represents contributions received from certain industrial customers for the laying of distribution mains for supply of gas to their premises. These balances carry mark-up at 25% of 3 year average ask side KIBOR less 2% per annum for laying of distribution mains. Principal and interest are adjustable in 48 equal installments through credits in the monthly gas bills of the customer.

7.4 Government of Sindh loans	Installment payable	Principal repayment period	Mark-up rate p.a.	Note	2018	2017
					(Rupees in '000)	
Government of Sindh loan - II	yearly	2011 - 2020	4%	7.4.1	**-**	270,000
Government of Sindh loan - III	yearly	2012 - 2021	4%	7.4.1	**80,000**	400,000
Government of Sindh loan - IV	yearly	2014 - 2023	4%	7.4.1	**500,000**	600,000
Government of Sindh loan - V	yearly	2015 - 2024	4%	7.4.1	**360,000**	770,000
Government of Sindh loan - VI	yearly	2015 - 2024	4%	7.4.1	**-**	700,000
Government of Sindh loan - VII	yearly	2016 - 2025	4%	7.4.1	**-**	1,200,000
Less: Impact of discounting of Government of Sindh loans				7.4.2	**(206,960)**	(799,231)
					733,040	3,140,769
Less: Current portion shown under current liabilities				14	**(186,667)**	(650,000)
					546,373	2,490,769

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

7.4.2 This represents the benefit of lower interest rate on Government of Sindh Loan II, III, IV, V, VI & VII, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan II, III, IV, V, VI & VII amounting to Rs. 6,500 million, and its initial fair value amounting to Rs. 4,272 million. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in unconsolidated statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

7.4.3 The Government of Sindh through its letter dated December 18, 2017, approved the conversion of Rs. 3,000 million of loan into grant for all the schemes which do not qualify per customer cost criteria. Accordingly, management has transferred the loan amount to government grant, which would be amortised in a similar manner as described in note 3.13 of these unconsolidated financial statements.

	Note	2018	2017
		(Rupees in '000)	
8. LONG TERM DEPOSITS			
Security deposits from:			
- gas customers	8.1	**15,012,279**	14,039,952
- gas contractors	8.2	**169,054**	182,344
		15,181,333	14,222,296

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

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

The Company may at its option, use these deposits for its own purpose from time to time and shall, on disconnection of gas supply to the customer, return the security deposits as per the terms and conditions of the contract.

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

9. DEFERRED TAX

Deferred tax asset comprises of taxable / (deductible) temporary differences in respect of the following:

	Note	2018			
		Opening	Charge / (reversal) to profit and loss account	Charge / (reversal) to OCI	Closing
		(Rupees in '000)			
Taxable temporary differences					
Accelerated tax depreciation		**14,251,633**	**748,297**	**-**	**14,999,930**
Net investment in finance lease		**108,718**	**(17,344)**	**-**	**91,374**
Deductible temporary differences					
Provision against employee benefits		**(1,465,938)**	**95,763**	**(410,445)**	**(1,780,620)**
Provision against impaired debts and other receivables and receivable from staff pension fund		**(4,718,544)**	**(324,488)**	**-**	**(5,043,032)**
Provision against impaired store and spares		**(88,227)**	**(10,444)**	**-**	**(98,671)**
Liability not paid within three years		**(9,301,358)**	**(3,048,772)**	**-**	**(12,350,130)**
Carry forward of tax losses		**(402,574)**	**(1,243,701)**	**-**	**(1,646,275)**
Minimum income tax		**(834,020)**	**(1,002,973)**	**-**	**(1,836,993)**
Obligation under finance lease		**-**	**-**	**-**	**-**
Others		**(26,043)**	**11,584**	**-**	**(14,459)**
Sub total		**(2,476,353)**	**(4,792,078)**	**(410,445)**	**(7,678,876)**
Deferred tax asset not recognised	9.1	**-**	**7,678,876**	**-**	**7,678,876**
Total		**(2,476,353)**	**2,886,798**	**(410,445)**	**-**

	2017			
	Opening	Charge / (reversal) to profit and loss account	Charge / (reversal) to OCI	Closing
	(Rupees in '000)			
Taxable temporary differences				
Accelerated tax depreciation	10,459,386	3,792,247	-	14,251,633
Net investment in finance lease	141,767	(33,049)	-	108,718
Deductible temporary differences				
Provision against employee benefits	(1,411,226)	240,156	(294,868)	(1,465,938)
Provision against impaired debts and other receivables and receivable from staff pension fund	(3,898,338)	(831,131)	10,925	(4,718,544)
Provision against impaired store and spares	(84,518)	(3,709)	-	(88,227)
Liability not paid within three years	(6,569,043)	(2,732,315)	-	(9,301,358)
Carry forward of tax losses	(960,044)	557,470	-	(402,574)
Minimum income tax	-	(834,020)	-	(834,020)
Obligation under finance lease	(320,752)	320,752	-	-
Others	(26,174)	131	-	(26,043)
	(2,668,942)	476,532	(283,943)	(2,476,353)

9.1 As at June 30, 2018, the Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs.22,728 million (2017: Rs. 16,836 million) out of which deferred tax asset amounting to Rs. 15,091 million has been recognised and remaining balance of Rs 7,679 million is unrecognised. As at year end, the Company's minimum tax credit amounted to Rs.1,837 million (2017: Rs. 849 million) having expiry period ranging between 2022 and 2023.

10. EMPLOYEE BENEFITS

	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Provision for post retirement medical and free gas supply facilities - executives	41.2	**4,967,770**	4,115,304
Provision for compensated absences - executives	10.1	**967,630**	771,157
		5,935,400	4,886,461

10.1 Provision for compensated absences - executives

	2018	2017
Balance as at July 01	**771,157**	653,801
Provision during the year	**196,473**	117,356
Balance as at June 30	**967,630**	771,157

11. OBLIGATION AGAINST PIPELINE

	Note	2018	2017
Principal amount of obligation against pipeline	11.1	**982,731**	1,027,886
Less: current portion of obligation against pipeline		**(49,386)**	(45,155)
		933,345	982,731

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

12. DEFERRED CREDIT

	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Government of Pakistan contributions / grants			
Balance as at July 01		**3,539,596**	3,707,033
Additions / adjustments during the year		**24,182**	106,418
Transferred to unconsolidated statement of profit or loss	12.1	**(278,686)**	(273,855)
Balance as at June 30		**3,285,092**	3,539,596
Contribution from customers			
Balance as at July 01		**1,168,909**	1,326,845
Transferred to unconsolidated statement of profit or loss	12.2	**(152,010)**	(157,936)
Balance as at June 30		**1,016,899**	1,168,909
Government of Sindh (Converstion of loan into grant)			
Balance as at July 01		**-**	-
Additions during the year		**2,288,772**	-
Transferred to unconsolidated statement of profit or loss		**(155,213)**	-
Balance as at June 30		**2,133,559**	-
Government of Sindh grants			
Balance as at July 01		**1,034,396**	1,236,154
Transferred to unconsolidated statement of profit or loss	7.4.2	**(54,938)**	(201,758)
Adjustment	7.4.3	**(806,240)**	-
Balance as at June 30		**173,218**	1,034,396
		6,608,768	5,742,901
Less: Current portion of deferred credit		**(570,973)**	(422,867)
		6,037,795	5,320,034

12.1 This represents amount received from the Government of Pakistan for supply of gas to new towns and villages and is recognised as grant when the conditions specified by the Government are met and is amortised over the useful life of related projects.

12.2 This represents amount received from customers for the cost of service lines and gas mains, etc. These are taken to unconsolidated statement of profit or loss based on the policy stated in note 3.13 to these unconsolidated financial statements.

12.3 Pipelines constructed / built under deferred credit arrangement are not given 17% minimum guaranteed return. However, Unaccounted for Gas ("UFG") losses on such pipelines are considered in the determination of the Company's guaranteed return.

13. LONG TERM ADVANCES

These represent amounts received from Government of Pakistan for gas supply to new towns and villages and laying of distribution lines, etc. These advances are transferred to deferred credit once the related projects are commissioned. As stated in note 3.13 to these unconsolidated financial statements, such deferred credit is amortised over the estimated useful lives of related assets.

14. CURRENT PORTION OF LONG TERM FINANCE

	2018	2017
	(Rupees in '000)	
Loans from banking companies	**11,375,000**	6,383,333
Customer finance	**12,024**	12,094
Government of Sindh loans	**186,667**	650,000
	11,573,691	7,045,427

15. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 23,000 million (2017: Rs. 14,625 million) and subject to markup to 0.10% (2017: 0.60%) above the one month KIBOR. These facilities are secured by first pari passu, first joint supplemental hypothecation and ranking charge over present and future stock in trade and book debts of the Company.

The aggregate unavailed short term borrowing facilities amounted to Rs. 13,240 million. (2017: Rs. 11,725 million).

16. TRADE AND OTHER PAYABLES

	Note	2018	2017
		(Rupees in '000)	
Creditors for:			
- gas supplies	16.1	**233,477,294**	167,233,189
- supplies		**1,138,227**	943,528
		234,615,521	168,176,717
Advance received from customers for laying of mains, etc.		**2,677,773**	2,361,457
Payable to SNGPL for differential tariff		**1,487,714**	-
Engro Elengy Terminal Limited		**1,764,281**	2,098,162
Accrued liabilities		**3,902,232**	3,193,262
Advance from LPG customers		**51,617**	22,002
Provision for compensated absences - non executives	16.2	**309,391**	266,887
Payable to staff gratuity fund	41.1	**4,549,836**	3,778,334
Deposits / retention money		**678,233**	895,166
Bills payable		**129,430**	59,498
Advance for sharing right of way	16.3	**18,088**	18,088
Withholding tax		**102,946**	92,175
Sales tax and Federal Excise Duty		**280,403**	282,275
Sindh sales tax		**111,761**	54,322
Processing charges payable to JJVL		**8,528,447**	7,115,280
Gas infrastructure development cess payable	16.4	**7,425,827**	7,264,457
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Inter State Gas System (Private) Limited (ISGSL)		**-**	1,555
Workers' Profit Participation Fund	16.5	**12,860**	12,860
Others	16.6	**604,977**	256,093
		267,253,137	195,950,390

16.1 Creditors for gas supplies includes Rs. 167,492 million (2017: Rs. 121,487 million) is payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (2017: Rs. 15,832 million) on their balances which have been presented in note 17.1 to these unconsolidated financial statements.

This also includes amount payable to SNGPL against RLNG volume allocated by ECC which is sold by the Company in its franchise area .

On December 12, 2017, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Company and thereafter allocate further 37 BCF. Till March 2020, the ECC has allocated 71 BCF (in total) in order to resolve the matter of short supply with the direction to enter into an agreement with SNGPL. OGRA, in its letter dated November 20, 2018, in pursuance of decision of the ECC, with the consent of SNGPL and the Company, has determined the price mechanism for purchase and sale of RLNG allocated volumes.

Creditors for gas supplies also includes payable to SNGPL and Pakistan LNG Limited (PLL) against purchases of RLNG amounting to Rs. 5,004 million and Rs. 2,261 million respectively.

	2018	2017
	(Rupees in '000)	
16.2 Provision for compensated absences - non-executives		
Balance as at July 01	**266,887**	220,431
Provision during the year	**42,504**	46,456
Balance as at June 30	**309,391**	266,887

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

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

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

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

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

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

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

	2018	2017
	(Rupees in '000)	

16.5 Workers' Profit Participation Fund

	2018	2017
Balance as at July 01	12,860	(161,655)
Expense recorded for the year	-	174,515
Balance as at June 30	12,860	12,860

16.6 This includes Rs. 229 million (2017: Rs. 103 million) on account of amount payable to disconnected customers for gas supply deposits.

17. INTEREST ACCRUED

	Note	2018	2017
		(Rupees in '000)	
Long term finance - loans from banking companies		522,464	419,156
Long term deposits from customers		370,987	355,318
Short term borrowings		159,280	94,839
Late payment surcharge on processing charges		339,061	192,105
Late payment surcharge on gas development surcharge		4,828	4,826
Late payment surcharge on gas supplies	17.1	15,832,411	15,832,411
		17,229,031	16,898,655

17.1 As disclosed in note 27.1 and 27.2, effective from July 1, 2012, the Company has been accounting for LPS from KE and PSML on receipt basis as per IAS 18 "Revenue". However, the Company continued recognition of the LPS expenses payable on outstanding payables of the Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of approved accounting standards as applicable in Pakistan, as such standards do not allow the Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Company has never paid such LPS to Government Controlled E&P Companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt. Management's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their Financial Statements only when the same are received.

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

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

	(Rupees in million)
- Increase in loss before tax	41,268
- Increase in loss after tax / accumulated loss	29,300
- Increase in loss per share - Rupees	33.26

		2018	2017
		(Rupees in '000)	
18.	**CONTINGENCIES AND COMMITMENTS**		
18.1	**Contingencies**		
18.1.1	Guarantees issued on behalf of the Company	**4,323,217**	4,157,181

18.1.2 Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged claims against the Company amounting to Rs. 144,120 million (June 30, 2017: Rs. 39,463 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Company and JPCL. JPCL has raised another claim of Rs. 5.793 million (June 30, 2017: Rs. 5.793 million) for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Company. The MP & NR vide its letter dated April 24, 2017, has also directed that the outstanding issues pertaining to the claims by JPCL be resolved and has proposed that a committee be constituted comprising of members from two companies and the concerned ministries to resolve the matter as it involves parties who represent / relate to Government of Pakistan.

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

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

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

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

18.1.3 As disclosed in note 17.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies’ liabilities and has not recorded LPS expense for the year ended June 30, 2017 and June 30, 2018 amounting to Rs. 7,569 million and Rs. 7,477 in these unconsolidated financial statements. The Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

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

On April 30, 2018, the decision of arbitration proceeding has been issued by ICC in favor of HCPCL and the Company is required to pay to HCPCL as a final reward in the form of liquidity damages Rs. 3,788 million, interest on liquidity damages of Rs. 353 million and legal and professional charges of Rs. 571 million as on June 30, 2018. Further, LPS charged to HCPCL upto FY 2016-17 amounting to Rs. 3,243 million was also withdrawn.

The liquidated damages claimed by HCPCL from the Company was in consequent to liquidated damages charged to HCPCL by WAPDA/CPPA-G, depicting the flow of payment from one GoP entity i.e. the Company to another GoP entity i.e. WAPDA without yielding any substantial benefit to any claimant party. Therefore, Economic Coordination Committee (ECC) in its meeting held on February 07, 2018 approved in principle the proposal regarding waiver of liquidated damages with the direction to Petroleum Division & Power Division to work out modalities in consultation with all the stakeholders.

In line with above ECC decision, an amount of Rs. 3,788 million has been recognized as Receivable from HCPCL as explained in note 31.2 to these unconsolidated financial statements. The remaining amount of Rs. 4,167 million was claimed from OGRA as part of Revenue Requirement of FY 2017-18. However, OGRA in its decision on FRR for FY 2017-18 dated 23rd April 2020 decided to defer its decision on LPS adjustment and other arbitration charges until the conclusion of the matter between WAPDA/CPPA-G and HCPCL. In the light of OGRA decision, this amount has been recognized as “Expenses deferred by OGRA” as explained in note 31.3 to these unconsolidated financial statements.

Management is confident that the aforementioned arrangement will materialize in favor of the Company and therefore no provision has been made in these unconsolidated financial statements.

18.1.5 As disclosed in note 31.6, 38.2, 38.3 and 38.6 and for other matters arbitration proceedings between JJVL and the Company has been initiated under the Pakistan Arbitration Act, 1940 to settle the outstanding disputes between the parties. Accordingly, both the parties have appointed their respective arbitrators and filed their respective claims.

On June 13, 2018, Supreme Court of Pakistan (SCP) in its decision concluded that the Company would not supply any gas to JJVL for the purpose of processing. Further a firm of chartered accountants was appointed to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the Company. Such matter relating to claimed amount will be undertaken after the report is submitted to SCP.

SCP through its order dated November 16, 2018, based on the report by a firm of chartered accountants, determined that Rs. 1,500 million is the undisputed amount that shall be paid within 8 weeks by JJVL. With respect to the freight matter, SCP will settle the same and an appropriate order shall be passed in this regard. Further, firm of chartered accountants after consultation with both parties came up with a mechanism of revenue sharing of 57% to the Company and 43% to JJVL and an agreement was signed between the Company and JJVL and submitted the same to SCP for its approval and the same was validated by SCP, subject to payment of admitted liability by JJVL of Rs. 1,500 million by January 16, 2019, in its order dated December 29, 2018.

SCP also directed the Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement. The agreement is valid for 1.5 years and is set to expire on June 20, 2020 and until renewed by the parties with mutual written consent it shall stand terminated automatically.

However, with respect to the freight, GIDC and tax challans, SCP will settle the same and an appropriate order shall be passed in this regard. Once the matter is finalized by the Court any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

The arbitration is currently adjourned till the final order of the SCP and all the disputed matters taken to arbitration will be settled once the arbitration is completed, hence no provision is recorded in these unconsolidated financial statements.

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

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

18.1.7 The Additional Collector (Adjudication) Sales Tax and Federal Excise passed an order against the Company with a demand of Rs.311 million for the years 2002-03, 2003-04 and 2005-06 in respect of sales tax on disposal of fixed assets, incorrect adjustment against exempt supplies, non-payment of sales tax on transportation charges, late payment surcharge and service connection charges along with default surcharge and penalty. The Appellate Tribunal Inland Revenue had set-aside the case and remanded back to Tax Department for hearing the case afresh.

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

18.1.8 Income tax authorities have issued notices under section 122 / 177 of the Income Tax Ordinance, 2001 for the tax years 2007 to 2015 intending to disallow accrued interest expense on delayed payment of gas bills on account of failure to deduct withholding tax under section 151(1)(d) read with section 158 of the Income Tax Ordinance, 2001 and depreciation on fixed assets held under musharka arrangement.

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

On issue of depreciation, Tax Authorities passed adverse Orders for Tax Years 2009, 2013 & 2014 however Commissioner (Appeals) decided the case in Company's favor for said Tax Years.

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

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

All the Orders were contested before Commissioner (Appeals) who decided the cases in Company's favor. However, the said Orders have been challenged by the LTU before the Appellate Tribunal Inland Revenue.

Further, the said issue has also been raised for other years on which Company filed detailed replies.

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

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

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

The LTU has filed an appeal before the Appellate Tribunal Inland Revenue against the aforesaid Order of Commissioner (Appeals) for FY 2010-11 to 2014-15.

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

18.1.11 The Additional Commissioner Inland Revenue passed an order against the Company with a demand of Rs. 1,725 million in respect of disallowance of tax depreciation on additions to fixed assets and exchange loss in income tax audit for tax year 2011.

The Commissioner (Appeals) has decided the issue of exchange loss in Company's favor while the issue of tax depreciation has been remanded back to tax department for hearing the case afresh. Tax department has also filed appeal before Appellate Tribunal on issue of exchange loss which has been decided in favor of the Company by the Commissioner (Appeals). In the remand back proceedings, the Deputy Commissioner Inland Revenue (DCIR) has passed an order under section 122(4) / 122(1) of the Ordinance for the tax year 2011 whereby he has again disallowed the initial and normal depreciation on fixed assets on the ground that the Company has not provided necessary documentary evidences in relation to installation and capitalization of the projects. However, in the appeal filed before the Commissioner (Appeals) against this order, the Commissioner (Appeals) has again remanded back the matter to the Department to examine the issue afresh.

The management is of the view that said remand back proceedings are barred by time as a result of time limitation provided in the Income Tax Ordinance, 2001. Moreover, the Additional Commissioner Inland Revenue (ADCIR) has passed an order under section 122(5A) of the Ordinance for the tax year 2011, on the matter of excess UFG disallowance wherein admissibility in respect of the aforesaid remanded back issue on account of initial and normal depreciation on fixed assets has been fully allowed in the revised computation given in such order of ADCIR.

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

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

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

Against the Commissioner (Appeals) order, the Company has filed appeal before Appellate Tribunal Inland Revenue which is pending for hearing whereas the Tax Department has also filed appeal before Appellate Tribunal on issue decided in the Company's favor.

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

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

18.1.14 Income tax authorities have issued show cause notice to the Company for recovery of additional tax of Rs. 422 million for late deposit of withholding income tax on payment to permanent establishments of non-resident Exploration and Production Companies for the year 2013 & 2014. The Company has filed an appeal in the Honorable High Court of Sindh, which through its order dated March 10, 2017 has remanded back the matter to the Department. No order has been passed as yet in the remanded back proceedings.

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

18.1.15 The Company is subject to various other claims totaling Rs. 223 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

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

		2018	2017
		(Rupees in '000)	
18.1.17	Claims against the Company not acknowledged as debt	**77,477**	77,477
	The management is confident that ultimately these claims would not be payable.		
18.2	**Commitments**		
	Commitments for capital and other expenditure	**4,563,809**	4,288,671

	Note	2018	2017
		(Rupees in '000)	
19. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	19.1	**109,452,905**	106,267,254
Capital work in progress	19.6	**11,070,769**	8,725,923
		120,523,674	114,993,177

19.1 Operating assets

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

2017

	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
	As at July 1, 2016	Additions / (deletions) / transfers * Revaluation ** Impairment ***	As at June 30, 2017	As at July 1, 2016	Depreciation / (deletions) / transfers *	As at June 30, 2017	As at June 30, 2017	
	(Rupees In '000)							
Freehold land	5,453,582	22,452 - - *	5,476,034	-	- - - *	-	5,476,034	-
Leasehold land	6,937,190	1,441 - - * - **	6,938,631	-	- - - * - **	-	6,938,631	-
Buildings on freehold land	324,492	- - - *	324,492	261,370	11,704 - - *	273,074	51,418	20
Buildings on leasehold land	2,367,305	131,870 - (2,342) *	2,496,833	1,387,162	124,336 - 826 *	1,512,324	984,509	20
Roads, pavements and related infrastructures	656,926	137,761 - 2,339 *	797,026	198,235	61,636 - (1,010) *	258,861	538,165	20
Gas transmission pipelines	27,079,812	24,790,990 - 725,564 *	52,596,366	14,004,773	522,050 - 663,659 *	15,190,482	37,405,884	40
Gas distribution system	71,081,257	5,319,063 (659,880) - * 1,190,000 ***	76,930,440	30,855,068	4,272,489 (540,304) - * - ***	34,587,253	42,343,187	10-20
Compressors	3,616,296	5,794,228 - - *	9,410,524	2,411,900	191,260 - 10,208 *	2,613,368	6,797,156	17
Telecommunication	1,046,250	93,420 - 3,287 *	1,142,957	659,171	85,505 - 2,258 *	746,934	396,023	2 & 6.67
Plant and machinery	3,055,802	310,707 - (18) *	3,366,491	1,753,032	210,585 - (313) *	1,963,304	1,403,187	10
Tools and equipment	412,208	70,712 - 23 *	482,943	369,762	39,065 - (3,111) *	405,716	77,227	3
Motor vehicles	2,591,076	631,398 (122,914) (842) *	3,098,718	1,500,885	265,800 (92,407) 1,807 *	1,676,085	1,422,633	5
Furniture and fixture	572,199	13,704 - (3,304) *	582,599	492,141	31,916 - (3,761) *	520,296	62,303	5
Office equipment	438,328	109,068 - (1,713) *	545,683	352,930	37,189 - (116) *	390,003	155,680	5
Computer and ancillary equipments	974,240	96,376 (141) 2,569 *	1,073,044	844,690	82,375 (82) 146 *	927,129	145,915	3
Supervisory control and data acquisition system	1,142,477	- - - *	1,142,477	667,408	65,223 - (471) *	732,160	410,317	6.67
Construction equipment	2,370,185	724,655 - 3 *	3,094,843	1,083,362	349,397 - 3,099 *	1,435,858	1,658,985	5
	130,119,625	38,247,845 (782,935) 725,566 * - ** 1,190,000 ***	169,500,101	56,841,889	6,350,530 (632,793) 673,221 * - ** - ***	63,232,847	106,267,254	

19.2 Details of depreciation for the year are as follows:

	2018	2017
	(Rupees in '000)	
Transmission and distribution costs	**6,875,008**	5,576,181
Administrative expenses	**291,921**	244,169
Selling expenses	**20,508**	17,894
	7,187,437	5,838,244
Meter manufacturing division	**24,261**	26,302
LPG air mix	**67,624**	59,093
Capitalised on projects	**471,360**	426,891
	7,750,682	6,350,530

19.3 Disposal of property, plant and equipment

Details of disposal of operating assets are as follows:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
					(Rupees in '000)		
Gas distribution system							
Written down value not exceeding Rs. 500,000 each	74,692	74,692	-	-	-	Replacement	Not applicable
Written down value not exceeding Rs. 500,000 each	294,242	217,328	76,914		(76,914)	Gas meters retired	Written off
	368,934	**292,020**	**76,914**	**-**	**(76,914)**		
Construction equipment							
Written down value not exceeding Rs. 500,000 each	44,032	43,971	61	21,382	21,321	Open auction	Various
Plant and Machinery							
Written down value not exceeding Rs. 500,000 each	74,927	74,475	452	7,143	6,691	Open auction	Various
Written down value not exceeding Rs. 500,000 each							
Tools	4,756	4,756	-	335	335	Open auction	Various
Telecom	1,565	1,565	-	31	31	Open auction	Various
FF	6,224	6,224	-	701	701	Open auction	Various
OE	12,172	12,172	-	724	724	Open auction	Various
PCs	38,996	38,996	-	768	768	Open auction	Various
	63,713	**63,713**	**-**	**2,559**	**2,559**		
Motor vehicles							
Written down value not exceeding Rs. 500,000 each							
Tractor	414	414	-	635	635	Open auction	Abdul Waheed
Tractor	414	414	-	625	625	Open auction	Abdul Waheed
Toyota Pickup	680	680	-	820	820	Open auction	Adam Khan
Suzuki Van	260	260	-	175	175	Open auction	Azeemullah
Suzuki Van	260	260	-	150	150	Open auction	Hanif Ur Rehman
Suzuki Van	260	260	-	195	195	Open auction	Javed Ur Rehman
Bedford Truck	357	357	-	530	530	Open auction	Khalid Anwar
Bedford Truck	453	453	-	665	665	Open auction	Khalid Anwar
Suzuki Van	260	260	-	200	200	Open auction	Muhammad Ashraf
Kia Jeep	1,398	1,398	-	375	375	Open auction	Muhammad Ayub Khan
Suzuki Pickup	225	225	-	195	195	Open auction	Muhammad Ibrahim
Nissan Pickup	524	524	-	205	205	Open auction	Muhammad Idress
Toyota Corolla	893	893	-	560	560	Open auction	Muhammad Naeem

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
					(Rupees in '000)		
Isuzu Truck	-	-	-	700	700	Open auction	Nauman Saeed & Co
Suzuki Van	260	260	-	210	210	Open auction	Nazeer
Suzuki Khyber	438	438	-	250	250	Open auction	Nouman Ahmed Siddiqui
Suzuki Jeep	852	852	-	500	500	Open auction	Nusrat Iqbal
Hino Truck	2,619	2,619	-	1,775	1,775	Open auction	Qamar Zaman
Nissan Truck	463	463	-	1,050	1,050	Open auction	Saqib Nisar
Truck	879	879	-	2,000	2,000	Open auction	Umer Abdul Aziz
Motor Cycle	40	32	8	10	2	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	46	37	9	11	2	Open auction	Imran Ali
Motor Cycle	50	41	9	12	3	Open auction	Imran Ali
Motor Cycle	50	41	9	12	3	Open auction	Imran Ali
Motor Cycle	50	41	9	12	3	Open auction	Imran Ali
Motor Cycle	51	42	9	13	4	Open auction	Imran Ali
Motor Cycle	51	42	9	13	4	Open auction	Imran Ali
Motor Cycle	51	42	9	13	4	Open auction	Imran Ali
Motor Cycle	50	40	10	12	2	Open auction	Imran Ali
Motor Cycle	50	40	10	12	2	Open auction	Imran Ali
Motor Cycle	51	41	10	13	3	Open auction	Imran Ali
Motor Cycle	51	41	10	13	3	Open auction	Imran Ali
Motor Cycle	51	41	10	13	3	Open auction	Imran Ali
Motor Cycle	52	42	10	13	3	Open auction	Imran Ali
Motor Cycle	52	42	10	13	3	Open auction	Imran Ali
Motor Cycle	52	42	10	13	3	Open auction	Imran Ali
Motor Cycle	52	42	10	13	3	Open auction	Imran Ali
Motor Cycle	53	43	10	13	3	Open auction	Imran Ali
Motor Cycle	56	44	12	14	2	Open auction	Imran Ali
Motor Cycle	56	44	12	14	2	Open auction	Imran Ali
Motor Cycle	56	44	12	14	2	Open auction	Imran Ali
Motor Cycle	67	54	13	16	3	Open auction	Imran Ali
Motor Cycle	67	54	13	16	3	Open auction	Imran Ali
Motor Cycle	67	54	13	16	3	Open auction	Imran Ali
Motor Cycle	67	54	13	16	3	Open auction	Imran Ali
Toyota Pickup	806	792	14	940	926	Open auction	Muhammad Hamza
Suzuki Van	391	385	6	235	229	Open auction	Muhammad Ilyas
Honda City	818	804	14	465	451	Open auction	Nouman Ahmed Siddiqui
Mitsubishi Pickup	780	767	13	250	237	Open auction	Nusrat Iqbal
Mitsubishi Pickup	780	767	13	260	247	Open auction	Nusrat Iqbal
Suzuki Van	389	383	6	280	274	Open auction	Rashid Ayub Khan
Suzuki Cultus	560	551	9	325	316	Open auction	Rashid Ayub Khan
Suzuki Jeep	487	478	9	325	316	Open auction	Salman Soomro
Suzuki Pickup	332	327	5	260	255	Open auction	Zahid Hussain
Mitsubishi Pickup	2,117	1,694	423	1,105	682	Open auction	Abdul Aziz
Toyota Hiace Van	2,004	1,603	401	1,550	1,149	Open auction	Abdul Mukhtar
Suzuki Pickup	389	311	78	315	237	Open auction	Abdul Shakoor
Toyota Pickup	813	651	162	805	643	Open auction	Abdul Shakoor
Suzuki Cultus	595	416	179	405	226	Open auction	Abdul Shakoor

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
					(Rupees in '000)		
Suzuki Jeep	711	569	142	555	413	Open auction	Ahmed Bilal
Suzuki Pickup	394	316	78	380	302	Open auction	Ahmed Jan
Toyota Pickup	823	663	160	1,110	950	Open auction	Akhtar Munir
Suzuki Pickup	339	271	68	335	267	Open auction	Aziz Ullah Khan
Suzuki Pickup	344	275	69	410	341	Open auction	Aziz Ullah Khan
Suzuki Van	401	321	80	230	150	Open auction	Aziz Ullah Khan
Suzuki Pickup	396	316	80	290	210	Open auction	Aziz Ullah Khan
Toyota Pickup	815	652	163	1,005	842	Open auction	Aziz Ullah Khan
Suzuki Pickup	367	294	73	325	252	Open auction	BECO Steel Rolling Mills
Suzuki Pickup	355	292	63	300	237	Open auction	Bilal
Suzuki Pickup	486	417	69	335	266	Open auction	Bilal
Suzuki Pickup	497	428	69	375	306	Open auction	Bilal
Suzuki Pickup	351	281	70	315	245	Open auction	Bilal
Suzuki Van	367	294	73	335	262	Open auction	Bilal
Suzuki Van	396	317	79	235	156	Open auction	Bilal
Suzuki Pickup	396	316	80	340	260	Open auction	Bilal
Suzuki Van	446	357	89	305	216	Open auction	Bilal
Suzuki Pickup	506	405	101	445	344	Open auction	Bilal
Toyota Pickup	815	652	163	1,115	952	Open auction	Bilal
Toyota Pickup	815	652	163	1,180	1,017	Open auction	Bilal
Toyota Pickup	973	779	194	1,150	956	Open auction	Bilal
Toyota Pickup	998	803	195	1,250	1,055	Open auction	Bilal
Toyota Pickup	1,986	1,589	397	1,150	753	Open auction	Bilal
Honda Civic	1,402	982	420	880	460	Open auction	Fazal Rasheed
Suzuki Pickup	338	270	68	275	207	Open auction	Hanif Ur Rehman
Suzuki Pickup	344	275	69	305	236	Open auction	Hanif Ur Rehman
Suzuki Pickup	353	282	71	380	309	Open auction	Hanif Ur Rehman
Suzuki Pickup	363	290	73	275	202	Open auction	Hanif Ur Rehman
Suzuki Van	423	339	84	395	311	Open auction	Hanif Ur Rehman
Suzuki Van	423	339	84	355	271	Open auction	Hanif Ur Rehman
Suzuki Van	467	374	93	390	297	Open auction	Hanif Ur Rehman
Suzuki Baleno	783	548	235	250	15	Open auction	Hanif Ur Rehman
Suzuki Pickup	344	275	69	275	206	Open auction	Islam Sarwar
Suzuki Pickup	347	278	69	340	271	Open auction	Islam Sarwar
Suzuki Pickup	351	280	71	360	289	Open auction	Islam Sarwar
Suzuki Pickup	368	295	73	415	342	Open auction	Islam Sarwar
Adam Truck	620	496	124	505	381	Open auction	Islam Sarwar
Toyota Pickup	813	651	162	835	673	Open auction	Islam Sarwar
Toyota Pickup	823	658	165	940	775	Open auction	Islam Sarwar
Suzuki Cultus	595	416	179	305	126	Open auction	Islam Sarwar
Suzuki Van	410	328	82	355	273	Open auction	Javed Ur Rehman
Suzuki Van	396	317	79	300	221	Open auction	Khalid Ahmed Khan
Suzuki Van	404	323	81	315	234	Open auction	Khalid Ahmed Khan
Suzuki Van	404	323	81	310	229	Open auction	Khalid Ahmed Khan
Suzuki Van	446	357	89	300	211	Open auction	Khalid Ahmed Khan
Suzuki Pickup	357	294	63	285	222	Open auction	Khalid Anwar
Suzuki Pickup	339	271	68	280	212	Open auction	Khalid Anwar
Suzuki Pickup	339	271	68	295	227	Open auction	Khalid Anwar
Suzuki Pickup	344	275	69	365	296	Open auction	Khalid Anwar
Suzuki Pickup	344	275	69	385	316	Open auction	Khalid Anwar
Suzuki Pickup	347	278	69	410	341	Open auction	Khalid Anwar
Suzuki Pickup	486	417	69	330	261	Open auction	Khalid Anwar
Suzuki Pickup	352	282	70	400	330	Open auction	Khalid Anwar

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Suzuki Pickup	351	280	71	335	264	Open auction	Khalid Anwar
Suzuki Pickup	377	301	76	420	344	Open auction	Khalid Anwar
Suzuki Pickup	396	316	80	370	290	Open auction	Khalid Anwar
Suzuki Pickup	396	316	80	390	310	Open auction	Khalid Anwar
Suzuki Pickup	402	322	80	405	325	Open auction	Khalid Anwar
Suzuki Pickup	396	316	80	365	285	Open auction	Khalid Anwar
Suzuki Van	423	339	84	405	321	Open auction	Khalid Anwar
Suzuki Pickup	496	397	99	345	246	Open auction	Khalid Anwar
Suzuki Pickup	496	397	99	525	426	Open auction	Khalid Anwar
Suzuki Pickup	529	423	106	440	334	Open auction	Khalid Anwar
Suzuki Jeep	618	494	124	695	571	Open auction	Khalid Anwar
Suzuki Jeep	618	494	124	620	496	Open auction	Khalid Anwar
Toyota Pickup	678	543	135	1,150	1,015	Open auction	Khalid Anwar
Toyota Pickup	678	543	135	1,230	1,095	Open auction	Khalid Anwar
Suzuki Cultus	595	416	179	430	251	Open auction	Khalid Anwar
Mitsubishi Pickup	2,074	1,683	391	655	264	Open auction	Khalid Anwar
Suzuki Pickup	384	307	77	350	273	Open auction	Khawaja Muhammad Afaq
Adam Truck	539	431	108	410	302	Open auction	Khawaja Muhammad Afaq
Adam Truck	539	431	108	475	367	Open auction	Khawaja Muhammad Afaq
Suzuki Jeep	666	533	133	435	302	Open auction	Muhammad Abid
Suzuki Pickup	363	290	73	300	227	Open auction	Muhammad Aliq
Truck	620	496	124	490	366	Open auction	Muhammad Ayub Khan
Suzuki Van	556	445	111	400	289	Open auction	Muhammad Farooq
Toyota Pickup	998	803	195	905	710	Open auction	Muhammad Haleem
Suzuki Pickup	314	251	63	285	222	Open auction	Muhammad Ibrahim
Suzuki Pickup	347	278	69	380	311	Open auction	Muhammad Idress
Suzuki Pickup	344	275	69	340	271	Open auction	Muhammad Ismail
Suzuki Pickup	366	293	73	365	292	Open auction	Muhammad Ismail
Suzuki Van	404	323	81	425	344	Open auction	Muhammad Ismail
Suzuki Van	410	328	82	305	223	Open auction	Muhammad Ismail
Suzuki Van	418	334	84	330	246	Open auction	Muhammad Ismail
Suzuki Pickup	545	436	109	325	216	Open auction	Muhammad Ismail
Toyota Pickup	589	471	118	805	687	Open auction	Muhammad Khurshid
Toyota Pickup	813	651	162	930	768	Open auction	Muhammad Mairaj Uddin
Toyota Pickup	824	659	165	975	810	Open auction	Muhammad Mairaj Uddin
Suzuki Van	389	316	73	225	152	Open auction	Muhammad Safeer
Suzuki Cultus	639	448	191	510	319	Open auction	Muhammad Umer
Mitsubishi Pickup	1,399	1,119	280	530	250	Open auction	Muhammad Umer
Toyota Pickup	824	659	165	870	705	Open auction	Muhammed Haleem
Suzuki Van	423	339	84	385	301	Open auction	Mujeeb Alam
Suzuki Van	467	374	93	385	292	Open auction	Murad Khan
Suzuki Pickup	339	271	68	430	362	Open auction	Mursaleen Khan
Suzuki Van	453	362	91	365	274	Open auction	Mursaleen Khan
Land Rover Jeep	2,418	1,935	483	960	477	Open auction	Murtaza Ahmed Babar
Toyota Corolla	1,002	717	285	775	490	Open auction	Nadir Ali
Honda Civic	1,402	982	420	875	455	Open auction	Nadir Ali
Toyota Pickup	824	659	165	1,150	985	Open auction	Nazar Wali
Suzuki Van	404	323	81	385	304	Open auction	Nouman Ahmed Siddiqui
Toyota Pickup	800	639	161	705	544	Open auction	Nusrat Iqbal
Toyota Hiace Van	1,810	1,448	362	1,400	1,038	Open auction	Nusrat Iqbal
Suzuki Pickup	387	310	77	355	278	Open auction	Qamar Zaman
Toyota Pickup	824	659	165	960	795	Open auction	Qamar Zaman
Suzuki Van	410	328	82	380	298	Open auction	Ranchore Singh

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
					(Rupees in '000)		
Suzuki Jeep	625	500	125	695	570	Open auction	Ranchore Singh
Toyota Pickup	678	543	135	1,065	930	Open auction	Ranchore Singh
Suzuki Cultus	590	413	177	440	263	Open auction	Ranchore Singh
Suzuki Pickup	339	271	68	280	212	Open auction	Rashid Ayub Khan
Suzuki Pickup	351	281	70	405	335	Open auction	Rashid Ayub Khan
Suzuki Van	404	323	81	450	369	Open auction	Rashid Ayub Khan
Suzuki Van	410	328	82	400	318	Open auction	Rashid Ayub Khan
Suzuki Cultus	600	420	180	440	260	Open auction	Rashid Ayub Khan
Suzuki Pickup	377	301	76	335	259	Open auction	RKF Traders
Suzuki Pickup	385	308	77	350	273	Open auction	RKF Traders
Suzuki Van	404	323	81	400	319	Open auction	Saeed Ur Rehman
Toyota Pickup	813	651	162	965	803	Open auction	Sher Muhammad
Mitsubishi Pickup	2,239	1,792	447	200	(247)	Open auction	Umer Abdul Aziz
Suzuki Jeep	697	558	139	560	421	Open auction	Waheed Shaikh
Toyota Pickup	830	664	166	1,000	834	Open auction	Waheed Shaikh
Suzuki Van	396	317	79	330	251	Open auction	Zahid Hussain
Suzuki Van	467	374	93	395	302	Open auction	Zahid Hussain
Suzuki Pickup	553	443	110	575	465	Open auction	Zahid Hussain
Suzuki Jeep	716	580	136	600	464	Open auction	Zahid Hussain
Toyota Hiace Van	1,810	1,448	362	1,405	1,043	Open auction	Zahid Hussain
Suzuki Jeep	649	519	130	535	405	Open auction	Zulfiqar Ahmed Khan
Suzuki Jeep	763	626	137	555	418	Open auction	Zulfiqar Ahmed Khan
Mitsubishi Pickup	1,955	1,564	391	605	214	Open auction	Abdul Aziz
Motor Cycle	39	32	7	8	1	3rd party claims	Insurance Claim -NICL
Motor Cycle	55	33	22	14	(8)	3rd party claims	Insurance Claim -NICL
Motor Cycle	66	6	60	32	(28)	3rd party claims	Insurance Claim -NICL
Suzuki Van	411	337	74	180	106	3rd party claims	Insurance Claim -NICL
Suzuki Van	599	479	120	450	330	3rd party claims	Insurance Claim -NICL
Suzuki Van	609	488	121	510	389	3rd party claims	Insurance Claim -NICL
Suzuki Jeep	658	535	123	470	347	3rd party claims	Insurance Claim -NICL
Toyota Pickup	809	647	162	680	518	3rd party claims	Insurance Claim -NICL
Toyota Pickup	1,082	865	217	730	513	3rd party claims	Insurance Claim -NICL
Suzuki Pickup	683	313	370	580	210	3rd party claims	Insurance Claim -NICL
Toyota Pickup	2,072	1,657	415	810	395	3rd party claims	Insurance Claim -NICL
Motor Cycle	55	26	29	15	(14)	3rd party claims	Insurance Claim - NICL
Suzuki Cultus	924	646	278	69	(209)	Service rules	Hyder Ali Talpur
Suzuki Cultus	981	675	306	74	(232)	Service rules	Syed Tariq Munawar
Suzuki Cultus	1,042	583	459	78	(381)	Service rules	Abdul Majeed Soomro
	114,810	**93,832**	**20,978**	**92,355**	**71,377**		
Written down value exceeding Rs. 500,000 each							
Suzuki Van	700	149	551	630	79	3rd party claims	Insurance claim - NICL
Toyota Corolla	1,759	1,046	713	132	(581)	Service rules	Nisar Ahmed Shaikh
Suzuki Cultus	1,137	186	951	805	(146)	Service rules	Maj. (R) Muhammad Hussain Khan
Suzuki Cultus	1,076	517	559	589	30	Service rules	Ghazi Anwer
Suzuki Cultus	1,076	465	611	237	(374)	Service rules	Muhammad Saeed Khan
	5,748	**2,363**	**3,385**	**2,393**	**(992)**		
	120,558	**96,195**	**24,363**	**94,748**	**70,385**		
30-June-18	**672,164**	**570,374**	**101,790**	**125,832**	**24,042**		
30-June-17	782,935	632,793	150,142	89,749	(60,393)		

19.4 Particulars of Land and Building

	City	Area of Land Sq. Yards	Area of Land Sq. feet
Head Office Building	Karachi	24,200	1
Karachi Terminal Station (K.T)	Karachi	185,131	7
Distribution Office Karachi West	Karachi	9,680	3
Site Office Karachi	Karachi	19,360	1
Zonal Billing Office & CFC Nazimabad	Karachi	2,221	-
Medical Centre M.A Jinnah Road	Karachi	115	2
Regional Office Hyderabad	Hyderabad	38,893	-
Billing Office Hyderabad	Hyderabad	1,079	8
Plot ensured for Community Centre for offices at Hyderabad.	Hyderabad	2,398	-
Khadeji Base Camp	Karachi	125,841	5
Regional Office Sukkur / Pipe Yard Sukkur	Sukkur	115	2
Regional Office Larkana	Larkana	16,214	-
Sinjhoro Office	Sinjhoro	600	-
Regional Office Nawabshah	Nawabshah	6,111	1
Zonal Office	Naushero Feroz	3,572	2
LPG Plant at Gwadar, Allotment of Government Land in Mauza Karwat	Gwadar	19,360	1
LPG Plant at Gwadar.	Gwadar	19,360	1
Regional Office Quetta	Quetta	4,840	-
Stores, Dope yard for Quetta Region.	Quetta	2,420	-
LPG Air Mix Plant	Sohrab	19,360	1
LPG Air Mix Plant	Noshki	19,360	1
LPG Air Mix Plant	Kot Ghulam Muhammad	19,360	1
LPG Air Mix Plant	Awaran	19,360	1
Mini Stadium , CFC & Distribution Office.	Shahdadkot	32,307	-
Land for Construction of Distribution Central Offices	Karachi	355	-
Land for Construction of Distribution Central Offices	Karachi	572	-
Land proposed for Zonal Office at Sanghar	Sanghar	4,414	2
Land proposed for SSGC building in Pishin	Pishin	2,556	5
Site proposed for Distribution offices in Mastung	Mastung	1,320	-
Site proposed for CFC and Distribution office DHA	Karachi	600	-
Dope Yard for Distribution East	Karachi	653	-
HQ-1 Sukkur	Sukkur	43,333	3
HQ-2 Nawabshah - Compressor Station	Nawabshah	46,667	6
HQ-3 Hyderabad - Compressor Station	Hyderabad	40,667	6
HQ Quetta	Quetta	108,460	4

19.5 Borrowing costs capitalised during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 304 million (2017: Rs. 1,773 million). Borrowing costs related to general borrowings were capitalised at the rate of 7% (2017: 6.42%).

19.5.1 Market value of buildings / civil works, roads, pavements and related infrastructure, compressors, plant and machinery, construction equipment, motor vehicles and gas transmission and distribution pipelines is Rs. 133,833 million as per the Desktop valuation carried out as at June 30, 2018 by an independent valuer namely K.G. Traders (Private) Limited. However, no impact of revaluation has been incorporated in these financial statements as cost model has been adopted for aforesaid assets.

	Note	2018	2017
		(Rupees in '000)	
19.6 Capital work in progress			
Projects:			
- Gas distribution system		**3,144,655**	3,118,612
- Gas transmission system		**1,967,502**	1,576,136
- Cost of buildings under construction and others		**189,725**	65,619
		5,301,882	4,760,367
Stores and spares held for capital projects	19.6.1	**5,546,949**	3,982,090
LPG air mix plant		**603,994**	238,591
		6,150,943	4,220,681
Impairment of capital work in progress		**(382,056)**	(255,125)
		11,070,769	8,725,923
19.6.1 Stores and spares held for capital projects			
Gas distribution and transmission		**5,729,159**	4,127,355
Provision for impaired stores and spares		**(182,210)**	(145,265)
		5,546,949	3,982,090

20. INTANGIBLE ASSETS

		COST			AMORTISATION			Written down	Useful life (years)
		As at July 01,	Additions	As at June 30,	As at July 01,	For the year	As at June 30,	value as at June 30,	
		(Rupees in '000)							
Computer software	**2018**	**590,345**	**8,701**	**599,046**	**516,197**	**33,996**	**550,193**	**48,853**	**3**
	2017	518,279	72,066	590,345	493,636	22,561	516,197	74,148	3

	Note	Percentage of holding (if over 10%)	2018	2017
			(Rupees in '000)	
21. LONG TERM INVESTMENTS				
Investments in related parties				
Subsidiary:				
SSGC LPG (Private) Limited 100,000,000 (2017: 100,000,000) ordinary shares of Rs.10 each		100%	**1,000,000**	1,000,000
Sui Southern Gas Provident Fund Trust Company (Private) Limited 100 (2017: 100) ordinary shares of Rs. 10 each		100%	**1**	1
Associate:				
Unquoted companies - available for sale				
Inter State Gas System (Private) Limited (ISGSL) 510,000 (2017: 510,000) ordinary shares of Rs. 10 each	21.1 & 21.2	22%	**5,100**	5,100
Quoted companies - available for sale				
Sui Northern Gas Pipelines Limited (SNGPL) 2,414,174 (2017: 2,414,174) ordinary shares of Rs. 10 each	21.1 & 21.3	38%	**241,949**	359,519
			1,247,050	1,364,620
Other investments				
Quoted companies - available for sale				
Pakistan Refinery Limited 3,150,000 (2017: 3,150,000) ordinary shares of Rs. 10 each			**109,337**	167,769
United Bank Limited 118,628 (2017: 118,628) ordinary shares of Rs. 10 each			**20,046**	27,939
Unquoted companies (at cost)				
Pakistan Tourism Development Corporation 5,000 (2017: 5,000) ordinary shares of Rs. 10 each			**50**	50
			129,433	195,758
Provision against impairment in value of investments at cost			**(50)**	(50)
			129,383	195,708
			1,376,433	1,560,328

21.1 Investments in SNGPL and ISGSL represent investment in 'associated companies' in terms of provisions of Companies Act 2017. However, the Company has not accounted for them as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company does not have significant influence in these associated companies.

21.2 Inter State Gas System (Private) Limited (ISGSL) entered into a service agreement with the Company and SNGPL which was effective from July 01, 2003, whereby ISGSL is mainly required to ascertain, identify and advise the Company and SNGPL on the most convenient and reliable sources of natural gas, which can be imported. The whole operation of ISGSL, is carried out in connection with the service agreement and ISGSL, was allowed under the agreement to recover its cost / expenditure from the Company and SNGPL. The Company bore 51% of the expenses of ISGSL, as per the directives of Economic Coordination Committee (ECC) of the Cabinet.

ECC in its meeting dated December 15, 2016 has decided that Government Holding (Private) Limited, being the parent company, shall make all future funding of ISGSL project. Based on this, the OGRA in its decision dated December 24, 2018, allowed Rs. 15 million and considered the same as full and final payment in this regard.

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

22. NET INVESTMENT IN FINANCE LEASE

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

	June 30, 2017		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
	----------(Rupees in '000) ----------		
Not later than one year	114,771	56,956	57,815
Later than one year and not later than five years	434,025	129,446	304,579
Later than five years	-	-	-
	434,025	129,446	304,579
	548,796	186,402	362,394

22.1 The Company entered into agreements with Oil and Gas Development Company Limited (OGDCL), Sui Northern Gas Pipelines Limited and ENI Pakistan Limited to use the Company's transmission pipelines for distribution of gas. The terms of the agreements entered into are for a substantial portion of the useful economic lives of the related assets. The agreement with OGDCL and ENI Pakistan expired on June 30, 2013 and November 25, 2015 respectively and management is negotiating for renewal of these agreements.

The interest rates used to discount future minimum lease payments under the leases are based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in finance leases.

	Note	2018	2017
		(Rupees in '000)	
23. LONG TERM LOANS AND ADVANCES			
secured, considered good			
Due from executives	23.1 & 23.2	**815**	1,048
Less: receivable within one year	28	**(302)**	(263)
		513	785
Due from other employees	23.1 & 23.2	**212,846**	203,903
Less: receivable within one year	28	**(33,242)**	(33,281)
		179,604	170,622
		180,117	171,407

23.1 Reconciliation of the carrying amount of loans and advances:

	2018 Executives	2018 Other employees	2017 Executives	2017 Other employees
	(Rupees in '000)			
Balance at the beginning of the year	**1,048**	**203,903**	1,608	194,362
Disbursements	**-**	**55,328**	-	55,328
Repayments	**(233)**	**(46,385)**	(560)	(45,787)
	815	**212,846**	1,048	203,903

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

23.3 The maximum aggregate amount of long term loans due from the executives at the end of any month during the year was Rs. 1.048 million (2017: Rs. 1.608 million).

24. STORES, SPARES AND LOOSE TOOLS	Note	2018	2017
		(Rupees in '000)	
Stores		**395,664**	352,129
Spares		**1,721,395**	2,009,436
Stores and spares in transit		**199,317**	380,510
Loose tools		**806**	775
		2,317,182	2,742,850
Provision against impaired inventory			
Balance as at July 01		**(270,660)**	(252,342)
Provision made during the year		**(31,327)**	(18,318)
Balance as at June 30		**(301,987)**	(270,660)
	24.1	**2,015,195**	2,472,190

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

	2018	2017
Transmission	**1,720,861**	1,932,238
Distribution	**294,334**	539,952
	2,015,195	2,472,190

25. STOCK-IN-TRADE

	2018	2017
Gas		
Gas in pipelines	**689,805**	463,978
Stock of Synthetic Natural Gas	**16,967**	10,739
	706,772	474,717
Gas meters		
Components	**347,158**	453,974
Work-in-process	**31,922**	7,921
Finished meters	**39,816**	172,875
	418,896	634,770
Stock of Liquefied Petroleum Gas	**26,689**	53,212
Provision against impaired inventory		
Balance as at July 01	**(23,430)**	(29,384)
(Provision) / reversal made during the year	**(3,486)**	5,954
Balance as at June 30	**(26,916)**	(23,430)
	1,125,441	1,139,269

26. CUSTOMERS' INSTALLATION WORK IN PROGRESS

This represents cost of work carried out by the Company on behalf of the customers at their premises. Upon completion of work, the cost thereof is transferred to transmission and distribution cost and recoveries from such customers are shown as deduction there from as reflected in note 35.2 of these unconsolidated financial statements.

27. TRADE DEBTS

	Note	2018	2017
		(Rupees in '000)	
Secured		**24,166,537**	18,073,913
Unsecured		**67,378,158**	77,829,529
	27.1 & 27.2	**91,544,695**	95,903,442
Provision against impaired debts	27.3	**(14,783,343)**	(13,765,847)
		76,761,352	82,137,595

27.1 As K-Electric Limited (KE) has been defaulting and not making payment of Late Payment Surcharge (LPS) and the Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, the Company effective from July 01, 2012 decided to account for LPS from KE on receipt basis as per IAS 18 "Revenue" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 31,948 million (2017: Rs. 32,378 million) as at June 30, 2018 receivables from KE (excluding receivable against sale of RLNG). Out of this, Rs. 29,652 million (2017: Rs. 29,652 million) as at June 30, 2018 are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 85,763 million (2017: Rs. 74,449 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

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

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

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

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

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

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

27.2 As Pakistan Steel Mills Corporation (Private) Limited (PSML) has been defaulting and not making payment of Late Payment Surcharge (LPS), the Company effective from July 01, 2012 decided to account for LPS from PSML on receipt basis as per IAS 18 "Revenue" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 22,924 million (2017: Rs. 22,310 million) including overdue balance of Rs. 22,873 million (2017: Rs. 22,260 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 55,001 million (2017: Rs. 49,056 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

27.3 Movement of provision against impaired debts

	2018	2017
	(Rupees in '000)	
Balance as at July 01	**13,765,847**	11,163,363
Add: Provision for the year	**1,017,496**	2,602,484
Balance as at June 30	**14,783,343**	13,765,847

27.4 Aging of trade debts from related parties

	2018			
	Not later than 1 month	**Later than 1 month but not later than 6 months**	**Later than 6 months**	**Total**
	(Rupees in '000)			
Not due balances	**4,671,643**	**-**	**-**	**4,671,643**
Past due but not impaired	**-**	**11,441,649**	**42,409,015**	**53,850,664**
	4,671,643	**11,441,649**	**42,409,015**	**58,522,307**

	2017			
	Not later than 1 month	Later than 1 month but not later than 6 months	Later than 6 months	Total
	(Rupees in '000)			
Not due balances	4,691,767	-	-	4,691,767
Past due but not impaired	-	11,441,649	42,409,015	53,850,664
	4,691,767	11,441,649	42,409,015	58,542,431

27.4.1 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs: 62,542 million.

28. LOANS AND ADVANCES considered good

	Note	2018	2017
		(Rupees in '000)	
Loan to a related party	28.1	**1,710,103**	1,710,103
Advances to:			
- executives	28.2	**89,760**	98,546
- other employees	28.2	**658,654**	800,040
		748,414	898,586
Current portion of long term loans:			
- executives	23	**302**	263
- other employees	23	**33,242**	33,281
		33,544	33,544
		2,492,061	2,642,233

28.1 This amount represents unsecured loan provided to SSGC LPG (Private) Limited (a wholly owned subsidiary), carrying mark-up equivalent to the weighted average borrowing rate of the Company.

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

29. ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2018	2017
		(Rupees in '000)	
Advances for goods and services - unsecured, considered good		**48,438**	30,325
Trade deposits - unsecured, considered good		**4,132**	1,882
Prepayments		**119,159**	114,544
		171,729	146,751

30. INTEREST ACCRUED

	Note	2018	2017
Interest accrued on late payment of bills / invoices from:			
- WAPDA		**3,421,488**	3,231,947
- SNGPL		**6,416,359**	5,855,468
- JJVL		**745,157**	522,092
		10,583,004	9,609,507
Interest accrued on bank deposits		**2,370**	2,457
Interest accrued on sales tax refund	5.6	**487,739**	487,739
Interest accrued on loan to related party	30.1	**701,841**	579,056
		11,774,954	10,678,759
Provision against impaired accrued income		**(84,392)**	(84,392)
		11,690,562	10,594,367

30.1 This amount represents interest accrued on amount due from SSGC LPG (Private) Limited (a wholly owned subsidiary). The amount includes interest accrued on a short term loan amounting to Rs. 666 million (2017: Rs. 543 million) and interest accrued on late payment of bills against sale of LPG amounting to Rs. 36 million (2017: Rs. 36 million).

31. OTHER RECEIVABLES

considered good

	Note	2018	2017
		(Rupees in '000)	
Gas development surcharge receivable from GoP	31.1.3	**50,982,946**	21,264,629
Receivable from HCPCL	31.2	**3,787,690**	-
Expenses deferred by OGRA	31.3	**4,167,196**	-
Staff pension fund	41.1	**319,596**	383,727
Receivable for sale of gas condensate		**42,949**	42,949
Sui Northern Gas Pipelines Limited	31.4	**49,025,870**	25,198,417
Jamshoro Joint Venture Limited	31.6	**12,033,292**	10,794,328
SSGC LPG (Private) Limited		**22,988**	73,953
Sales tax receivable	31.5	**30,593,988**	21,249,747
Sindh sales tax		**112,976**	112,569
Pipeline rentals		**-**	18,154
Receivable against asset contribution	31.8	**382,469**	359,348
Miscellaneous receivables		**114,342**	175,412
		151,586,302	79,673,233
Provision against impaired receivables		**(2,346,359)**	(2,346,359)
		149,239,943	77,326,874

31.1 Gas development surcharge receivable from GoP

31.1.1 This includes Rs. 390 million (2017: Rs. 390 million) recoverable from the Government of Pakistan (GoP) on account of remission of gas receivables from people of Ziarat under instructions from GoP. Although, management is confident that this amount is fully recoverable, as a matter of abundant caution full provision has been made in these unconsolidated financial statements.

31.1.2 The Company has accounted for actuarial gains and losses in determining revenue requirement of the Company for the year ended June 30, 2018 having total impact of Rs. 1,368 million (2017: Rs. 946 million).

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

31.1.3 Gas Development Surcharge (GDS)

	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Balance as at July 01		**21,264,629**	(18,604,884)
Recovered during the year		**(7,180,936)**	(37,006,536)
Paid during the year		**7,708,861**	43,152,007
Impact of staggering	2.1.1	**(3,671,785)**	(3,671,785)
Price increase adjustment during the year		**31,494,026**	36,449,350
Claim under IAS 19 during the year		**1,368,151**	946,477
Balance as at June 30		**50,982,946**	21,264,629

31.2 Receivable from HCPCL

	2018	2017
Amount of LD Charges as per Arbitration Award	**3,626,382**	-
Subsequent LDs raised by HCPCL on Award Principle	**161,308**	-
Total Receivable	**3,787,690**	-

The Company has arbitration proceedings pending against HCPCL in International Court of Arbitration as mentioned in note 18.1.4. On April 30, 2018, the decision of arbitration proceeding has been issued by the International court of arbitration in favor of HCPCL and the Company was required to make payment to HCPCL as a final reward in the form of indemnity, liquidity damages, interest and legal and professional charges. As explained in note 18.1.4, LD Charges adjusted by HCPCL against gas bills are recoverable from HCPCL as per ECC Decision dated February 07, 2018 amount of Rs. 3,788 million is transferred from Trade Debts to Other Receivables.

31.3 Expenses Deferred by OGRA

	2018 (Rupees in '000)	2017 (Rupees in '000)
LPS (up to FY 2016-17)	**3,243,503**	-
Total interest on LD Charges	**352,768**	-
Total Legal Charges	**570,925**	-
	4,167,196	-

Consequent to the Arbitration Award as mentioned in note 31.2, the Company was required to pay Interest on LD Charges Rs. 353 million and Legal Charges Rs. 572 million to HCPCL. The same has been adjusted by HCPCL against Gas Bills and the Company was required to reverse the LPS previously charged to HCPCL.

Since the LPS so reversed was previously offered to OGRA as Operating Income and Interest on LD Charges and Legal charges are operating expense the total amount of Rs. 4,167 million was claimed from OGRA in Petition for FRR. However, OGRA has deferred its decision on the matter until the conclusion of matter between WAPDA / CPPA-G and HCPCL as per ECC directives described in note 18.1.4 to these unconsolidated financial statements.

		Note	2018	2017
			(Rupees in '000)	
31.4	As at year end, receivable balance from SNGPL comprises of the following:			
	Uniform cost of gas		**16,011,846**	10,906,950
	Lease rentals		**64,864**	5,529
	Contingent rent		**3,535**	3,535
	Capacity and utilisation charges of RLNG	31.4.1	**19,835,414**	9,217,988
	LSA margins of RLNG		**1,083,299**	400,853
	RLNG transportation income		**12,026,912**	4,663,562
			49,025,870	25,198,417

31.4.1 The Company has invoiced an amount of Rs. 47,617 million, including Sindh Sales Tax of Rs. 5,621 million, till June 30, 2018 to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

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

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

On December 12, 2017, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Company. On September 10, 2018, and on February 7, 2019, another 18 BCF and 11 BCF respectively. Up to March 2020 71 BCF of RLNG volume has been allocated to the Company in order to resolve the matter of short supply, with the direction to enter into an agreement with SNGPL for RLNG allocated volumes with the condition that either the Company will make payment to SNGPL for the RLNG sold in its franchise area or will return these molecules when dedicated pipeline is available.

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

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

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

As per SCP order dated January 9, 2019, in respect of freight matter charges, SCP directed JJVL to deposit Rs. 249 million as freight charges within four week time. The Company has received such amount as directed by SCP and remaining disputed amount shall be settled in next hearing.

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the termination done by the Company and stated that the termination was validly done and the Company was within its legal and contractual right to do so and appointed the firm of Chartered Accountants to determine the amount claim by the Company and JJVL. Based on the Court order, the Company shut down the supply of gas to JJVL plant. SCP through its order dated November 16, 2018, based on the report by a firm of Chartered Accountants, determined that Rs. 1,500 million is the net admitted liability that shall be paid within 8 weeks by JJVL, which has been received by the Company.

A firm of Chartered Accountants in their 2nd report submitted in SCP proposed an agreement between the parties with a sharing ratio of 57 % to the Comapny and 43% to JJVL against the LPG extracted by JJVL due to the supply of gas to JJVL plant by the Company.

SCP reviewed the Agreement between the two parties as recommended by firm of Chartered Accountants and validated the same. SCP also directed the Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement.

31.7 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, Federal Excise Duty and Sindh Sales Tax on Franchise Services amounting to Rs. 214 million (2017: Rs. 260 million), Rs. 7,625 million (2017: Rs. 6,861 million), Rs. 2,415 million (2017: Rs. 1,954 million), Rs. 1,070 million (2017: Rs. 1,070 million) and Rs. 646 million (2017: Rs. 646 million) respectively.

As at year end, amount payable to JJVL is Rs. 8,528 million (2017: Rs. 7,115 million) as disclosed in note 16 to these unconsolidated statement of financial position.

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

32. TAXATION - NET

	Note	2018	2017
		Rupees in '000	
Advance tax		**29,279,171**	27,461,703
Provision for tax		**(9,730,107)**	(8,594,557)
		19,549,064	18,867,146

33. CASH AND BANK BALANCES

	Note	2018	2017
Cash at banks			
- deposit accounts	33.2	**109,926**	597,109
- current accounts		**295,003**	291,535
		404,929	888,644
Cash in hand	33.1	**5,470**	8,208
		410,399	896,852

33.1 This includes foreign currency cash in hand amounting to Rs. 1.8 million (2017: Rs. 1.6 million).

33.2 Rate of return on bank deposits ranges between 3.75% to 6.40% (2017: 3.00% to 6.25%) per annum.

34. Sales

	2018	2017
	(Rupees in '000)	
Sale of Indigenous gas	**172,850,578**	187,028,899
Sale of RLNG	**11,164,035**	-
	184,014,613	187,028,899
Less: Sales tax		
Indigenous gas	**23,629,328**	25,665,983
RLNG	**1,621,956**	-
	25,251,284	25,665,983
	158,763,329	161,362,916

35. COST OF SALES

	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Cost of gas	35.1	**168,464,272**	140,658,550
Transmission and distribution costs	35.2	**18,717,062**	16,853,611
		187,181,334	157,512,161

35.1 Cost of gas

	Note	2018	2017
Gas in pipelines as at July 01		**463,978**	336,034
RLNG purchases	35.1.1	**6,208,890**	-
Gas purchases		**177,140,760**	160,210,265
		183,813,628	160,546,299
Gas consumed internally		**(2,953,025)**	(3,383,873)
Inward price adjustment	35.1.2	**(11,706,526)**	(16,039,898)
Gas in pipelines as at June 30		**(689,805)**	(463,978)
		(15,349,356)	(19,887,749)
		168,464,272	140,658,550

35.1.1 In the FY 2015, the Company started swapping of natural gas in lieu of RLNG, which it received from Engro Elengy Terminal Limited and Pakistan Gasport Consortium Limited (PGPCL) transferred to SNGPL. However the gas transferred to SNGPL in lieu of RLNG is not in accordance with the gas received from EETL due to the difference of Gas Colorific Value (GCV) in the gas volume received and transmitted to SNGPL. From March 2015 till June 30, 2018, the Company received 595,535,890 Million Metric British Thermal Units (MMBTUs) from EETL and supplied 568,476,788 MMBTUs to SNGPL with a short supply of 27,059,103 MMBTU.

On December 12, 2017, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Company. On September 10, 2018, 18 BCF and on February 7, 2019 another 11 BCF (in total 41 BCF) of RLNG volume have allocated to the Company in order to resolve the matter of short supply, with the direction to enter into an agreement with SNGPL.

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

During the year, out of 41 BCF allocated volume, the Company has recorded a purchase 6.2 BCF allocated volume from SNGPL amounting to Rs. 5,764 million based OGRA decision dated November 20, 2018.

35.1.2 Under Section 21 of the Oil and Gas Regulatory Authority Ordinance, 2002, the Government of Pakistan has issued a policy guideline to ensure the uniformity of gas prices for customers throughout the country. Accordingly, under this policy guideline and pursuant to an agreement between the Company and Sui Northern Gas Pipelines Limited effective from July 1, 2003, the cost of gas purchased is being worked out by both the companies on an overall average basis in such a manner that input of gas for both companies become uniform. Under this agreement, the company with lower weighted average cost of gas is required to pay to the other company so that the overall weighted average rate of well head gas price of both the companies is the same.

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

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

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

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

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

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

OGRA has determined UFG at 17.11% without considering volume handled. Although, the Company has claimed UFG at 9.93% based on the RLNG volume handled and transmitted to SNGPL. The matter of RLNG volume handling benefit to the Company is under review at ECC level.

As per the UFG study report finalized by a firm of Chartered Accountant, revised UFG allowance formula is gas volume available for sale X [5% + (2.6% X percentage of achievement of KMI's)]. OGRA has determined Benchmark with KMI achievement at 6.91% [5% + (1.91% based on KMI achievement)] as against the claim of the Company at 7.47% [5% + (2.47% based on KMI achievement)].

35.2 Transmission and distribution costs

	Note	2018	2017
		(Rupees in '000)	
Salaries, wages and benefits		**7,872,004**	8,279,649
Contribution / accrual in respect of staff retirement benefit schemes	35.2.1	**1,571,625**	1,336,606
Depreciation on operating assets	19.2	**6,875,008**	5,576,181
Repairs and maintenance		**1,425,028**	1,331,518
Stores, spares and supplies consumed		**525,863**	492,010
Gas consumed internally		**401,546**	353,958
Legal and professional		**149,881**	63,436
Software maintenance		**19,330**	41,957
Electricity		**97,210**	93,232
Security expenses		**598,274**	543,198
Insurance and royalty		**110,310**	104,174
Travelling		**46,494**	52,680
Material and labor used on consumers' installation		**29,519**	34,386
Impairment of capital work in progress		**126,931**	49,397
Postage and revenue stamps		**2,984**	2,934
Rent, rates and taxes		**106,174**	117,949
Others		**912,987**	514,617
		20,871,168	18,987,882
Recoveries / allocations to:			
Gas distribution system capital expenditure		**(1,761,201)**	(1,667,343)
Installation costs recovered from customers	26	**(60,199)**	(60,491)
		(1,821,400)	(1,727,834)
Recoveries of service cost from:			
Sui Northern Gas Pipelines Limited - a related party	35.2.2	**(296,693)**	(374,188)
Allocation to sale of gas condensate		**(21,467)**	(20,388)
Reimbursement of management fee from SSGC LPG (Pvt) Ltd		**(14,546)**	(11,861)
		18,717,062	16,853,611

	2018	2017
	(Rupees in '000)	

35.2.1 Contribution / accrual in respect of staff retirement benefit schemes

	2018	2017
Contribution to the provident fund	**232,353**	217,890
Charge in respect of pension funds:		
- executives	**183,915**	128,431
- non-executives	**134,024**	83,596
Charge in respect of gratuity funds:		
- executives	**174,594**	213,169
- non-executives	**93,940**	78,194
Accrual in respect of unfunded post retirement medical facility	**513,822**	451,513
Accrual in respect of compensated absences		
- executives	**196,473**	117,356
- non-executives	**42,504**	46,457
	1,571,625	1,336,606

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

36. ADMINISTRATIVE AND SELLING EXPENSES

	Note	2018	2017
		(Rupees in '000)	
Administrative expenses	36.1	**2,831,861**	2,761,636
Selling expenses	36.2	**1,643,378**	1,549,692
		4,475,239	4,311,328

36.1 Administrative expenses

	Note	2018	2017
Salaries, wages and benefits		**1,735,568**	1,646,905
Contribution / accrual in respect of staff retirement benefit schemes	36.1.1	**165,310**	157,558
Depreciation on operating assets	19.2	**291,921**	244,169
Amortisation of intangible assets	20	**33,996**	22,561
Repairs and maintenance		**131,757**	101,241
Stores, spares and supplies consumed		**40,864**	28,749
Legal and professional		**122,170**	297,481
Software maintenance		**92,751**	92,223
Electricity		**5,815**	5,244
Security expenses		**11,520**	11,183
Insurance and royalty		**14,893**	14,531
Travelling		**51,921**	54,366
Postage and revenue stamps		**9,254**	6,757
Rent, rates and taxes		**16,660**	7,203
Others		**160,265**	126,494
		2,884,665	2,816,665
Allocation to meter manufacturing division		**(52,804)**	(55,029)
		2,831,861	2,761,636

	Note	2018	2017
		(Rupees in '000)	

36.1.1 Contribution / accrual in respect of staff retirement benefit schemes

Contribution to the provident fund		**47,976**	41,012
Charge in respect of pension funds:			
- executives		**47,954**	58,828
- non-executives		**6,553**	942
Charge in respect of gratuity funds:			
- executives		**33,513**	18,813
- non-executives		**4,588**	3,159
Accrual in respect of unfunded post retirement:			
- gas facility		**3,317**	31,201
- medical facility		**21,409**	3,603
		165,310	157,558

36.2 Selling expenses

	Note	2018	2017
Salaries, wages and benefits		**934,963**	891,714
Contribution / accrual in respect of staff retirement benefit schemes	36.2.1	**109,992**	79,210
Depreciation on operating assets	19.2	**20,508**	17,894
Repairs and maintenance		**2,689**	3,189
Stores, spares and supplies consumed		**19,605**	15,967
Electricity		**90,524**	90,485
Insurance and royalty		**810**	806
Travelling		**1,229**	1,399
Billing and collection charges		**412,387**	402,801
Postage and revenue stamps		**369**	436
Rent, rates and taxes		**41,044**	35,055
Others		**9,258**	10,736
		1,643,378	1,549,692

36.2.1 Contribution / accrual in respect of staff retirement benefit schemes

Contribution to the provident fund		**32,270**	30,260
Charge in respect of pension funds:			
- executives		**20,020**	14,084
- non-executives		**23,286**	3,440
Charge in respect of gratuity funds:			
- executives		**18,117**	18,269
- non-executives		**16,299**	13,157
		109,992	79,210

37. OTHER OPERATING EXPENSES

	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Auditors' remuneration			
- Statutory audit		**4,320**	4,000
- Fee for other audit related services		**3,265**	1,930
- Fee for taxation services		**9,186**	16,645
- Out of pocket expenses		**520**	625
		17,291	23,200
Workers' Profit Participation Fund		**-**	174,515
Sports expenses		**65,851**	63,381
Corporate social responsibility		**39,446**	26,349
Provision against impaired debts and other receivables		**1,017,496**	2,602,484
Provision against impaired stores and spares		**68,271**	23,939
Exchange loss		**4,303,754**	318,589
Loss on disposal of property, plant and equipment		**-**	60,639
		5,512,109	3,293,096

38. OTHER INCOME

Income from financial assets

	Note	2018	2017
Income for receivable against asset contribution		**37,054**	38,043
Interest income on loan to related party		**122,785**	115,785
Return on term deposits and profit and loss bank accounts		**17,900**	56,977
		177,739	210,805
Interest income on late payment of gas bills from			
- Jamshoro Joint Venture Limited (JJVL)	38.6	**223,065**	147,948
- Water & Power Development Authority (WAPDA)		**189,541**	253,056
		412,606	401,004
Dividend income		**18,818**	2,163
		609,163	613,972

Income from other than financial assets

	Note	2018	2017
Late payment surcharge		**1,096,277**	3,187,260
Interest income on late payment of gas bills from			
- SNGPL - related party		**560,891**	887,843
Sale of gas condensate - net		**(16,615)**	(90,392)
Income from LPG and NGL - net	38.1, 38.2 & 38.3	**965,002**	356,199
Meter manufacturing division loss - net	38.4	**(58,473)**	(1,567)
Meter rentals		**756,288**	734,638
RLNG transportation income		**7,694,354**	4,146,045
Recognition of income against deferred credit		**552,083**	401,390
Income from new service connections and asset contribution		**702,252**	285,151
Income from LPG air mix distribution - net	38.5	**131,296**	141,164
Recoveries from consumers		**99,845**	104,378
Gain on disposal of property, plant and equipment		**22,569**	-
Liquidated damages recovered		**76,511**	582,111
Advertising income		**-**	1,062
Income from sale of tender documents		**7,505**	5,414
Income from net investment in finance lease from SNGPL		**56,966**	67,748
Scrap sales		**4,327**	50,550
Rental income from SSGC LPG (Private) Limited		**758**	721
Reversal of impairment on operating assets	38.7	**-**	1,190,000
Income against LNG service agreement		**639,527**	482,924
Amortisation of government grant		**54,938**	201,758
Miscellaneous		**46,673**	103,210
		14,002,137	13,451,579

38.1 This amount includes sale of LPG to SSGC LPG (Private) Limited (wholly owned subsidiary) amounting to Rs. 410 million (2017: Rs. 582 million).

38.2 The Company has an arrangement with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields and provide the Company with mutually agreed quantity of LPG extracted and retain the rest for onward use. The Company paid processing charges of $235/MT for the months on which JJVL's production share is below 53.55% and $220/MT if JJVL's production share is more than 53.55%.

The net income from LPG business has declined due to steady decline in LPG prices globally, in line with decline in global oil prices. Since, the Company is paying fixed processing charges to JJVL, it has to fully absorb the effect of declining prices of LPG. Consequently, the Company sent termination notices of MoU with JJVL dated May 4, 2016; however, JJVL has taken stay order from Sindh High Court against such termination on May 16, 2016.

As per the new agreement, the Company's percentage shall be 57% of extraction of LPG and NGL. The Company shall not pay any extraction charges to JJVL. The agreement shall be continue for a period of one and half year from date of agreement, to be extended only be mutual agreement in writing by the parties before expiry. In the absence of any such extension, the agreement shall automatically stand expired.

38.3 It includes sale of NGL to JJVL amounting to Rs. 941 million on the basis of provisional selling prices and after adjusting extraction charges and shrinkage cost the net loss from sale of NGL is Rs.10 million. The provisional sales are subject to change as result of negotiation / arbitration from JJVL.

38.4 Meter manufacturing division loss - net

	Note	2018	2017
		(Rupees in '000)	
Gross sales of gas meters			
- Company's consumption		**1,898,496**	1,635,778
- Outside sales		**297,149**	15,461
		2,195,645	1,651,239
Sales tax		**(343,506)**	(253,994)
Net sales		**1,852,139**	1,397,245
Cost of sales			
- Raw material consumed		**1,303,186**	814,779
- Stores and spares		**6,068**	6,539
- Fuel, power and electricity		**20,178**	17,635
- Salaries wages and other benefits	38.4.1	**482,417**	470,272
- Insurance		**926**	779
- Repairs and maintenance		**7,288**	2,791
- Depreciation	19.2	**24,261**	26,302
- Transportation		**2,054**	2
- Other expenses		**18,326**	8,542
Cost of goods sold		**1,864,704**	1,347,641
Gross profit		**(12,565)**	49,604
Administrative expenses		**(52,704)**	(55,029)
Operating loss		**(65,269)**	(5,425)
Other income		**6,796**	3,858
Net loss		**(58,473)**	(1,567)

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

	2018	2017
38.4.2 Salaries, wages and other benefits	**466,135**	454,182
Provident fund contribution	**6,281**	10,704
Pension fund	**5,688**	1,636
Gratuity	**4,313**	3,750
	482,417	470,272

38.5 Income from LPG air mix distribution - net	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Sales		**37,823**	32,809
Cross subsidy		**512,497**	460,671
Cost of sales		**(314,131)**	(255,827)
Gross profit		**236,189**	237,653
Distribution, selling and administrative expenses			
Salaries, wages and other benefits		**(43,029)**	(36,471)
Depreciation expenses	19.2	**(67,624)**	(59,093)
Other operating expenses		**(28,555)**	(33,739)
		(139,208)	(129,303)
Amortisation of deferred credit		**30,495**	30,495
Other income		**3,820**	2,319
Profit for the year		**131,296**	141,164

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

38.7 In FY 2016, the management has recorded the impairment of amounting to Rs. 1,190 million on unfeasible projects financed by Government of Sindh loan. On December 18, 2017, the Government of Sindh has approved the conversion of loan into grant amounting to Rs. 3,000 million for all the scheme which do not qualify the per consumer cost criteria.

Based on the above approval, the OGRA in it decision dated May 10, 2018 allowed the all the schemes pertaining to FY 2012 to FY 2017 which do not meet the qualifying criteria, accordingly, management has reversed the impairment recorded on such assets.

39. FINANCE COST

	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Mark-up on:			
- loans from banking companies		**4,028,709**	2,308,016
- short term borrowings		**772,347**	205,904
- consumers' deposits		**348,211**	341,278
- consumer finance		**600**	679
- Government of Sindh loans		**37,153**	407,238
- obligation against pipeline		**90,576**	94,445
- others		**162,408**	38,933
		5,440,004	3,396,493
Less: Finance cost capitalised during the year		**(376,266)**	(1,704,016)
		5,063,738	1,692,477

40. TAXATION

Current year

		2018	2017
Current tax		**(1,135,550)**	(1,503,430)
Deferred tax		**(2,886,798)**	(476,532)
		(4,022,348)	(1,979,962)

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

		2018	2017
Accounting (loss) / gain for the year		**(10,825,860)**	3,315,792
Tax rate		**30%**	31%
Tax charge @ 30% (2017: 31%)		**(3,247,758)**	1,027,895
Effect of change in rate		**79,882**	15,884
Effect of lower tax rate on dividend income		**4,705**	675
Effect of deferred tax not recognised / reversal		**7,678,876**	-
Super tax	40.2	**-**	55,258
Minimum income tax u/s 153 (1) (b) and 113		**1,133,198**	1,447,902
others		**(1,626,555)**	(567,652)
		4,022,348	1,979,962

40.2 It represents tax expense pertaining to super tax, which has been levied at the rate of 3% for the tax year 2018 on all Companies having taxable income of Rs 500 million or above through amendments introduced in the Income Tax Ordinance, 2001 vide Finance Act, 2015.

40.3 Management assessment on sufficiency of provision for income taxes

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

Tax Year	Current Tax provision as per Account	Tax assessment
	(Rupees in '000)	
2017	1,503,430	904,032
2016	656,908	76,355
2015	-	53

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

41. STAFF RETIREMENT BENEFITS

41.1 Funded post retirement pension and gratuity schemes

As mentioned in note 3.18 to these unconsolidated financial statement of the Company operates approved funded pension and gratuity schemes for all employees.Contributions are made to these schemes based on actuarial valuation. Latest actuarial valuations were carried out as at June 30, 2018 under the projected unit credit method for both non-executive and executive staff members.

Fair value of plan assets and present value of obligations

The fair value of plan assets and present value of defined benefit obligations of the pension and gratuity schemes at the valuation date were as follows:

	2018			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
(Asset) / liability in unconsolidated statement of financial position				
Fair value of plan assets	(1,201,027)	(2,739,909)	(260,882)	(3,023,241)
Present value of defined benefit obligation	1,119,613	6,027,693	22,700	4,285,293
	(81,414)	3,287,784	(238,182)	1,262,052

	2018			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2017	957,501	4,969,429	23,208	4,271,048
Current service cost	36,480	295,356	-	201,292
Interest cost	75,106	382,499	1,685	327,106
Remeasurement	97,311	760,717	540	(260,487)
Benefits paid	(46,785)	(380,308)	(2,733)	(253,666)
Obligation as at June 30, 2018	1,119,613	6,027,693	22,700	4,285,293

	2018			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
Movement in fair value of plan assets				
Fair value as at July 01, 2017	1,179,749	2,557,549	184,687	2,904,594
Expected return on plan assets	91,700	202,426	13,742	225,085
Remeasurement	(87,533)	241,080	15,079	(157,931)
Benefits paid	(216,080)	(380,308)	(2,733)	(253,666)
Contribution to the fund	279,976	234,568	233,410	156,856
Amount transferred (out) / in	(46,785)	(115,406)	(183,303)	148,303
Fair value as at June 30, 2018	1,201,027	2,739,909	260,882	3,023,241
Movement in (asset) / liability in unconsolidated statement of financial position				
(Asset) / liability as at July 01, 2017	(222,248)	2,411,880	(161,479)	1,366,454
Expense recognised for the year	260,966	234,349	171,246	120,010
Remeasurement	159,844	876,123	(14,539)	(67,556)
Contribution to the fund	(279,976)	(234,568)	(233,410)	(156,856)
(Asset) / liability in unconsolidated statement of financial position	(81,414)	3,287,784	(238,182)	1,262,052

Expense recognised in the unconsolidated statement of profit or loss

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

	2018			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
Current service cost	36,480	295,356	-	201,292
Interest cost	75,106	382,499	1,685	327,106
Interest income on plan assets	(91,700)	(202,426)	(13,742)	(225,085)
Amount transferred out / (in)	241,080	(241,080)	183,303	(183,303)
	260,966	234,349	171,246	120,010
Total remeasurement recognised in unconsolidated statement of comprehensive income				
Remeasurement on obligation arising on				
- financial assumptions	(879)	(55,579)	(106)	18,154
- demographic assumptions	-	-	-	-
- experience adjustments	(96,432)	(705,138)	(434)	242,333
	(97,311)	(760,717)	(540)	260,487

	2018			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
Remeasurement on plan assets arising on				
Return on plan assets excluding interest income	30,457	118,561	(6,116)	119,623
Interest income	(91,700)	(202,426)	(13,742)	(225,085)
Net return on plan assets over interest income	(61,243)	(83,865)	(19,858)	(105,462)
Difference in opening fair value of assets after audit	(26,290)	(31,541)	34,937	(52,469)
	(87,533)	(115,406)	15,079	(157,931)
	(184,844)	(876,123)	14,539	102,556
Composition / fair value of plan assets				
Quoted Shares	15.70%	6.82%	42.89%	8.83%
Debt instruments	72.00%	84.58%	34.78%	81.77%
Mutual funds	6.03%	6.43%	0.00%	7.13%
Others including cash and cash equivalents	6.27%	2.17%	22.33%	2.27%
Total	100%	100%	100%	100%
Quoted Shares	188,602	186,850	111,896	267,032
Debt instruments	864,755	2,317,561	90,721	2,472,058
Mutual funds	72,380	176,128	-	215,419
Others including cash and cash equivalents	75,290	59,370	58,265	68,732
Total	1,201,027	2,739,909	260,882	3,023,241

	2017			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
(Asset) / liability in unconsolidated statement of financial position				
Fair value of plan assets	(1,179,749)	(2,557,549)	(184,687)	(2,904,594)
Present value of defined benefit obligation	957,501	4,969,429	23,208	4,271,048
	(222,248)	2,411,880	(161,479)	1,366,454
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2016	820,786	4,381,868	17,019	3,465,299
Current service cost	30,543	253,150	-	164,971
Interest cost	60,223	310,872	1,153	246,527
Remeasurement	88,633	485,430	7,805	887,040
Benefits paid	(42,684)	(461,891)	(2,769)	(492,789)
Obligation as at June 30, 2017	957,501	4,969,429	23,208	4,271,048

	2017			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Movement in fair value of plan assets				
Fair value as at July 01, 2016	1,125,981	2,360,896	227,087	2,923,614
Expected return on plan assets	81,588	169,391	15,859	208,605
Remeasurement	36,555	76,168	23,468	66,425
Benefits paid	(42,684)	(461,891)	(2,769)	(492,789)
Contribution to the fund	170,665	220,629	24,815	94,966
Amount transferred (out) / in	(192,356)	192,356	(103,773)	103,773
Fair value as at June 30, 2017	1,179,749	2,557,549	184,687	2,904,594
Movement in (asset) / liability in unconsolidated statement of financial position				
(Asset) / liability as at July 01, 2016	(305,195)	2,020,972	(210,068)	541,685
Expense recognised for the year	201,534	202,275	89,067	99,120
Remeasurement	52,078	409,262	(15,663)	820,615
Contribution to the fund	(170,665)	(220,629)	(24,815)	(94,966)
(Asset) / liability in unconsolidated statement of financial position	(222,248)	2,411,880	(161,479)	1,366,454

Expense recognised in the unconsolidated statement of profit or loss

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

	2017			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	30,543	253,150	-	164,971
Interest cost	60,223	310,872	1,153	246,527
Interest income on plan assets	(81,588)	(169,391)	(15,859)	(208,605)
Amount transferred out / (in)	192,356	(192,356)	103,773	(103,773)
	201,534	202,275	89,067	99,120
Total remeasurement recognised in unconsolidated statement of comprehensive income				
Remeasurement on obligation arising on				
- financial assumptions	(413)	(162,574)	(44)	(177,628)
- demographic assumptions	-	-	-	-
- experience adjustments	(88,220)	(322,856)	(7,761)	(709,412)
	(88,633)	(485,430)	(7,805)	(887,040)
Remeasurement on plan assets arising on				
Return on plan assets excluding interest income	119,211	226,160	38,963	287,852
Interest income	(81,588)	(169,391)	(15,859)	(208,605)
Net return on plan assets over interest income	37,623	56,769	23,104	79,247
Difference in opening fair value of assets after audit	(1,068)	19,399	364	(12,822)
	36,555	76,168	23,468	66,425
	(52,078)	(409,262)	15,663	(820,615)

	2017			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	-----------------------------(Rupees in '000)-----------------------------			
Composition / fair value of plan assets used by the fund				
Quoted Shares	17.74%	8.07%	67.22%	10.17%
Debt instruments	75.77%	84.29%	28.52%	84.79%
Mutual funds	0.00%	3.77%	0.00%	4.56%
Others including cash and cash equivalents	6.49%	3.87%	4.26%	0.48%
Total	100%	100%	100%	100%
Quoted Shares	209,232	206,378	124,135	295,377
Debt instruments	893,899	2,155,870	52,681	2,462,760
Mutual funds	-	96,439	-	132,431
Others including cash and cash equivalents	76,618	98,862	7,871	14,026
Total	1,179,749	2,557,549	184,687	2,904,594

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2018

Total number of employees	**2,387**	**2,387**	**-**	**4,422**
Total monthly salaries	**236,963**	**236,963**	**-**	**107,977**
Total number of pensioner	**119**	**-**	**33**	**-**
Total monthly pension	**2,023**	**-**	**241**	**-**

Significant actuarial assumptions

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

	Executives and Non-executives	
	2018	2017
	(%)	(%)
Discount rate	**9.00**	7.75
Salary increase rate in first year	**10.50**	9.00
Expected rate of increase in salary level	**7.00**	5.75
Increase in pension	**3.00**	1.75
Mortality rates	**SLIC (2001-05)-1**	SLIC (2001-05)-1
Rates of employee turnover	**Light**	Light

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of salary and pension increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption		Executives Pension	Executives Gratuity	Non-Executives Pension	Non-Executives Gratuity
			Impact of change in assumptions in present value of defined benefit obligation			
			------(Rupees in '000)------			
Discount rate	1%	Increase in assumption	1,010,750	5,670,336	21,338	4,001,899
Salary increase rate	1%		1,173,880	6,396,599	-	4,582,796
Pension increase rate	1%		1,192,217	-	24,322	-
Discount rate	1%	Decrease in assumption	1,249,816	6,422,572	24,243	4,601,072
Salary growth rate	1%		1,069,632	5,687,360	-	4,013,105
Pension increase rate	1%		1,056,962	-	21,250	-

In presenting the above sensitivity analysis, the present value of the define benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the unconsolidated statement of financial position.

Maturity profile of the defined benefit obligation

Weighted average duration of the PBO	9.72	5.93	6.00	6.61
Distribution of timing of benefit payments (time in years)				
1	13,657	506,521	2,982	378,348
2	29,114	469,594	3,071	413,509
3	32,927	681,064	3,164	359,435
4	37,989	905,364	3,259	400,315
5	43,467	815,059	3,356	439,830
6-10	319,456	6,225,910	19,353	3,723,996

The expected pension and gratuity expense for the next one year from July 01, 2018 is as follows:

	Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
	------(Rupees'000)------			
Current service cost	40,701	324,777	-	196,302
Interest cost	101,956	534,490	1,912	377,661
Interest income on plan assets	(108,974)	(251,069)	(22,444)	(268,866)
Interest cost	(7,018)	283,421	(20,532)	108,795
Expected return on plan assets				
Amount transferred out / (in)	353,008	(353,008)	189,452	(189,452)
	386,691	255,190	168,920	115,645

41.2 Unfunded post retirement medical benefit and gas supply facilities

As mentioned in note 3.18 to these unconsolidated financial statements the Company provides free medical and gas supply facilities to its retired executive employees. The free gas supply facility has been discontinued for employees who had retired after December 31, 2000.The latest actuarial valuations of the liability under these schemes were carried out as at June 30, 2018 under the projected unit credit method, results of which are as follows:

Number of employees under the scheme

The number of employees covered under the following defined benefit plans are 2,387 (2017: 2,465) and 156 (2017: 156) for medical and gas facility respectively.

	2018		
	Post retirement medical facility	Post retirement gas facility	Total
	--------------------(Rupees in '000)--------------------		
Liability in unconsolidated statement of financial position			
Present value of defined benefit obligation	**4,935,796**	**31,974**	**4,967,770**
Movement in present value of defined benefit obligation			
Liability as at July 01, 2017	**4,070,936**	**44,368**	**4,115,304**
Expense recognised for the year	**535,231**	**3,317**	**538,548**
Payments during the year	**(98,000)**	**(2,361)**	**(100,361)**
Remeasurement	**427,629**	**(13,350)**	**414,279**
Liability as at June 30, 2018	**4,935,796**	**31,974**	**4,967,770**
Expense recognised in the unconsolidated statement of profit or loss			
Current service cost	**211,787**	**-**	**211,787**
Interest cost	**323,444**	**3,317**	**326,761**
	535,231	**3,317**	**538,548**
Total remeasurement recognised in unconsolidated statement of comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	**202,496**	**-**	**202,496**
- demographic assumptions	**-**	**-**	**-**
- experience adjustments	**225,133**	**(13,350)**	**211,783**
	427,629	**(13,350)**	**414,279**

	2017		
	Post retirement medical facility	Post retirement gas facility	Total
	--------------------(Rupees in '000)--------------------		
Liability recognised in unconsolidated statement of financial position			
Present value of defined benefit obligation	4,070,936	44,368	4,115,304
Movement in present value of defined benefit obligation			
Liability as at July 1, 2016	4,004,327	45,958	4,050,285
Expenses recognised for the year	469,588	3,217	472,805
Payments during the year	(84,827)	(3,144)	(87,971)
Remeasurement	(318,152)	(1,663)	(319,815)
Liability as at June 30, 2017	4,070,936	44,368	4,115,304
Expense recognised in the unconsolidated statement of profit or loss			
Current service cost	173,212	-	173,212
Interest cost	296,376	3,217	299,593
	469,588	3,217	472,805

	2017		
	Post retirement medical facility	Post retirement gas facility	Total
	(Rupees in '000)		
Total remeasurement recognised in unconsolidated statement of comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	(4,594)	748	(3,846)
- demographic assumptions	-	-	-
- experience adjustments	(313,558)	(2,411)	(315,969)
	(318,152)	(1,663)	(319,815)

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2018

Total number of actives	**2,387**	**-**
Total number of beneficiaries	**2,123**	**156**

Significant actuarial assumptions

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

	Executives	
	2018	2017
Discount rate	**9%**	7.75%
Medical increase rate - (Pre-Retirement)	**7%**	7.75%
Medical increase rate - (Post-Retirement)	**9%**	7.75%
Gas inflation rate	**9%**	7.75%
Benefit limit - Gas	**15,500**	20,500
Expected medical expense for adult - retires and deceased staff	**50,000**	46,000
Expected medical expense for adult - active (family of two)	**100,000**	92,000
Expected medical expense for children	**10,000**	10,000
Mortality rates (for death in service & post retirement mortality)	**SLIC (2001-05)**	SLIC (2001-05)
Rates of employees turnover	**Light**	Light

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of medical and gas increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption		Impact of change in assumptions in present value of defined benefit obligation: Post retirement medical facility	Post retirement gas facility
			(Rupees in '000)	
Discount rate	1%	Increase in assumption	(789,455)	8,407
Medical inflation rate	1%		209,171	-
Gas inflation rate	1%		-	15,297
Discount rate	1%	Decrease in assumption	997,920	15,333
Medical inflation rate	1%		(192,653)	-
Gas inflation rate	1%		-	8,379

	Post retirement medical facility	Post retirement gas facility
	------------(Rupees in '000)------------	
The expected medical and gas expense for the next one year from July 01, 2018 is as follows:		
Current service cost	196,014	-
Net interest cost	452,695	2,771
	648,709	2,771

Maturity profile of the defined benefit obligation

Weighted average duration of the PBO	15.63	7.07
Distribution of timing of benefit payments (time in years)		
1	138,419	2,445
2	151,071	2,278
3	164,927	1,941
4	180,103	1,499
5	196,697	1,040
6-10	1,293,140	1,249
11-15	2,011,394	9
16-20	3,099,501	-

41.3 Define benefit contribution plan - Recognised provident fund

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

	Executives		Non-Executives	
	2018 (Audited)	2017 (Audited)	2018 (Audited)	2017 (Audited)
	----------------------------------(Rupees in '000)----------------------------------			
Size of provident fund	**3,966,327**	3,813,574	**3,690,120**	3,620,356
Cost of investments made	**3,518,461**	3,290,125	**3,290,016**	3,040,150
Percentage of investments made	**89%**	86%	**89%**	84%
Fair value of investment	**3,682,564**	3,568,932	**3,512,185**	3,384,154
Break-up of investments:				
- Balance in savings accounts				
Amount of investment	**85,722**	153,560	**68,100**	51,758
Percentage of investment as size of the fund	**2%**	4%	**2%**	1%
- Term deposit receipts				
Amount of investment	**692,802**	959,649	**423,398**	445,873
Percentage of investment as size of the fund	**17%**	25%	**11%**	12%
- Units of mutual fund				
Amount of investment	**637,954**	475,952	**292,189**	319,781
Percentage of investment as size of the fund	**16%**	12%	**8%**	9%
- Special savings certificate				
Amount of investment	**1,161,020**	1,719,794	**1,381,025**	2,334,723
Percentage of investment as size of the fund	**29%**	45%	**37%**	64%

	Executives		Non-Executives	
	2018 (Audited)	2017 (Audited)	2018 (Audited)	2017 (Audited)
	-----(Rupees in '000)-----			
- Treasury bills				
Amount of investment	**391,161**	-	**547,199**	-
Percentage of investment as size of the fund	**10%**	0%	**15%**	-
- Pakistan Investment Bonds (PIBs)				
Amount of investment	**549,810**	81,584	**651,560**	70,659
Percentage of investment as size of the fund	**14%**	2%	**18%**	2%
- Term Finance Certificates (TFCs)				
Amount of investment	**8,035**	11,551	**4,587**	5,602
Percentage of investment as size of the fund	**0.2%**	0.3%	**0.1%**	0.2%
- Quoted shares				
Amount of investment	**156,060**	166,842	**144,127**	155,758
Percentage of investment as size of the fund	**4%**	4%	**4%**	4%

42. (LOSS) / EARNING PER SHARE - BASIC AND DILUTED

		2018	2017
(Loss) / profit for the year	*Rupees in '000*	**(14,848,208)**	1,335,830
Average number of ordinary shares	*Number of shares*	**880,916,309**	880,916,309
(Loss) / Earning per share - basic and diluted	*Rupees*	**(16.86)**	1.52

43. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

	Note	2018	2017
		(Rupees in '000)	
Provisions	43.1	**2,780,280**	3,898,478
Depreciation		**7,279,322**	5,923,639
Amortisation of intangibles		**33,996**	22,561
Finance cost		**4,920,958**	1,330,579
Amortisation of transaction cost		**52,204**	267,453
Recognition of income against deferred credit		**(582,578)**	(431,791)
Dividend income		**(18,818)**	(2,163)
Interest income		**(1,114,182)**	(1,461,609)
Income from net investment in finance lease		**(56,966)**	(67,748)
(Gain) / loss on disposal of property, plant and equipment		**(24,042)**	60,639
Increase in long term advances		**941,493**	1,114,524
Increase in deferred credit		**2,309,623**	106,418
Decrease in obligation under finance lease		**90,574**	94,445
Impairment of operating assets		**-**	(1,190,000)
Amortisation of Government grant		**(861,179)**	(201,758)
		15,750,685	9,463,667

	2018	2017
	(Rupees in '000)	

43.1 PROVISIONS

	2018	2017
Provision against slow moving / obsolete stores	**71,757**	17,984
Provision against impaired debts and other receivables	**1,017,496**	2,602,484
Provision for compensated absences	**238,977**	163,812
Provision for post retirement medical and free gas supply facilities	**538,548**	472,805
Provision for retirement benefits	**786,571**	591,996
Impairment of capital work in progress	**126,931**	49,397
	2,780,280	3,898,478

44. WORKING CAPITAL CHANGES

	2018	2017
(Increase) / decrease in current assets		
Stores and spares & loose tools	**425,668**	(343,639)
Stock-in-trade	**10,342**	(331,496)
Consumers' installation work in progress	**(14,289)**	19,106
Trade debts	**4,358,747**	1,545,368
Advances, deposits and short term prepayments	**(24,978)**	335,126
Other receivables	**(70,609,053)**	(22,350,401)
	(65,853,563)	(21,125,936)
Increase in current liabilities		
Trade and other payables	**70,488,737**	6,310,729
	4,635,174	(14,815,207)

45. REMUNERATION OF MANAGING DIRECTOR AND EXECUTIVES

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

	2018		2017	
	Managing Director	Executives	Managing Director	Executives
	(Rupees in 000)			
Managerial remuneration	**15,230**	**1,764,947**	21,718	3,045,534
Housing	**4,720**	**700,491**	9,571	1,181,074
Utilities	**1,049**	**155,664**	2,127	262,459
Retirement benefits	**-**	**262,918**	-	560,160
	20,999	**2,884,020**	33,416	5,049,227
Number	**1**	**747**	1	2,284

45.1 The Chairperson, Managing Director and certain executives are also provided the Company maintained vehicles in accordance with their entitlement. In addition, the Chairperson of the Company was paid Rs. 0.8 million (2017: Rs. 0.3 million). Executives are also provided medical facilities in accordance with their entitlement.

45.2 Aggregate amount charged in these unconsolidated financial statements in respect of fee paid to 14 directors was Rs. 37.3 million (2017: Rs. 30.2 million fee paid to 14 directors).

45.3 Total number of employees and average number of employees as at year end are 7,103 and 7,160 respectively (2017: 7,196 and 7,223).

46. CAPACITY AND ACTUAL PERFORMANCE

46.1 Natural gas transmission

	2018		2017	
	MMCF	**HM3**	MMCF	HM3
Transmission operation				
Capacity - annual rated capacity at 100% load factor with compression	**990,610**	**279,092,975**	540,930	152,400,807
Utilisation - volume of gas transmitted	**721,277**	**203,211,467**	614,896	173,239,783
Capacity utilisation factor (%)	**72.8**	**72.8**	113.7	113.7

46.2 Natural gas distribution

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

46.3 Meter manufacturing division

During the year meter manufacturing division produced and assembled 503,840 meters (2017: 444,850 meters) against an annual capacity of 356,000 meters on a single shift basis

47. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Oil and Gas Regulatory Authority.

Remuneration of key management personnel are in accordance with the term of employment / appointment. The prices and other conditions are not influenced by the Company. Other transaction with the related parties are carried out as per agreed terms. The details of transactions with related parties not disclosed else where in these financial statements are as follows:

	Relationship	2018	2017
		(Rupees in '000)	
Astro Plastic (Private) Limited	Associate		
- Billable charges		**65,226**	157,345
Attock Cement Limited	Associate		
- Billable charges		**62,687**	51,140
* **Gadoon Textile Mills Limited**	Associate		
- Billable charges		**-**	114
Government related entities - various			
- Purchase of fuel and lubricant		**51,751**	31,389
- Billable charges		**39,660,053**	50,110,626
- Mark-up on short term finance		**15,103**	16,992
- Mark-up on long term finance		**425,245**	93,017
- Sharing of expenses		**-**	15,400
- Income from net investment in finance lease		**56,966**	67,748
- Gas purchases		**84,663,014**	76,331,017
- Sale of gas meters and spare parts		**285,169**	9,375
- Rent of premises		**12,680**	6,104
- Insurance premium		**126,013**	119,511
- Uniform Cost of Gas		**11,706,526**	16,039,898
- Electricity expense		**193,550**	188,962
- Interest income		**750,432**	1,140,900

	Relationship	2018	2017
		(Rupees in '000)	
- Professional charges		**289**	-
- RLNG transportation income		**7,694,354**	4,146,045
- Income against LNG service agreement		**639,527**	482,923
Habib Bank Limited	Associate		
- Profit on investment		**621**	10,794
- Mark-up on short term finance		**232,239**	80,380
- Mark-up on long term finance		**532,946**	318,864
- Billable Charges		**14,854**	13,134
* **International Industries Limited**	Associate		
- Billable charges		**-**	57,325
Key management personnel			
- Remuneration		**233,231**	217,157
Minto & Mirza	Associate		
- Professional charges		**7,500**	7,200
* **Pakistan Cables Limited**	Associate		
- Billable charges		**-**	25,166
Petroleum Institute of Pakistan	Associate		
- Subscription/Contribution		**3,453**	2,559
* **Pakistan Engineering Company Limited**	Associate		
- Billable charges		**-**	61
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Interest on loan		**122,785**	115,785
- LPG sales		**336,865**	529,180
- Rent on premises		**758**	721
- Reimbursement of management fees		**14,546**	11,861
Staff Retirement Benefit Plans	Associate		
- Contribution to provident fund		**326,736**	302,212
- Contribution to pension fund		**432,212**	195,480
- Contribution to gratuity fund		**354,359**	315,595
Thatta Cement Company Limited	Associate		
- Billable charges		**4,326**	5,349

* Current year transactions with these parties have not been disclosed as they did not remain related parties during the year.

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

Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice. Balance payable to / receivable from these employees benefit plans are disclosed in notes 16, 31 and 41 to these unconsolidated financial statements.

Remuneration to the executive officers of the Company (disclosed in note 45 to these unconsolidated financial statements) and loans and advances to them (disclosed in notes 23 and 28 to these unconsolidated financial statements) are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Company is received at rates prescribed by the Government of Pakistan.

47.1 Amount (due to) / receivable from related parties

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

	Relationship	2018	2017
		(Rupees in '000)	
* **Astro Plastic (Private) Limited**	Associate		
- Billable charges		-	16,623
Attock Cement Limited	Associate		
- Billable charges		5,280	4,737
- Gas supply deposit - Cash		(588)	(588)
Government related entities - various			
- Billable charges		62,534,749	58,566,349
- Mark up accrued on borrowings		(6,096,830)	4,123,310
- Net investment in finance lease		64,864	5,529
- Gas purchases		172,448,498	(134,227,691)
- Gas meters		1,467,999	703,971
- Uniform cost of gas		16,011,845	10,906,950
- Cash at bank		3,619	21,487
- Stock Loan		45,595	10,602
- Recoverable from Insurance		(2,301)	(2,631)
- Gas supply deposit		(39,211)	(24,243)
- Interest expense accrued - late payment surcharge on gas bills		(15,832,411)	(15,832,411)
- Interest income accrued - late payment on gas bills		9,837,847	9,087,415
- Contingent rent		3,535	3,535
- Capacity and utilisation charges of RLNG		19,835,414	9,217,988
- RLNG transportation income		12,026,912	4,663,562
- LSA Margins		1,083,299	400,853
- Professional Charges		57	-
Habib Bank Limited	Associate		
- Long term finance		(7,478,125)	(6,816,226)
- Short term finance		(5,966,125)	-
- Cash at bank		61,008	82,211
- Accrued mark-up		(449,258)	(298,100)
- Billable charges		1,530	1,436
- Gas Supply Deposit		363	-
** **Mari Petroleum Co. Limited**	Associate		
- Billable charges		9	-
- Gas Supply Deposit		(65)	-
* **Pakistan Engineering Company Limited**	Associate		
- Billable charges		-	5
- Gas Supply Deposit		-	(15)
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Long term investment		1,000,000	1,000,000
- Short term loan		1,710,103	1,710,103
- Interest on loan		701,842	579,056
- LPG purchases		-	(1,825)
- LPG sales		6,795	62,015
- Capital expenditure on operating fixed assets		-	-
- Rent on Premises		129	77
- Receivable against management fees		16,064	11,861
Thatta Cement Company Limited	Associate		
- Billable charges		310	764

* Current balances with these parties have not been disclosed as they did not remain related parties as at year end.
** Comparative balances with these parties have not been disclosed as these parties were not related parties in last year.

The related parties comprise of subsidiary companies, associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Ministry of Petroleum and Natural Resources and Oil and Gas Regulatory Authority. The prices and other conditions are not influenced by the Company. The details of transactions with related parties not disclosed elsewhere in these unconsolidated financial statements are as follows:

48. FINANCIAL RISK MANAGEMENT

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

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

48.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Credit risk arises from trade debts, net investment in finance lease, loans and advances, trade deposits, bank balances, interest accrued and other receivables. To reduce the exposure toward the credit risk, comprehensive customer category wise credit limits and terms have been established. Gas supply deposits of Industrial, Commercial and domestic Customers equivalent of three months estimated gas consumption as per the OGRA notification are taken to reduce credit exposure. The Company continuously monitors the credit given to customers and interest accrued thereon and has established a dedicated recovery department for follow-up, recovery or disconnection of gas supply as the case may be. Loans and advances given to employees are secured against retirement benefits of the employees and title deed of properties of employees. Balances are maintained with banks of sound credit rating. The Company attempts to control credit risk in respect of other receivables by monitoring credit exposures of counterparties.

The maximum exposure to credit risk before any credit enhancement at year end is the carrying amount of the financial assets as set out below:

	2018	2017
	(Rupees in '000)	
Trade debts	**76,761,352**	82,137,595
Net investment in finance lease	**304,579**	362,394
Loans and advances	**2,672,178**	2,813,640
Deposits	**21,570**	16,247
Bank balances	**404,929**	888,644
Interest accrued	**11,202,823**	10,106,628
Other receivables	**67,230,437**	34,706,202
	158,597,868	131,031,350

48.1.1 Collateral and other credit enhancements obtained

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

	2018	2017
	(Rupees in '000)	
Cash deposits	**15,012,279**	14,039,952
Bank guarantee / irrevocable letter of credit	**40,584,284**	28,044,722

48.1.2 Credit Quality

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of all financial assets which are neither past due nor impaired are given in the note 48.1.3 below:

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

Bank	Rating Agency	Rating	
		Short Term	Long Term
National Bank of Pakistan	PACRA	A1+	AAA
Allied Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Faysal Bank Limited	JCR-VIS	A-1+	AA
MCB Bank Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA
First Women Bank Limited	PACRA	A2	A-
Summit Bank Limited	JCR-VIS	A-1	A-
Bank Al-Habib Limited	PACRA	A1+	AA+
BankIslami Pakistan Limited	PACRA	A1	A+
AL Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA
NIB Bank Limited	PACRA	A1+	AA-
Samba Bank Limited	JCR-VIS	A-1	AA
Silk Bank Limited	JCR-VIS	A-2	A-
Soneri Bank Limited	JCR-VIS	A1+	AA-
Telenor Micro Finance Bank Limited	PACRA	A1	A+
Citi Bank N. A.	Moody's	P-1	A1
Deutsche Bank A.G,	Standard & Poor's	A-2	A-
The Bank of Tokyo- Mitsubishi- UFJ, Limited	Standard & Poor's	A-1	A+

48.1.3 Past due and impaired financial assets

Industrial and commercial customers

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

	2018		2017	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	**21,037,818**	**-**	13,735,738	-
Past due but not impaired	**39,896,302**	**-**	55,839,905	-
Past due and impaired	**13,176,458**	**7,129,106**	10,232,005	5,768,712
Disconnected customers	**1,161,039**	**1,137,274**	1,091,475	909,476
Total	**75,271,617**	**8,266,380**	80,899,123	6,678,188

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 56,703 million and are subject to inter corporate circular debt of government entities and K-Electric.

The Company has collateral / security against industrial and commercial customers amounting to Rs. 42,059 million (2017: Rs. 35,151 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due. In case of past due balances the Company starts recovery process through recovery department and where the amount is in excess of collateral and is not recovered by recovery department, then disconnection of meter (disconnected customers) is considered. Receivables which are past due and against which recoveries are not made or which are disconnected are considered as impaired debts.

Domestic customers

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

	2018		2017	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	1,689,601	-	2,253,610	-
Past due but not impaired:				-
Past due 1 - 6 month	3,225,102	-	2,775,289	-
Past due and impaired:				
Past due 7 - 9 months	639,568	-	653,658	-
Past due 10 - 12 months	470,636	-	420,859	-
Past due 13 - 18 months	686,679	-	611,123	-
Past due 19 - 24 months	166,909	-	399,589	-
Past due over 2 years	2,844,497	698,746	2,006,164	1,949,683
	4,808,289	698,746	4,091,393	1,949,683
Disconnected customers	6,550,086	5,818,217	5,884,026	5,137,976
Total	16,273,078	6,516,963	15,004,318	7,087,659

The Company has collateral / security against domestic customers amounting to Rs. 7,537 million (2017: Rs. 6,933 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due.

Interest accrued

As at June 30, 2018 interest accrued net of provision was Rs. 11,202 million (2017: Rs. 10,107 million). Interest is mainly accrued on customer balances which are past due. Interest on past due balances includes receivable from WAPDA and SNGPL amounting to Rs. 9,838 million (2017: 9,087 million), recovery of which is subject to inter corporate circular debt of Government entities.

Other receivables

As at June 30, 2018 other receivable financial assets amounted to Rs. 63,635 million (2017: Rs. 34,720 million). Past due other receivables amounting to Rs. 50,183 million (2017: Rs. 33,548 million) include over due balances of SNGPL amounting to Rs. 33,537 million (2017: Rs. 22,936 million), JJVL amounting to Rs. 11,961 million (2017: Rs. 10,506 million) and of SSGC LPG amounting to Rs. 22.9 million (2017:Rs. 63 million).

48.1.4 Concentration of credit risk

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

Trade debts

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

	2018	2017
	(Rupees in '000)	
Power generation companies	**37,430,037**	42,385,625
Cement industries	**30,119**	25,122
Fertilizer and steel industries	**23,190,143**	22,679,196
Other industries	**5,171,869**	6,831,120
Total industrial customers	**65,822,168**	71,921,063
Commercial customers	**1,035,510**	1,171,873
Domestic customers	**9,903,674**	9,044,659
	76,761,352	82,137,595

At year end the Company's most significant receivable balances were K-Electric, PSML, and WAPDA which amounted to Rs. 32,801 million (2017: Rs. 32,378 million), Rs. 22,923 million (2017: Rs.22,318 million), and Rs. 4,038 million (2017: Rs. 3,811 million) respectively. These balances have aggregated due to inter corporate circular debt.

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

	2018	2017
	(Rupees in '000)	
Karachi	**65,741,536**	64,899,403
Sindh (excluding Karachi)	**10,619,986**	9,800,754
Baluchistan	**399,830**	7,437,438
	76,761,352	82,137,595

Net investment in finance lease

The Company's most significant investment in finance lease amounted to Rs. 304 million (2017: Rs. 362 million) in respect of SNGPL.

Interest accrued

Most significant counter parties of the Company in respect of interest accrued are disclosed in note 30 to these financial statements.

Other receivables

Most significant other receivables of the Company are in respect of lease rental, lease service cost, contingent rent and uniform cost of gas agreement with SNGPL as disclosed in note 31.4 to these financial statements. These balances are subject to inter circular corporate debt.

48.2 Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
	(Rupees in '000)					
As at June 30, 2018						
Long term finance	**56,295,466**	**(60,371,241)**	**(6,947,463)**	**(6,812,617)**	**(11,364,684)**	**(35,246,477)**
Obligation against pipeline	**982,731**	**(1,594,850)**	**(67,866)**	**(67,866)**	**(135,732)**	**(1,323,386)**
Short term borrowings	**9,759,947**	**(9,759,947)**	**(9,759,947)**	**-**	**-**	**-**
Trade and other payables	**250,509,165**	**(250,509,165)**	**(250,509,165)**	**-**	**-**	**-**
Interest accrued	**17,229,031**	**(17,229,031)**	**(17,229,031)**	**-**	**-**	**-**
Deposits	**15,181,333**	**(30,131,047)**	**(186,871)**	**(186,871)**	**(373,743)**	**(29,383,561)**
	349,957,673	**(369,595,281)**	**(284,700,343)**	**(7,067,354)**	**(11,874,159)**	**(65,953,424)**
As at June 30, 2017						
Long term finance	55,835,721	(74,191,128)	(3,249,755)	(7,612,512)	(14,346,000)	(48,982,861)
Obligation against pipeline	1,027,886	(1,730,582)	(67,866)	(67,866)	(135,732)	(1,459,118)
Short term borrowings	2,900,653	(2,900,654)	(2,900,654)	-	-	-
Trade and other payables	182,083,254	(182,081,712)	(182,081,712)	-	-	-
Interest accrued	16,898,655	(16,898,655)	(16,898,655)	-	-	-
Deposits	14,222,296	(28,435,034)	(177,659)	(177,659)	(355,318)	(27,724,398)
	272,968,465	(306,237,765)	(205,376,301)	(7,858,037)	(14,837,050)	(78,166,377)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of latest available market rates. The rates of mark-up have been disclosed in notes 7 and 8 to these unconsolidated financial statements. Contractual cash flows of the long term deposits are determined on the assumption that adjustment / refund of these deposits will not be required before expiry of 39 years from statement of financial position date.

48.3 Market risk

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

48.3.1 Currency risk

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

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

	2018		2017	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Creditors for gas	**46,312,599**	**380,860**	28,111,658	267,730
Estimated forecast gas purchases	**91,122,625**	**823,745**	160,119,208	1,524,945
Net exposure	**137,435,224**	**1,204,605**	188,230,866	1,792,675

Above net exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtain forward cover against the gross exposure as exchange loss / gain on purchases of gas and supplies is recovered from / paid to Government of Pakistan as part of guaranteed return.

The following significant exchange rates applied during the year:

	Average rates		Reporting date rate	
	2018	2017	2018	2017
	(Rupees)		(Rupees)	
US Dollars	**110.62**	104.75	**121.60**	105.00

Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2018 would have (decreased) / increased trade creditors by Rs. 4,631 million (2017: Rs. 2,811 million). There is no effect of strengthening / (weakening) of US dollar on unconsolidated equity and unconsolidated profit and loss account of the Company as exchange loss / gain on purchases of gas and store and supplies is recovered from / paid to Government of Pakistan as part of 17% guaranteed return. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2017.

48.3.2 Interest rate risk

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

	2018	2017
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Net investment in finance lease	**304,579**	362,394
Loan and advances	**815**	1,048
Trade debts	**20,777,210**	34,565,155
Cash and bank balances	**109,926**	597,109
Receivable against Asset contribution	**382,469**	359,348
	21,574,999	35,885,054
Financial liabilities		
Long term deposits	**(7,474,857)**	(7,106,369)
Government of Sindh loan	**(546,373)**	(3,140,769)
Front end fee of foreign currency loan	**(23,950)**	(23,950)
Obligation against pipeline	**(982,731)**	(1,027,886)
Trade and other payables	**(58,638,824)**	(22,486,422)
	(67,666,735)	(33,785,396)
	(46,091,736)	2,099,658
Variable rate instruments		
Financial assets		
Trade debts	**33,829,806**	31,583,092
Other receivables	**45,631,917**	27,923,209
Loan to related party	**1,710,103**	1,710,103
	81,171,826	61,216,404
Financial liabilities		
Long term loan except Government of Sindh loan	**(44,175,402)**	(52,671,002)
Short term borrowings	**(9,759,946)**	(2,900,653)
Trade and other payables	**(167,574,068)**	(151,862,047)
	(221,509,416)	(207,433,702)
	(140,337,590)	(146,217,298)

Fixed rate instrument bear fixed interest rate while all other borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs. The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect unconsolidated statement of profit or loss and the unconsolidated statement of changes in equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased or (net decreased) the unconsolidated profit or loss of the Company as at June 30, 2018 by Rs. 1,403 million (2017: Rs. 1462 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2017.

48.3.3 Equity price risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in listed equity securities. This arises from investments held by the Company for which prices in the future are uncertain. The fair value of listed equity investments of the Company that are exposed to price risk as at June 30, 2018 is Rs. 371 million (2017: Rs. 555 million).

A ten percent increase / decrease in the prices of listed equity securities of the Company at the reporting date would have increased / (decreased) long term investment and unconsolidated equity by Rs. 37 million (2017: Rs. 55 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

48.4 Fair value of financial assets and liabilities

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

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

48.4.1 Fair value hierarchy

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

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

	2018			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available-for-sale financial assets				
Quoted equity securities	**371,331**	**-**	**-**	**371,331**
	371,331	**-**	**-**	**371,331**

	2017			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available-for-sale financial assets				
Quoted equity securities	555,227	-	-	555,227
	555,227	-	-	555,227

48.5 Financial instruments by categories

	Financial assets		
	Loans and receivables	Available for sale	Total
	(Rupees in '000)		
As at June 30, 2018			
Trade debts	**76,761,352**	**-**	**76,761,352**
Net investment in finance lease	**304,578**	**-**	**304,578**
Loans and advances	**2,672,178**	**-**	**2,672,178**
Deposits	**20,931**	**-**	**20,931**
Cash and bank balances	**410,399**	**-**	**410,399**
Interest accrued	**11,202,823**	**-**	**11,202,823**
Other receivables	**62,635,092**	**-**	**62,635,092**
Long term investments	**-**	**371,331**	**371,331**
	154,007,353	**371,331**	**154,378,684**
As at June 30, 2017			
Trade debts	82,137,595	-	82,137,595
Net investment in finance lease	362,394	-	362,394
Loans and advances	2,813,640	-	2,813,640
Deposits	16,247	-	16,247
Bank balances	896,852	-	896,852
Interest accrued	10,106,628	-	10,106,628
Other receivables	34,706,202	-	34,706,202
Long term investments	-	555,227	555,227
	131,039,558	555,227	131,594,785

	Financial liabilities at amortised cost	
	2018	2017
	(Rupees in '000)	
Long term finance	**56,295,466**	55,835,721
Obligation against pipeline	**982,731**	1,027,886
Short term borrowings	**9,759,947**	2,900,653
Trade and other payables	**250,509,165**	182,083,254
Interest accrued	**17,229,031**	16,898,655
Long term deposits	**15,181,333**	14,222,296
	349,957,673	272,968,465

48.6 Capital risk management

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

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

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

The gearing ratio as at June 30 is as follows:

	2018	Restated 2017
	(Rupees in '000)	
Total borrowings		
Long term finance	**44,721,775**	48,790,294
Short term borrowings	**9,759,947**	2,900,653
Current portion of long term finance	**11,573,691**	7,045,427
	66,055,413	58,736,374
Less: Cash and bank balances	**(410,399)**	(896,852)
Net debts	**65,645,014**	57,839,522
Capital employed	**69,461,718**	**74,819,186**
Gearing ratio	**95%**	77%

49. OPERATING SEGMENTS

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

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

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

Segment revenue and results

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

	Segment revenue		Segment (loss) / profit	
	2018	2017	2018	2017
	(Rupees in '000)		(Rupees in '000)	
Gas transmission and distribution	**158,763,329**	161,362,916	**(7,221,520)**	1,851,852
Meter manufacturing	**1,852,139**	1,397,245	**(58,473)**	(1,567)
Total segments results	**160,615,468**	162,760,161	**(7,279,993)**	1,850,285
Unallocated - expenses				
- Other operating expenses			**(4,494,613)**	(690,612)
Unallocated - Other income				
- Non-operating income			**948,746**	2,156,119
(Loss) / profit before tax			**(10,825,860)**	3,315,792

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 1,898 million (2017: Rs. 1,636 million).

The accounting policies of the reportable segments are same as disclosed in note 3.

	2018	2017
	(Rupees in '000)	
Segment assets		
Gas transmission and distribution	**367,608,967**	290,070,787
Meter manufacturing	**2,993,343**	2,902,230
Total segment assets	**370,602,310**	292,973,017
Unallocated		
- Loans and advances	**2,672,178**	2,813,640
- Taxation - net	**19,549,064**	18,867,146
- Interest accrued	**490,109**	490,196
- Cash and bank balances	**410,399**	896,852
	23,121,750	23,067,834
Total assets as per statement of financial position	**393,724,060**	316,040,851
Segment liabilities		
Gas transmission and distribution	**375,788,307**	294,370,570
Meter manufacturing	**956,519**	701,008
Total segment liabilities	**376,744,826**	295,071,578
Unallocated		
- Employee benefits	**5,935,400**	4,886,461
Total liabilities as per statement of financial position	**382,680,226**	299,958,039

50. DETAILS OF INVESTMENTS BY EMPLOYEES RETIREMENT BENEFIT FUNDS

Details of the value of investments by the Provident, Gratuity and Pension funds based on respective audited financial statements at June 30, 2018 and 2017 are as follows:

	2018	2017
	(Rupees in '000)	
Pension fund - executives	**1,184,607**	1,140,000
Gratuity fund - executives	**2,754,249**	2,582,000
Pension fund - non executives	**255,810**	215,000
Gratuity fund - non executives	**3,032,482**	2,970,000
Provident fund - executives	**3,682,566**	3,569,000
Provident fund - non executives	**3,512,184**	3,384,000
Benevolent fund - executives	**187,280**	175,000

51. ACCOUNTING ESTIMATES AND JUDGMENTS

51.1 Income tax

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

51.2 Staff retirement and other service benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 41 to the unconsolidated financial statement for valuation of these obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

51.3 Property, plant and equipment

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

51.4 Trade debts and other receivables

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

51.5 Stock in trade and stores, spares and loose tools

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

51.6 Fair value of investments

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

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

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

51.8 Recognition of gas development surcharge

Management has recognised income from gas development surcharge according to Final Revenue Requirement (FRR) issued by OGRA based on stay orders as mentioned in note 1.4 Further, gas development surcharge does not include the impact of stay orders since no revised FRR has been issued by OGRA in this regard.

51.9 Purchases of gas

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

52. BENAZIR EMPLOYEE STOCK OPTION SCHEME (BESOS)

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('the Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Company, under the provisions of amended International Financial Reporting Standard 2 – Share-based Payment (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted there would have been no impact on the net profit of the Company as the annual return of the Company is determined under the regulatory revenue requirement, which would have covered any additional cost if incurred by the Company in respect of the aforesaid Scheme.

53. RECLASSIFICATION

Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of events and transaction for the purpose of comparison, which are as follow:

Description	(Rupee in 000)	Reclassified	
		From	To
Late payment surcharge	3,187,260	Other Non-Operating Income	Other Income
Income for receivable against asset contribution	38,043	Other Non-Operating Income	Other Income
term deposits and profit and loss bank accounts	56,977	Other Non-Operating Income	Other Income
interest income on loan to related party	115,785	Other Non-Operating Income	Other Income
Jamshoro Joint Venture Limited (JJVL)	147,948	Other Non-Operating Income	Other Income
Water & Power Development Authority (WAPDA)	253,056	Other Non-Operating Income	Other Income
Sui Northern Gas Pipelines Limited (SNGPL)	887,843	Other Non-Operating Income	Other Income
Dividend income	2,163	Other Non-Operating Income	Other Income
Income from net investment in finance lease - SNGPL	67,748	Other Non-Operating Income	Other Income
Sale of gas condensate - net	(90,392)	Other Non-Operating Income	Other Income
Income from LPG NGL - net	356,199	Other Non-Operating Income	Other Income
Meter manufacturing division profit - net	(1,568)	Other Non-Operating Income	Other Income
Amortization of Government grant	201,758	Other Non-Operating Income	Other Income
Rental income from SSGC LPG (Pvt) Limited	721	Other Non-Operating Income	Other Income
Reversal of Impairment on Operating assets	1,190,000	Other Non-Operating Income	Other Income
LSA margins against RLNG	482,924	Other Non-Operating Income	Other Income
Meter rentals	734,638	Other Operating Income	Other Income
RLNG transportation income	4,146,045	Other Operating Income	Other Income
Recognition of income against deferred credit	401,390	Other Operating Income	Other Income
Income from new service connections and asset contribution	285,151	Other Operating Income	Other Income
Income from LPG air mix distribution - net	141,164	Other Operating Income	Other Income
Recoveries from customers	104,378	Other Operating Income	Other Income
Liquidated damages recovered	582,111	Other Operating Income	Other Income
Advertising income	1,062	Other Operating Income	Other Income
Income from sale of tender documents	5,414	Other Operating Income	Other Income
Scrap sales	50,550	Other Operating Income	Other Income
Miscellaneous	103,210	Other Operating Income	Other Income
Unclaimed Dividend	285,721	Trade and Other Payable	Unclaimed dividend

54. GENERAL

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

55. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue in Board of Directors meeting held on June 20, 2020.

Dr. Shamshad Akhtar	Muhammad Amin Rajput	Syed Fasihuddin Fawad
Chairperson	Acting Managing Director	Acting Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the members of Sui Southern Gas Company Limited
Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the annexed consolidated financial statements of Sui Southern Gas Company limited (the Holding Company) and its subsidiary companies i.e. Sui Southern Gas Provident Fund Trust Company (Private) Limited and SSGC LPG (Private) Limited [hereinafter referred to as "the Group"] , which comprise the consolidated statement of financial position as at June 30, 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that, except for the matters described in the Basis for Qualified Opinion section of our report, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Group's affairs as at June 30, 2018 and of the loss, the total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

a) As disclosed in notes 27.1 and 27.2 to the consolidated financial statements, trade debts include receivables of Rs. 31,948 million (2017: Rs. 32,378 million) and Rs. 22,924 million (2017: Rs. 22,310 million) from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML) respectively. Significant portion of such receivables include overdue amounts, which have been considered good by management and classified as current assets in the consolidated financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances due to which management has decided to recognise LPS on a receipt basis from the aforesaid entities effective from July 01, 2012.

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

b) As disclosed in note 30 to the consolidated financial statements, interest accrued includes interest receivable of Rs. 6,416 million and Rs. 3,421 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA) respectively. These have been accounted for in line with Holding Company's practice of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to dispute with WAPDA, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered and the timeframe over which such recovery will be made;

c) On April 30, 2018, The International Court of Arbitration decided against the Holding Company in the case with Habibullah Coastal Power Company (Private) Limited (HCPCL) and imposed liquidated damages amounting to Rs. 3,788 million. Prior to the decision, the Economic Coordination Committee (ECC) through its meeting held on February 07, 2018 had proposed waiver of liquidated damages and directed Ministry of Energy – Petroleum Division to work out modalities in consultation with all stakeholders. Based on that decision, management has recognised a receivable of Rs. 3,788 million from HCPCL as disclosed in note 31 to these consolidated financial statements. However, to date, no agreement has been finalized between the relevant stakeholders. In the absence of the agreement, there is no contractual right to receive cash or financial asset from HCPCL and the requirements of IAS 39 – Financial Instruments are not met. Had management not recognised this receivable, the loss before tax would have increased by Rs. 3,788 million and net assets would have reduced by Rs. 2,652 million.

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

Material Uncertainty Related to Going Concern

We draw attention to note 1 of the consolidated financial statements, which indicates that the Group has incurred net loss of Rs. 14,805 million during the year ended June 30, 2018, and as of that date, the Group's current liabilities exceed current assets by Rs. 44,642 million. Further, staggering of losses and matters discussed in the Basis for Qualified Opinion of the report along with other conditions as set forth in note 1, indicate that material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern. Amongst other mitigating actions explained in detail in the aforementioned note, the Government of Pakistan has offered its unconditional support to maintain the going concern status of the Holding Company in a letter dated July 06, 2020. Our opinion is not modified in this respect.

Emphasis of Matter

We draw attention to:

(i) note 2.1.1 to the consolidated financial statements that describes the reasons why the Group has staggered the effect of Sindh High Court decision over a period of five financial years from 2017 to 2021 based on the permission received from Economic Coordination Committee (ECC), Securities and Exchange Commission of Pakistan (SECP) and Oil and Gas Regulatory Authority (OGRA);

(ii) note 18 to the consolidated financial statements that describe that the Group is subject to various material litigations and claims involving different courts. The outcome of these cases is uncertain and beyond management's control.

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

Our opinion is not qualified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for qualified opinion section, material uncertainty relating to going concern and emphasis of matter paragraphs, we have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	How matter was addressed in our audit
1	**Revenue** (Refer to note 35 of the consolidated financial statements) The Group is engaged in the transmission and distribution of natural gas and Liquefied Petroleum Gas in Sindh and Balochistan. The revenue relating to transmission of gas is recognised on the basis of gas supplied to customer, at rates announced by OGRA, at the time when the gas has been delivered to the respective customer's gas meter. For the year ended June 30, 2018, Group's revenue related to distribution of gas amounts to Rs. 184,015 million.	Our audit procedures include the following: - Obtained detailed understanding of the management process for recognition of revenue and to assess whether it is consistent with requirements of applicable accounting standards; - Evaluated the design and operating effectiveness of control (including mitigating controls) over revenue recognition; and

S. No.	Key Audit Matter	How matter was addressed in our audit
	We consider this as a key audit matter due to significance of the amount involved and the fact that this amount is included in FRR to OGRA as operating income and OGRA relies on results of our audit procedures and consequently considerable time and resources are required.	- Performed substantive procedures including test of details on a sample of transactions by inspecting meter reading documents, sales agreement, gas bills and rates from OGRA notification and substantive analytical procedures by developing an overall expectation of revenue based on relevant and reliable data and comparing with actual results.
2	**Deferred Tax Asset** (Refer to note 9 of the consolidated financial statements) For deferred tax asset, we evaluated the Holding Company and its subsidiaries as separate legal entities because they are taxed as such. At June 30, 2018, the Holding Company had taxable temporary difference of Rs. 15,091 million. At the same time, the Holding Company also had deferred tax asset in respect of carryforward of losses amounts to Rs. 3,483 million and deductible temporary difference in respect of liabilities more than 3 years of Rs. 19,286 million. This results in net deferred tax of Rs. 7,679 million which management of the Holding Company has not recognized for reasons disclosed in the said note. The analysis and recoverability of the deferred tax asset pertaining to the Holding Company is significant to our audit because the amount is material, the assessment process is complex and judgmental and is based on the assumption that are affected by expected future market and economic conditions. The recognition of deferred tax asset of subsidiaries is supported by the existence of sufficient taxable profits and as such, was not considered as a key audit matter.	We obtained an understanding of process of recognition of taxes, and evaluated the design and tested the effectiveness of controls in areas relevant to our audit. We performed substantive audit procedures on the recognition of deferred tax balances and on the recoverability of deferred tax assets. We have evaluated the Company's assumption and estimates in relation to the likelihood of generating sufficient taxable profits based on the most recent budgets and plans used in evaluation of going concern assessment, principally by evaluating and testing the key assumptions used to determine the amount recognized. Had detailed discussion with management and Board of Directors regarding recoverability of deferred tax asset.
3	**Trade and other receivables** (Refer note 27 and 31 to the consolidated financial statements) As at June 30, 2018, the Group's trade debts and other receivable (other than sales tax receivable and Sindh Sales tax receivable and receivable forming subject matter of our qualified opinion) aggregate to Rs. 21,910 million and Rs. 114,728 million respectively.	Our audit procedures include: - Obtained an understanding of and assessed the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts. - Tested controls around preparation of aging of trade debts and other receivables and assessing, on a sample comparing individual items in the report with underlying documentation;

S. No.	Key Audit Matter	How matter was addressed in our audit
	As part of financial reporting, the Group based on the nature / class of related customer, the aging of such receivable and historical pattern makes its assessment regarding the estimate the future cash collection against such trade debts which involves significant judgements. As a result of such an exercise provision amounting to Rs. 14,783 million and Rs. 2,346 million against trade debts and other receivable respectively is being carried as at June 30, 2018, in the annexed consolidated financial statements which include the charge of Rs. 1,017 million recorded during the year. Because of use of significant judgement and estimates in the overall process and the materiality of amounts involved, we have considered the impairment provision against trade debts and other receivable as a key audit matter.	- Assessed the management's rationale for impairment calculation in view of the key factors such as nature of counterparties, aging of debts and historical receipt pattern. - Checked mathematical accuracy of the impairment calculated as at June 30, 2018. - Compared, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade debtor balances as at June 30, 2018 with the underlying documentation; and - Inspected correspondence between the Holding Company and customers and where relevant with the ECC and Ministry of Petroleum and Natural resources. - Assessed the adequacy of the disclosure in accordance with the financial reporting framework applicable for the Group.
4	**Employee Benefits** (Refer note 42 of the consolidated financial statements). The Group operates approved funded pension and gratuity schemes for all employees. The total net present value of the obligation is Rs. 4,230 million at June 30, 2018. We have considered this matter as a key audit matter as the valuation of pension and gratuity plan liabilities requires judgement in determining appropriate assumptions such as salary increase, mortality rates, discount rates and inflation level.	Our audit procedures comprised of below: - Evaluated the design and implementation of controls in respect of post-retirement benefit obligations. - Assessed the competence, capability and independence of the management expert. - Evaluated the underlying data sent to management expert. - Engaged an auditor's expert to assess whether the assumptions used in calculating the liabilities were reasonable who performed the following procedures: • Assessed whether salary increases and mortality rate assumptions were consistent with the relevant national and industry benchmarks; • Assessed that the discount and inflation rates used were consistent with auditor expert's expertise and knowledge and in line with other companies' recent external reporting; and • Reviewed the calculation prepared by management's expert to assess the consistency of the assumptions used.

S. No.	Key Audit Matter	How matter was addressed in our audit
5	**First time application of Fourth Schedule to the Companies Act, 2017** Refer note 3.3 to the annexed consolidated financial statements that states that the Companies Act, 2017 (along with fourth schedule) was applicable to the Group for the first time for the preparation of the annexed consolidated financial statements. As part of the transition, the management performed an analysis to identify differences between the previous and the current Fourth Schedules along with subsequent amendments to the date, and as a result, certain amendments relating to presentation and disclosure were made in the annexed consolidated financial statements. These amendments also include recognition of surplus on revaluation of property, plant and equipment in 'other comprehensive income' as required by the Companies Act, 2017. This change in the presentation relating to surplus on revaluation of property, plant and equipment has been accounted for as a change in accounting policy that also required retrospective restatement of the annexed consolidated financial statements and inclusion of an additional consolidated statement of financial position at the beginning of the earliest period presented in accordance with the requirements of International Accounting Standard (IAS) 8 "Accounting Policies changes in Accounting Estimates and Errors". In view of the amendments and various new disclosures prepared and presented in the annexed consolidated financial statements, we considered this as a key audit matter.	Our audit procedures amongst others included the following: - Obtained understanding of the requirements of the Companies Act, 2017 and applicable Fourth Schedule along with its subsequent amendments to date. - Considered the management's process to identify the necessary amendments and additional disclosures required in the annexed consolidated financial statements. - Evaluated the underlying evidence for the amendments and additional disclosures made in the annexed consolidated financial statements. - Assessed the accounting implications, presentation and disclosure requirements of the financial reporting framework relating to change in accounting policy for surplus on revaluation of property, plant and equipment. - Assessed the adequacy and appropriateness of the additional disclosures and changes to the previous disclosure made in the annexed consolidated financial statements in accordance with the requirements of the Fourth Schedule to the Companies Act, 2017.

Information other than the Consolidated Financial Statements and Auditor's Report Thereon

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

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

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

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

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

Responsibilities of Management and Board of Directors for the consolidated financial statements

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

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

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

Auditor's Responsibilities for the Audit of the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the matters discussed in our 'Basis for Qualified Opinion' paragraph:

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

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

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

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

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

Deloitte Yousuf Adil

Chartered Accountants

Date: July 11, 2020
Place: Karachi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

	Note	2018	2017 (Restated)	2016 (Restated)
		------------------- (Rupees in '000) ---------------		
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised share capital:				
1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000**	10,000,000	10,000,000
Issued, subscribed and paid-up capital	4	**8,809,163**	8,809,163	8,809,163
Reserves	5	**4,907,401**	4,907,401	4,907,401
Surplus on re-measurement of available for sale securities		**334,805**	518,699	201,787
Surplus on revaluation of fixed assets	6	**13,673,415**	11,728,265	11,728,265
Accumulated losses		**(24,820,442)**	(10,427,085)	(12,185,561)
		2,904,342	15,536,443	13,461,055
LIABILITIES				
Non-current liabilities				
Long term finance	7	**44,721,775**	48,790,294	22,573,040
Long term deposits	8	**15,446,335**	14,216,851	12,456,759
Employee benefits	10	**5,956,657**	4,902,390	4,716,523
Obligation against pipeline	11	**933,345**	982,731	1,027,886
Deferred credit	12	**6,037,795**	5,320,034	5,842,485
Long term advances	13	**3,148,848**	2,207,355	1,092,831
Total non-current liabilities		**76,244,755**	76,419,655	47,709,524
Current liabilities				
Current portion of long term finance	14	**11,573,691**	7,045,427	5,756,246
Short term borrowings	15	**9,759,947**	2,900,655	4,860,212
Trade and other payables	16	**267,355,474**	196,047,840	189,398,243
Short term deposits		**22,604**	254,338	192,438
Current portion of obligation against pipeline	11	**49,386**	45,155	41,287
Current portion of deferred credit	12	**570,973**	422,867	427,547
Unclaimed Dividend	12	**285,565**	285,721	285,837
Interest accrued	17	**17,229,031**	16,898,655	16,532,459
Total current liabilities		**306,846,671**	223,900,658	217,494,269
Total liabilities		**383,091,426**	300,320,313	265,203,793
Contingencies and commitments	18			
Total equity and liabilities		**385,995,768**	315,856,756	278,664,848

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

	Note	2018	2017 (Restated)	2016 (Restated)
		---------------- (Rupees in '000) ----------------		
ASSETS				
Non-current assets				
Property, plant and equipment	19	**122,690,750**	117,174,550	98,877,569
Intangible assets	20	**56,597**	81,574	24,643
Deferred tax	9	**179,595**	2,681,027	2,882,244
Long term investments	21	**376,432**	560,327	243,415
Net investment in finance lease	22	**246,764**	304,579	362,394
Long term loans and advances	23	**180,117**	171,407	162,426
Long term deposits		**61,105**	68,169	9,872
Total non-current assets		**123,791,360**	121,041,633	102,562,563
Current assets				
Stores, spares and loose tools	24	**2,015,992**	2,474,530	2,150,514
Stock-in-trade	25	**1,198,474**	1,288,147	834,656
Current maturity of net investment in finance lease	22	**57,815**	57,815	110,161
Customers' installation work in progress	26	**179,691**	165,402	184,508
Trade debts	27	**76,782,729**	82,150,985	86,307,335
Loans and advances	28	**782,814**	932,959	934,200
Advances, deposits and short term prepayments	29	**295,456**	177,445	497,052
Interest accrued	30	**10,988,723**	10,015,313	8,728,073
Other receivables	31	**149,295,566**	77,318,693	54,943,899
Taxation - net	32	**19,699,217**	18,970,646	20,053,925
Other financial assets	33	**116,000**	116,000	-
Cash and bank balances	34	**791,931**	1,147,188	1,357,962
Total current assets		**262,204,408**	194,815,123	176,102,285
Total assets		**385,995,768**	315,856,756	278,664,848

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in '000)	
Sales	35	**184,014,613**	187,028,899
Sales tax	35	**(25,251,284)**	(25,665,983)
		158,763,329	161,362,916
Gas development surcharge		**22,645,175**	(4,689,641)
RLNG differential margin	3.16	**(4,004,081)**	-
Net sales		**177,404,423**	156,673,275
Cost of sales	36	**(187,195,880)**	(157,524,022)
Gross loss		**(9,791,457)**	(850,747)
Administrative and selling expenses	37	**(4,577,285)**	(4,409,981)
Other operating expenses	38	**(5,513,074)**	(3,303,250)
		(10,090,359)	(7,713,231)
		(19,881,816)	(8,563,978)
Other income	39	**14,190,110**	13,744,600
Operating (loss) / profit		**(5,691,706)**	5,180,622
Finance cost	40	**(5,065,105)**	(1,694,734)
(Loss) / profit before taxation		**(10,756,811)**	3,485,888
Taxation	41	**(4,047,715)**	(2,011,093)
(Loss) / profit for the year		**(14,804,526)**	1,474,795
		(Rupees)	
Basic and diluted (loss) / earnings per share	43	**(16.81)**	**1.67**

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in '000)	
(Loss) / profit for the year		**(14,804,526)**	1,474,795
Other comprehensive income			
Item that may be reclassified subsequently to consolidated statement of profit or loss:			
- Unrealised (loss) / gain on re-measurement of available for sale securities		**(183,894)**	316,912
Items that will not be reclassified subsequently to consolidated statement of profit or loss:			
- Remeasurement of post retirement benefits obligation		**(1,367,427)**	(946,739)
- Impact of deferred tax		**410,445**	283,943
- Gas development surcharge	31.1.2	**1,368,151**	946,477
		411,169	283,681
Revaluation surplus arising during the year		**1,945,150**	-
Total consolidated comprehensive (loss) / income for the year		**(12,632,101)**	2,075,388

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2018

	Issued, subscribed and paid-up capital	Capital reserves (Note 5)	Revenue reserves (Note 5)	Surplus on re-measurement of available for sale securities	Surplus on revaluation of fixed assets	Accumulated losses	Total
	(Rupees in '000)						
Balance as at June 30, 2016	8,809,163	234,868	4,672,533	201,787	-	(12,185,561)	1,732,790
Effect of change in Accouting policy (Note 3.3)	-	-	-	-	11,728,265	-	11,728,265
Balance at July 01, 2016 (Restated)	8,809,163	234,868	4,672,533	201,787	11,728,265	(12,185,561)	13,461,055
Total consolidated comprehensive income for the year ended June 30, 2017							
Profit for the year	-	-	-	-	-	1,474,795	1,474,795
Other Consolidated comprehensive income for the year	-	-	-	316,912	-	283,681	600,593
Total comprehensive income for the year	-	-	-	316,912	-	1,758,476	2,075,388
Balance as at June 30, 2017 (Restated)	8,809,163	234,868	4,672,533	518,699	11,728,265	(10,427,085)	15,536,443
Total consolidated comprehensive (loss) / income for the year ended June 30, 2018							
Loss for the year	-	-	-	-	-	(14,804,526)	(14,804,526)
Other consolidated comprehensive (loss) / income for the year	-	-	-	(183,894)	1,945,150	411,169	2,172,425
Total consolidated comprehensive (loss) / income for the year	-	-	-	(183,894)	1,945,150	(14,393,357)	(12,632,101)
Balance as at June 30, 2018	**8,809,163**	**234,868**	**4,672,533**	**334,805**	**13,673,415**	**(24,820,442)**	**2,904,342**

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		(10,756,811)	3,485,888
Adjustments for non-cash and other items	44	16,057,200	9,750,759
Working capital changes	45	4,573,350	(14,942,896)
Financial charges paid		(5,677,180)	(3,543,987)
Employee benefits paid		(100,539)	(89,788)
Payment for retirement benefits		(905,039)	(513,400)
Long term deposits received - net		971,133	1,816,547
Deposits paid - net		(3,073)	(58,297)
Loans and advances to employees - net		141,462	(7,303)
Interest income received		719,828	505,936
Income taxes paid		(1,864,409)	(442,654)
Net cash generated from / (used in) operating activities		3,155,922	(4,039,195)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(10,945,482)	(21,656,939)
Payments for intangible assets		(9,020)	(79,493)
Other financial assets		-	(116,000)
Proceeds from sale of property, plant and equipment		126,563	89,749
Long term investments		-	-
Lease rental from net investment in finance lease		114,780	177,910
Payment for obligation against pipeline		(135,732)	(135,732)
Dividend received		18,818	2,163
Net cash used in investing activities		(10,830,073)	(21,718,342)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		10,072,635	32,986,444
Repayments of local currency loans		(9,611,491)	(5,465,880)
Customer finance received		12,962	9,345
Repayment of customer finance		(14,350)	(23,473)
Dividend paid		(156)	(116)
Net cash generated from financing activities		459,600	27,506,320
Net (decrease) / increase in cash and cash equivalents		(7,214,551)	1,748,783
Cash and cash equivalents at beginning of the year		(1,753,465)	(3,502,250)
Cash and cash equivalents at end of the year		(8,968,016)	(1,753,467)
Cash and cash equivalent comprises:			
Cash and bank balances		791,931	1,147,188
Short term borrowings		(9,759,947)	(2,900,655)
		(8,968,016)	(1,753,467)

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- Sui Southern Gas Company Limited

	Percentage of holding	
	2018	2017
Subsidiary Companies		
- SSGC LPG (Private) Limited	**100**	100
- Sui Southern Gas Provident Fund Trust Company (Private) Limited	**100**	100

The Group is principally engaged in transmission and distribution of natural gas and liquefied petroleum gas in Sindh and Balochistan. Brief profiles of the Holding Company and subsidiaries are as follows:

Sui Southern Gas Company Limited

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

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

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

Sui Southern Gas Provident Fund Trust Company (Private) Limited

Sui Southern Gas Provident Fund Trust Company (Private) Limited is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office is situated at ST-4/B, Block-14, Sir Shah Muhammad Suleman Road, Gulshan-e-Iqbal, Karachi and was formed to facilitate administration of employees retirement funds of the Holding Company.

SSGC LPG (Private) Limited

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

The Subsidiary Company acquired the assets including:

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

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

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

1.2 Basis of consolidation

- The consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Companies, together "the Group".
- The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiaries have been consolidated on a line by line basis.
- Minority interest represents the portion of the net results of operations and of net assets of subsidiaries attributable to interests which are not owned by the Holding Company.
- Material intra-group balances and transactions have been eliminated.

1.3 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA), the Holding Company is provided a minimum annual return before taxation of 17% per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial and other non-operating expenses and non-operating income. The determination of annual required return is reviewed by OGRA under the terms of the license for transmission, distribution and sale of natural gas, targets and parameters set by OGRA. Income earned in excess / short of the above guaranteed return is payable to / recoverable from the Government of Pakistan (GoP) and is adjusted from / to the gas development surcharge balance payable to / receivable from the GoP.

1.4 Financial Performance

During the year, the Holding Company has suffered loss after tax of Rs. 14,848 million resulting increase in its accumulated losses by Rs. 14,438 million and weakening equity by Rs. 12,677 million after including the impact of staggering as discussed in note 2.1.1 to these consolidated financial statements.

The Holding Company's financial performance for the year has been deteriorated mainly because of higher UFG due to RLNG off load into Holding Company's franchise area which was sold to indigenous gas customers and staggering of losses due to dismissal of Holding Company's petitions by Sindh High Court (refer note 1.5).

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

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Holding Company was allowed UFG based on RLNG handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. However, in its determination on Final Revenue requirement for FY 2017-18 OGRA did not consider implementing the aforementioned decision and advised to take up the matter with SNGPL in consultation with Ministry of Energy (Petroleum Division). The Holding Company has reiterated its earlier position of higher UFG due to RLNG and another summary is being considered at ECC to reinforce earlier ECC decision with multiple options for its implementation.

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

- The Holding Company has devised a strategy to control UFG in coming years and the same is under implementation with the approval of Board of Directors.

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

- Banks have relaxed debt to equity ratio of the Holding Company from 80:20 to 95:05 from financial year 2016 to 2019. However, subsequent to year end, the Holding Company has never defaulted in payment of any installment of principal and interest thereon and some of the loans have been totally paid off to date.

- The Holding Company is also evaluating the option to issue shares to improve the equity and cash flows of the Holding Company.

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

1.5 Determination of revenue requirements

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

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

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

2. BASIS FOR PREPARATION

2.1 Statement of compliance

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

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

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

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

2.1.1 Staggering of Losses arising due to Sindh High Court decision

As disclosed in note 1.5, OGRA has disallowed certain expenses for the years ended 2011 to 2015. Consequently, management had approached Securities and Exchange Commission of Pakistan (SECP) through its letter dated December 14, 2016 to allow staggered recognition of the disallowed expenses of Rs. 36,718 million in 3 years. The permission from SECP was sought based on the grounds that recognition of such disallowances in one year will reflect very adverse results and financial position of the Holding Company, considering that OGRA's determination of some significant aspects of revenue requirements are provisional and are likely to be revised.

Accordingly, SECP through its letter dated December 20, 2016 has granted permission to stagger disallowed expense in the financial statements for the years ended / ending June 30, 2016 and 2017 subject to the conditions that disallowed expense will be staggered on equal basis, facts and circumstances are adequately disclosed and compliance with the disclosure requirement of IFRSs for departing with IFRSs.

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

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

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain investments stated in note 21 which are carried at their fair values, employee benefits which are valued at their present value using actuarial assumptions and freehold and leasehold land which are carried at revalued amount.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including reasonable expectation of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by management that may have a significant risk of material adjustments to these consolidated financial statements in the subsequent year are discussed in note 52.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

Standards / Amendments / Interpretations	Effective Date (accounting period beginning on or after)
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017

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

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual financial statements of the Group including change in nomenclature of primary statements.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of siginificant additional disclosures.

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

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

	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after January 01, 2018.
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	January 01, 2018
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

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

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

3.3 Change in accounting policy

Section 235 of the Repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets. The specific provision/section in the Repealed Companies Ordinance,1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. In view of foregoing and the contents of note 3 & note 4.1 the accounting and presentation of revaluation surplus is required to be made in accordance with the requirements of International Accounting Standard (IAS)16, Property,Plant and Equipment.

The applicability of requirements of IAS 16 accordingly results in the change in accounting policy of revaluation of surplus in following manner:

– present surplus on revaluation of fixed assets under equity;
– offset the deficit arising from revaluation of the particular asset; and
– transfer the realized surplus directly to the retained earnings / unappropriated profit;

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ and the corresponding figures have been restated. The effect of retrospective application in case of the Holding company has resulted in reclassification of surplus on revaluation of freehold land to reserves. There is no other impact of the retrospective application on the amounts of surplus presented in prior years.

3.4 Property, plant and equipment

Initial recognition

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

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

Measurement

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

Freehold land and leasehold land are stated at revalued amount and surplus arising on revaluation of freehold land and leasehold land is disclosed as surplus on revaluation of fixed assets.

The cost of the property, plant and equipment includes:

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

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

Subsequent expenditure (including normal repairs and maintenance)

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

Capital work in progress

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

Depreciation

- **Compressors and transmission lines**

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

- **Other operating assets**

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

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

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

Intangible assets

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

Definite life

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

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

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

Borrowing costs

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

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

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

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

Gains and losses on disposal

Gains and losses on disposal are taken to the consolidated statement of profit or loss.

Leased assets

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment loss, if any. Depreciation on assets subject to finance lease is recognised in the same manner as for owned operating assets.

3.5 Investments

Available-for-sale

Investments which are intended to be held for an indefinite period and may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale investments. These investments are initially recognised at fair value, being the cost of the consideration given and transaction cost. After initial recognition, investments classified as available-for-sale are re-measured at fair value, determined with reference to the year-end quoted rates. Gains or losses on re-measurement of these investments are recognised in consolidated statement of comprehensive income and accumulated in the investment revaluation reserve until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in consolidated statement of profit or loss. Impairment losses recognised in consolidated statement of profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through consolidated statement of profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in consolidated statement of profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in consolidated statement of profit or loss.

Held to maturity

Investments with fixed or determinable maturity where management has both the positive intent and ability to hold till maturity are classified as held-to-maturity. These investments are measured initially at its fair value plus transaction costs that are directly attributable to these investments. Subsequent to initial measurement, held to maturity investments are measured at amortised cost using effective interest method. All investments categorised under held to maturity are subject to annual review for impairment. Provision for impairment in value, if any, is taken to consolidated statement of profit or loss.

Date of recognition

All purchases and sales of investments that require delivery within the time frame established by regulations or market convention (regular way) are recognised at the trade date. Trade date is the date on which the Group commits to purchase or sell the investments.

De-recognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership.

3.6 Net investment in finance lease

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

3.7 Stores, spares and loose tools

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.8 Stock-in-trade

Gas in pipelines

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

Liquefied petroleum gas

Stocks of liquified petroleum gas in storage is valued at the lower of cost or net realisable value. Cost is recognised on weighted average basis on net realisable value which is arrived at after deducting impairment loss, if any.

Meter manufacturing division

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Trade debts and other receivables

Trade debts and other receivables are recognised at fair values plus directly attributable cost, if any.

A provision for impairment of trade and other receivables is established when there is an objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.10 Trade and other payables

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

3.11 Mark-up bearing borrowings

Long term financing

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

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

Leases

The Group accounts for lease obligations by recording the asset and the corresponding liability determined on the basis of discounted value of minimum lease payments. Financial charges are recognised in the consolidated statement of profit or loss.

3.12 Provisions

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

3.13 Deferred credit

Amounts received from customers before July 1, 2009 and the Government as contributions and grants for providing service connections, extension of gas mains, laying of distribution lines, etc. are deferred and recognised in the consolidated statement of profit or loss over the useful lives of the related assets starting from the commissioning of such assets.

Contribution from customers

Advance taken from customers on or after July 1, 2009 for laying of distribution lines is recognised in the consolidated statement of profit or loss when the connection to the network is completed, immediately in accordance with the requirements of IFRIC-18 "Transfer of Assets from Customers".

3.14 Taxation

Current

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

Deferred

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

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

3.15 Revenue recognition

- Revenue from gas sales is recognised on the basis of gas supplied to customers at rates periodically announced by the OGRA.
- Meter rental income is recognised monthly at specified rates for various categories of customers.
- Revenue from sale of meters, liquid petroleum gas and gas condensate is recognised on dispatch to the customers.
- Revenue from terminal and storage services are recognised on the basis of services rendered to the customers.
- Deferred credit from Government and customers before July 1, 2009 is amortised and related income is recognised in the consolidated statement of profit or loss over the useful lives on commissioning of the related assets.
- Deferred credit from customers after July 01, 2009 for laying of distribution lines is recognised in the consolidated statement of profit or loss when the network connection is completed, immediately in accordance with the requirements of IFRIC-18 "Transfer of Assets from Customers".
- Income from new service connections is recognised in consolidated statement of profit or loss immediately on commissioning of related assets.
- Dividend income on equity investments is recognised when right to receive the payment is established.
- Return on term deposits and royalty income are recognised on time proportion basis by reference to the principal outstanding at the effective interest rate.
- Late payment surcharge is recognised from the date the billed amount is overdue.

3.16 RLNG differential margin

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

3.17 Impairment

Financial assets

The Group assesses at each reporting date whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. In case of quoted equity securities classified as AFS, impairment is assessed based on significant or prolonged decline in market prices of securities.

An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss had been recognised. An impairment loss is reversed only to the extent that the financial assets carrying value after the reversal does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised. Reversal of impairment is recognised in consolidated statement of profit or loss except in the case of available for sale instruments where the reversal is included in the consolidated statement of comprehensive income.

Non-financial assets

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

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

3.18 Staff retirement benefits

The Holding Company operates the following retirement schemes for its employees:

- Approved funded pension and gratuity schemes for all employees.

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

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

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

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

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

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

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

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

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

- SSGC LPG (Private) Limited operates an unfunded gratuity scheme for its permanent and contractual employees who served for 1 year. The Company's net obligation in respect of unfunded gratuity scheme is determined annually by a qualified actuary using the Projected Unit Credit method.

- Remeasurement component, which is the net of actuarial gains and losses is recognised immediately in statement of comprehensive income whereas service cost and net interest income / expense are charged to consolidated statement of profit or loss.

- Employees benefit valuation carried by management expert M/s. Akhter and Hasan Private Limited Actuaries as it on June 30, 2018

3.19 Compensated absences

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

3.20 Foreign currency translation

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

3.21 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value and subsequently at fair value or amortised cost as the case may be. Financial assets are derecognised at the time when the Group loses control of the contractual rights that comprise the financial asset. Financial liabilities are derecognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to these consolidated statement of profit or loss immediately.

3.22 Derivative financial instruments

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

3.23 Off-setting

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

3.24 Segment reporting

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

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

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

Gas transmission and distribution

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

Meter manufacturing

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

3.25 Cash and cash equivalents

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

3.26 Earnings per share

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

3.27 Dividend and reserves appropriation

Dividend is recognised as a liability in the consolidated financial statements in the period in which it is declared. Movement in reserves is recognised in the year in which it is approved.

3.28 Share Capital

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

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
(Numbers)			(Rupees in '000)	
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	**2,195,666**	2,195,666
661,349,755	661,349,755	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**6,613,497**	6,613,497
880,916,309	880,916,309		**8,809,163**	8,809,163

4.1 The Holding Company has one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders. All shares rank equally with regard to the Holding Company's residual assets.

5. RESERVES

	Note	2018	2017
		(Rupees in '000)	
Capital reserves			
Share capital restructuring reserve	5.1	**146,868**	146,868
Fixed assets replacement reserve	5.2	**88,000**	88,000
		234,868	234,868
Revenue reserves			
Dividend equalisation reserve		**36,000**	36,000
Special reserve I	5.3	**333,141**	333,141
Special reserve II	5.4	**1,800,000**	1,800,000
General reserve	5.5	**2,015,653**	2,015,653
Reserve for interest on sales tax refund	5.6	**487,739**	487,739
		4,672,533	4,672,533
		4,907,401	4,907,401

5.1 Share capital restructuring reserve

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

5.2 Fixed assets replacement reserve

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

5.3 Special reserve I

This represents accumulated balance arising on a price increase of Rs. 4.10 per MCF granted to the Holding Company by the Government of Pakistan in January 1987 retrospectively from July 1, 1985 to enable the Holding Company to meet the requirements of Asian Development Bank regarding debt / equity ratio and other financial covenants specified in loan agreements with them.

5.4 Special reserve II

This represents special undistributable reserve created as per the decision of the Board of Directors to meet the future requirements of the Holding Company.

5.5 General reserve

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

5.6 Reserve for interest on sales tax refund

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

6. SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book values resulting from the revaluation of the Holding Company's freehold and leasehold land carried out by an independent valuer K.G. Traders (Private) Limited to determine the fair value as of June 30, 2018. The desktop valuation was based on market research.The last valuation was carried out by K.G Traders (Private) Limited in 2018.

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

	2018	2017
	(Rupees in '000)	
Freehold land	**454,156**	454,156
Leasehold land	**208,351**	208,351
	662,507	662,507

6.1. Details of the Holding Company's freehold and leasehold land and information about fair value hierarchy, explained in note 49.4.1, as at June 30, 2018 are as follows:

	Level 1	Level 2	Level 3	Total
	------Rupees in '000------			
Freehold land	-	6,309,707	-	6,309,707
Leasehold land	-	8,026,216	-	8,026,216

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

7. LONG TERM FINANCE

	Note	2018	2017
		(Rupees in '000)	
Secured			
Loans from banking companies	7.1	**43,961,852**	46,084,648
Unsecured			
Front end fee of foreign currency loan	7.2	**23,950**	23,950
Customer finance	7.3	**189,600**	190,927
Government of Sindh loans	7.4	**546,373**	2,490,769
		759,923	**2,705,646**
		44,721,775	**48,790,294**

				Note	2018	2017
					(Rupees in '000)	

7.1 Loans from banking companies

	Installment payable	Repayment period	Mark-up rate p.a. (above 3 months and 6 months * KIBOR)	Note	2018	2017
Faysal Bank Limited	quarterly	2015 - 2018	0.70%	7.1.3	-	500,000
United Bank Limited - Led Consortium	quarterly	2015 - 2018	0.70%	7.1.3	-	1,333,333
Meezan Bank Limited	quarterly	2015 - 2018	0.70%	7.1.3	-	666,667
Habib Bank Limited	quarterly	2015 - 2018	0.70%	7.1.3	-	333,333
Bank AlFalah Limited - Led Consortium	quarterly	2018 - 2019	0.40%	7.1.3	**5,250,000**	7,000,000
Habib Bank Limited	quarterly	2018 - 2022	0.50%	7.1.3	**2,700,000**	3,000,000
United Bank Limited - Led Consortium	semi annually	2018 - 2022	0.50% *	7.1.1 & 7.1.3	**13,500,000**	15,000,000
Habib Bank Limited - Led Consortium	semi annually	2018 - 2026	1.10% *	7.1.2	**34,200,000**	25,000,000
Unamortised transaction cost					**(313,148)**	(365,352)
					55,336,852	52,467,981
Less: Current portion shown under current liabilities				14	**(11,375,000)**	(6,383,333)
					43,961,852	46,084,648

7.1.1 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. As at June 30, 2018, the Holding Company has utilised total sanctioned amount. During the year, repayment of Rs. 1,500 million has been made.

7.1.2 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at June 30, 2018, the Holding Company has utilised Rs. 34,200 million out of the total sanctioned amount. The financial arrangements have been secured by GoP guarantee and ranking charge created by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas Assets of the Holding Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

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

7.1.4 The Holding Company is required to maintain debt to equity at 80:20. In FY 2016, the Holding Company has obtained relaxation letter from respective banks. As per the relaxation letter issued by banks, debt to equity ratio has been revised from 80:20 to 95:05 from financial year 2016 to 2019.

7.2 Front end fee of foreign currency loan

	Installment payable	Repayment period	Mark-up rate per annum	Note	2018	2017
					(Rupees in '000)	
IBRD LOAN - 81540	Half-yearly	2020 - 2036	11.80%	7.2.1	**23,950**	23,950

7.2.1 This represents front end fee in respect of USD 100 million loan from the Government of Pakistan through International Bank for Reconstruction and Development (IBRD) for Natural Gas Efficiency Project.

7.3	Customer finance	Note	2018	2017
			(Rupees in '000)	
	Customer finance	7.3.1	**201,624**	203,021
	Less: Current portion shown under current liabilities	14	**(12,024)**	(12,094)
			189,600	190,927

7.3.1 This represents contributions received from certain industrial customers for the laying of distribution mains for supply of gas to their premises. These balances carry mark-up at 25% of 3 year average ask side KIBOR less 2% per annum for laying of distribution mains. Principal and interest are adjustable in 48 equal installments through credits in the monthly gas bills of the customer.

7.4 Government of Sindh loans	Installment payable	Principal repayment period	Mark-up rate p.a.	Note	2018	2017
					(Rupees in '000)	
Government of Sindh loan - II	yearly	2011 - 2020	4%	7.4.1	**-**	270,000
Government of Sindh loan - III	yearly	2012 - 2021	4%	7.4.1	**80,000**	400,000
Government of Sindh loan - IV	yearly	2013 - 2022	4%	7.4.1	**500,000**	600,000
Government of Sindh loan - V	yearly	2015 - 2024	4%	7.4.1	**360,000**	770,000
Government of Sindh loan - VI	yearly	2015 - 2024	4%	7.4.1	**-**	700,000
Government of Sindh loan - VII	yearly	2016 - 2025	4%	7.4.1	**-**	1,200,000
Less: Impact of discounting of Government of Sindh loans				7.4.2	**(206,960)**	(799,231)
					733,040	3,140,769
Less: Current portion shown under current liabilities				14	**(186,667)**	(650,000)
					546,373	2,490,769

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

7.4.2 This represents the benefit of lower interest rate on Government of Sindh Loan II, III, IV, V, VI & VII, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan II, III, IV, V, VI & VII amounting to Rs. 6,500 million, and its initial fair value amounting to Rs. 4,272 million. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised in consolidated statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

7.4.3 The Government of Sindh through its letter dated December 18, 2017, approved the conversion of Rs. 3,000 million of loan into grant for all the schemes which do not qualify per customer cost criteria. Accordingly, management has transferred the loan amount to government grant, which would be amortised in a similar manner as described in note 3.12 of these consolidated statement of financial position.

8. LONG TERM DEPOSITS	Note	2018	2017
		(Rupees in '000)	
Security deposits from:			
- gas customers	8.1	**15,277,281**	14,034,507
- gas contractors	8.2	**169,054**	182,344
		15,446,335	14,216,851

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

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

The Holding Company may at its option, use these deposits for its own purpose from time to time and shall, on disconnection of gas supply to the customer, return the security deposits as per the terms and conditions of the contract.

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

9. DEFERRED TAX

Deferred tax asset comprises of taxable / (deductible) temporary differences in respect of the following:

	2018			
	Opening	Charge / (reversal) to profit and loss account	Charge / (reversal) to OCI	Closing
Taxable temporary differences	(Rupees in '000)			
Accelerated tax depreciation	**14,555,219**	**741,889**	**-**	**15,297,108**
Net investment in finance lease	**108,718**	**(17,345)**	**-**	**91,373**
Deductible temporary differences				
Provision against employee benefits	**(1,470,717)**	**137,970**	**(454,037)**	**(1,786,784)**
Provision against impaired debts and other receivables and receivable from staff pension fund	**(4,731,197)**	**(367,659)**	**43,592**	**(5,055,264)**
Provision against impaired store and spares	**(88,227)**	**(10,444)**	**-**	**(98,671)**
Liability not paid within three years	**(9,301,358)**	**(3,048,772)**	**-**	**(12,350,130)**
Carry forward of tax losses	**(835,495)**	**(1,211,986)**	**-**	**(2,047,481)**
Minimum income tax	**(834,020)**	**(1,002,973)**	**-**	**(1,836,993)**
Obligation under finance lease	**-**	**-**	**-**	**-**
Others	**(83,948)**	**12,319**	**-**	**(71,629)**
Sub total	**(2,681,025)**	**(4,767,001)**	**(410,445)**	**(7,858,471)**
Deferred tax asset not recognised	**-**	**7,678,876**	**-**	**7,678,876**
Total	**(2,681,025)**	**2,911,875**	**(410,445)**	**(179,595)**

	2017			
	Opening	Charge / (reversal) to profit and loss account	Charge / (reversal) to OCI	Closing
Taxable temporary differences	(Rupees in '000)			
Accelerated tax depreciation	10,748,991	3,806,228	-	14,555,219
Net investment in finance lease	141,767	(33,049)	-	108,718
Deductible temporary differences				
Provision against employee benefits	(1,415,019)	239,170	(294,868)	(1,470,717)
Provision against impaired debts and other receivables and receivable from staff pension fund	(3,908,310)	(833,812)	10,925	(4,731,197)
Provision against impaired store and spares	(84,518)	(3,709)	-	(88,227)
Liability not paid within three years	(6,569,043)	(2,732,315)	-	(9,301,358)
Carry forward of tax losses	(1,449,186)	613,691	-	(835,495)
Minimum income tax	-	(834,020)	-	(834,020)
Obligation under finance lease	(320,752)	320,752	-	-
Others	(26,174)	(57,774)	-	(83,948)
	(2,882,244)	485,162	(283,943)	(2,681,025)

9.1. As at June 30, 2018, the Holding Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs.22,728 million (2017: Rs. 16,836 million) out of which deferred tax asset amounting to Rs. 15,091 million has been recognised and remaining balance of Rs 7,679 million is unrecognised. As at year end, the Holding Company's minimum tax credit amounted to Rs.1,837 million (2017: Rs. 849 million) having expiry period ranging between 2022 and 2023.

9.2. Furthermore, deferred tax asset recognised in these consolidated financial statements relates to the Subsidiary, the management of Subsidiary company are confident that company would have sufficient taxable profit in future, moreover both companies are not taxable as a Group.

10. EMPLOYEE BENEFITS - unfunded

	Note	2018	2017
		(Rupees in '000)	
Provision for post retirement medical and free gas supply facilities - executives	42.2	**4,967,770**	4,115,304
Provision for compensated absences - executives	10.1	**967,630**	771,157
Provision for gratuity	10.2 & 42.3.1	**21,257**	15,929
		5,956,657	4,902,390

10.1 Provision for compensated absences - executives

	2018	2017
Balance as at July 01	**771,157**	653,801
Provision during the year	**196,473**	117,356
Balance as at June 30	**967,630**	771,157

10.2 Provision for gratuity

	2018	2017
Balance as at July 01	**15,929**	12,437
Provision during the year	**5,328**	3,492
Balance as at June 30	**21,257**	15,929

11. OBLIGATION AGAINST PIPELINE

	Note	2018	2017
		(Rupees in '000)	
Principal amount of obligation against pipeline	11.1	**982,731**	1,027,886
Less: current portion of obligation against pipeline		**(49,386)**	(45,155)
		933,345	982,731

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

12. DEFERRED CREDIT

	Note	2018	2017
		(Rupees in '000)	
Government of Pakistan contributions / grants			
Balance as at July 01		**3,539,596**	3,707,033
Additions / adjustments during the year		**24,182**	106,418
Transferred to consolidated statement of profit or loss	12.1	**(278,686)**	(273,855)
Balance as at June 30		**3,285,092**	3,539,596
Contribution from customers			
Balance as at July 01		**1,168,909**	1,326,845
Transferred to consolidated statement of profit or loss	12.2	**(152,010)**	(157,936)
Balance as at June 30		**1,016,899**	1,168,909
Government of Sindh (Conversation of loan into grant)			
Balance as at July 01		**-**	-
Transferred to consolidated statement of profit or loss		**2,288,772**	-
Adjustment		**(155,213)**	-
Balance as at June 30		**2,133,559**	-
Government of Sindh grants			
Balance as at July 01		**1,034,396**	1,236,154
Transferred to consolidated statement of profit or loss	7.4.2	**(54,938)**	(201,758)
Adjustment	7.4.3	**(806,240)**	-
Balance as at June 30		**173,218**	1,034,396
		6,608,768	5,742,901
Less: Current portion of deferred credit		**(570,973)**	(422,867)
		6,037,795	5,320,034

12.1 This represents amount received from the Government of Pakistan for supply of gas to new towns and villages and is recognised as grant when the conditions specified by the Government are met and is amortised over the useful life of related projects.

12.2 This represents amount received from customers for the cost of service lines and gas mains, etc. These are taken to consolidated profit and loss account based on the policy stated in note 3.13 to these consolidated financial statements.

12.3 Pipelines constructed / built under deferred credit arrangement are not given 17% minimum guaranteed return. However, Unaccounted for Gas ("UFG") losses on such pipelines are considered in the determination of the Holding Company's guaranteed return.

13 LONG TERM ADVANCES

These represent amounts received from Government of Pakistan for gas supply to new towns and villages and laying of distribution lines, etc. These advances are transferred to deferred credit once the related projects are commissioned. As stated in note 3.13 to these consolidated financial statements, such deferred credit is amortised over the estimated useful lives of related assets.

		Note	2018	2017
			(Rupees in '000)	
14.	**CURRENT PORTION OF LONG TERM FINANCE**			
	Loans from banking companies	7.1	**11,375,000**	6,383,333
	Customer finance	7.3	**12,024**	12,094
	Government of Sindh loans	7.4	**186,667**	650,000
			11,573,691	7,045,427

15. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 23,000 million (2017: Rs. 14,625 million) and subject to markup to 0.10% (June 30, 2017: 0.60%) above the one month KIBOR. These facilities are secured by first pari passu, first joint supplemental hypothecation and ranking charge over present and future stock in trade and book debts of the Holding Company.

The aggregate unavailed short term borrowing facilities amounted to Rs. 13,240 million. (2017: Rs. 11,725 million).

		Note	2018	2017
16.	**TRADE AND OTHER PAYABLES**		(Rupees in '000)	
	Creditors for:			
	- gas supplies	16.1	**233,477,294**	167,238,726
	- supplies		**1,157,886**	941,703
			234,635,180	168,180,429
	Amount received from customers for laying of mains, etc.		**2,677,773**	2,361,457
	Payable to SNGPL for differential tariff		**1,487,714**	-
	Engro Elengy Terminal Limited		**1,764,281**	2,098,162
	Accrued liabilities		**3,902,232**	3,193,262
	Advance from LPG customers		**51,617**	12,177
	Provision for compensated absences - non executives	16.2	**309,391**	266,887
	Payable to staff gratuity fund	42.1	**4,549,836**	3,778,334
	Deposits / retention money		**678,233**	895,166
	Bills payable		**129,430**	59,498
	Advance for sharing right of way	16.3	**18,088**	18,088
	Withholding tax		**103,275**	95,497
	Sales tax and Federal excise duty		**280,403**	282,275
	Sindh sales tax		**113,922**	54,322
	Processing charges payable to JJVL		**8,528,447**	7,115,280
	Gas infrastructure development cess payable	16.4	**7,425,827**	7,264,457
	Unclaimed term finance certificate redemption profit		**1,800**	1,800
	Advances from customers and distributors		**35,978**	45,356
	Transport and advertisement services		**13,795**	8,473
	Inter State Gas System (Private) Limited (ISGSL)		**-**	1,555
	Workers' Profit Participation Fund	16.5	**12,860**	12,860
	Provision		**15,918**	-
	Others	16.6	**619,474**	302,505
			267,355,474	196,047,840

16.1 Creditors for gas supplies includes Rs. 167,492 million (2017: Rs. 121,487 million) payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (2017: Rs. 15,832 million) on their balances which have been presented in note 17.1 of these consolidated financial statements.

This also includes amount payable to SNGPL against RLNG volume allocated by ECC which is sold by the Holding Company in its franchise area .

On December 12, 2017, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Holding Company and thereafter allocate further 37 BCF. Till March 2020, the ECC has allocated 71 BCF (in total) in order to resolve the matter of short supply with the direction to enter into an agreement with SNGPL. OGRA, in its letter dated November 20, 2018, in pursuance of decision of the ECC, with the consent of SNGPL and the Holding Company, has determined the price mechanism for purchase and sale of allocated RLNG allocated volumes.

Creditors for gas supplies also includes payable to SNGPL and Pakistan LNG Limited (PLL) against purchases of RLNG amounting to Rs. 5,004 million and Rs. 2,261 million respectively.

16.2 Provision for compensated absences - non-executives

	2018	2017
	(Rupees in '000)	
Balance as at July 01	**266,887**	220,431
Provision during the year	**42,504**	46,456
Balance as at June 30	**309,391**	266,887

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

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

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

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

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

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

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

	2018	2017
	(Rupees in '000)	

16.5 Workers' Profit Participation Fund

Balance as at July 01	**12,860**	(161,655)
Allocation for the year	**-**	174,515
Balance as at June 30	**12,860**	12,860

16.6 This includes Rs. 229 million (2017: Rs. 103 million) on account of amount payable to disconnected customers for gas supply deposits.

17. INTEREST ACCRUED

	Note	2018	2017
		(Rupees in '000)	
Long term finance - loans from banking companies		**522,464**	419,156
Long term deposits from customers		**370,987**	355,318
Short term borrowings		**159,280**	94,839
Late payment surcharge on processing charges		**339,061**	192,105
Late payment surcharge on gas development surcharge		**4,828**	4,826
Late payment surcharge on gas supplies	17.1 & 18.1.3	**15,832,411**	15,832,411
		17,229,031	16,898,655

17.1 As disclosed in note 27.1 and 27.2, effective from July 1, 2012, the Holding Company has been accounting for LPS from KE and PSML on receipt basis as per IAS 18 "Revenue". However, the Holding Company continued recognition of the LPS expenses payable on outstanding payables of the Government Controlled E&P Companies i.e. Oil and Gas Development Holding Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of approved accounting standards as applicable in Pakistan, as such standards do not allow the Holding Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Holding Company has never paid such LPS to Government Controlled E&P Companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt. Management's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their consolidated financial statements only when the same are received.

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

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

	(Rupees in million)
- Increase in loss before tax	**41,268**
- Increase in loss after tax / accumulated loss	**29,300**
- Increase in loss per share - Rupees	**33.26**

		2018	2017
		(Rupees in '000)	
18.	**CONTINGENCIES AND COMMITMENTS**		
18.1	**Contingencies**		
18.1.1	Guarantees issued on behalf of the Group	**4,428,187**	4,288,801

In respect of Holding Company:

18.1.2 Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged claims against the Holding Company amounting to Rs. 144,120 million (June 30, 2017: Rs. 39,463 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the holding Company and JPCL. JPCL has raised another claim of Rs. 5.793 million (June 30, 2017: Rs. 5.793 million) for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Holding Company. The MP & NR vide its letter dated April 24, 2017, has also directed that the outstanding issues pertaining to the claims by JPCL be resolved and has proposed that a committee be constituted comprising of members from two companies and the concerned ministries to resolve the matter as it involves parties who represent / relate to Government of Pakistan.

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

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

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

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

18.1.3 As disclosed in note 17.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies’ liabilities and has not recorded LPS expense for the year ended June 30, 2017 and June 30, 2018 amounting to Rs. 7,569 million and Rs. 7,477 in these consolidated financial statements. The Holding Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

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

On April 30, 2018, the decision of arbitration proceeding has been issued by ICC in favor of HCPCL and the Holding Company is required to pay to HCPCL as a final reward in the form of liquidity damages Rs. 3,788 million, interest on liquidity damages of Rs. 353 million and legal and professional charges of Rs. 571 million as on June 30, 2018. Further, LPS charged to HCPCL upto FY 2016-17 amounting to Rs. 3,243 million was also withdrawn.

The liquidated damages claimed by HCPCL from the Holding Company was in consequent to liquidated damages charged to HCPCL by WAPDA/CPPA-G, depicting the flow of payment from one GoP entity i.e. the Holding Company to another GoP entity i.e. WAPDA without yielding any substantial benefit to any claimant party. Therefore, Economic Coordination Committee (ECC) in its meeting held on February 07, 2018 approved in principle the proposal regarding waiver of liquidated damages with the direction to Petroleum Division & Power Division to work out modalities in consultation with all the stakeholders.

In line with above ECC decision, an amount of Rs. 3,788 million has been recognized as Receivable from HCPCL as explained in note 31.2 to these consolidated financial statements. The remaining amount of Rs. 4,167 million was claimed from OGRA as part of Revenue Requirement of FY 2017-18. However, OGRA in its decision on FRR for FY 2017-18 dated 23rd April 2020 decided to defer its decision on LPS adjustment and other arbitration charges until the conclusion of the matter between WAPDA/CPPA-G and HCPCL. In the light of OGRA decision, this amount has been recognized as “Expenses deferred by OGRA” as explained in note 31.3 to these consolidated financial statements.

Management is confident that the aforementioned arrangement will materialize in favor of the Holding Company and therefore no provision has been made in these consolidated financial statements.

18.1.5 As disclosed in note 31.6, 39.1, and 39.2 for other matters arbitration proceedings between JJVL and the Holding Company has been initiated under the Pakistan Arbitration Act, 1940 to settle the outstanding disputes between the parties. Accordingly, both the parties have appointed their respective arbitrators and filed their respective claims.

On June 13, 2018, Supreme Court of Pakistan (SCP) in its decision concluded that the Holding Company would not supply any gas to JJVL for the purpose of processing. Further a firm of Chartered Accountants was appointed to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the Holding Company. Such matter relating to claimed amount will be undertaken after the report is submitted to SCP.

SCP through its order dated November 16, 2018, based on the report by a firm of Chartered Accountants, determined that Rs. 1,500 million is the undisputed amount that shall be paid within 8 weeks by JJVL. With respect to the freight matter, SCP will settle the same and an appropriate order shall be passed in this regard. Further, firm of Chartered Accountants after consultation with both parties came up with a mechanism of revenue sharing of 57% to the Holding Company and 43% to JJVL and an agreement was signed between the Holding Company and JJVL and submitted the same to SCP for its approval and the same was validated by SCP, subject to payment of admitted liability by JJVL of Rs. 1,500 million by January 16, 2019, in its order dated December 29, 2018.

SCP also directed the Holding Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement. The agreement is valid for 1.5 years and is set to expire on June 20, 2020 and until renewed by the parties with mutual written consent it shall stand terminated automatically.

However, with respect to the freight, GIDC and tax challans, SCP will settle the same and an appropriate order shall be passed in this regard. Once the matter is finalized by the Court any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

The arbitration is currently adjourned till the final order of the SCP and all the disputed matters taken to arbitration will be settled once the arbitration is completed, hence no provision is recorded in these consolidated financial statements.

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

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

18.1.7 The Additional Collector (Adjudication) Sales Tax and Federal Excise passed an order against the Holding Company with a demand of Rs.311 million for the years 2002-03, 2003-04 and 2005-06 in respect of sales tax on disposal of fixed assets, incorrect adjustment against exempt supplies, non-payment of sales tax on transportation charges, late payment surcharge and service connection charges along with default surcharge and penalty. The Appellate Tribunal Inland Revenue had set-aside the case and remanded back to Tax Department for hearing the case afresh.

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

18.1.8 Income tax authorities have issued notices under section 122 / 177 of the Income Tax Ordinance, 2001 for the tax years 2007 to 2015 intending to disallow accrued interest expense on delayed payment of gas bills on account of failure to deduct withholding tax under section 151(1)(d) read with section 158 of the Income Tax Ordinance, 2001 and depreciation on fixed assets held under musharka arrangement.

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

On issue of depreciation, Tax Authorities passed adverse Orders for Tax Years 2009, 2013 & 2014 however Commissioner (Appeals) decided the case in Company’s favor for said Tax Years.

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

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

All the Orders were contested before Commissioner (Appeals) who decided the cases in Company’s favor. However, the said Orders have been challenged by the LTU before the Appellate Tribunal Inland Revenue.

Further, the said issue has also been raised for other years on which Company filed detailed replies.

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

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

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

The LTU has filed an appeal before the Appellate Tribunal Inland Revenue against the aforesaid Order of Commissioner (Appeals) for FY 2010-11 to 2014-15.

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

18.1.11 The Additional Commissioner Inland Revenue passed an order against the Holding Company with a demand of Rs. 1,725 million in respect of disallowance of tax depreciation on additions to fixed assets and exchange loss in income tax audit for tax year 2011.

The Commissioner (Appeals) has decided the issue of exchange loss in the Holding Company's favor while the issue of tax depreciation has been remanded back to tax department for hearing the case afresh. Tax department has also filed appeal before Appellate Tribunal on issue of exchange loss which has been decided in favor of the Holding Company by the Commissioner (Appeals). In the remand back proceedings, the Deputy Commissioner Inland Revenue (DCIR) has passed an order under section 122(4)/ 122(1) of the Ordinance for the tax year 2011 whereby he has again disallowed the initial and normal depreciation on fixed assets on the ground that the Holding Company has not provided necessary documentary evidences in relation to installation and capitalization of the projects. However, in the appeal filed before the Commissioner (Appeals) against this order, the Commissioner (Appeals) has again remanded back the matter to the Department to examine the issue afresh.

The management is of the view that said remand back proceedings are barred by time as a result of time limitation provided in the Income Tax Ordinance, 2001. Moreover, the Additional Commissioner Inland Revenue (ADCIR) has passed an order under section 122(5A) of the Ordinance for the tax year 2011, on the matter of excess UFG disallowance wherein admissibility in respect of the aforesaid remanded back issue on account of initial and normal depreciation on fixed assets has been fully allowed in the revised computation given in such order of ADCIR.

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

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

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

Against the Commissioner (Appeals) order, the Holding Company has filed appeal before Appellate Tribunal Inland Revenue which is pending for hearing whereas the Tax Department has also filed appeal before Appellate Tribunal on issue decided in the Holding Company's favor.

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

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

18.1.14 Income tax authorities have issued show cause notice to the Holding Company for recovery of additional tax of Rs. 422 million for late deposit of withholding income tax on payment to permanent establishments of non-resident Exploration and Production Companies for the year 2013 & 2014. the Holding Company has filed an appeal in the Honorable High Court of Sindh, which through its order dated March 10, 2017 has remanded back the matter to the Department. No order has been passed as yet in the remanded back proceedings.

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

18.1.15 The Holding Company is subject to various other claims totaling Rs. 223 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

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

In respect of SSGC LPG (Private) Limited:

18.1.17 The Additional Commissioner Inland Revenue (ACIR) passed the order u/s 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 on the basis that LPG is not covered by SRO 586 of 1991 and created a demand of Rs. 46 million. The Subsidiary Company had filed an appeal against the said order before Commissioner Inland Revenue (CIR), Appeals. Later CIR, Appeals passed the order dated May 15, 2015 and remanded back the case to the ACIR for reassessment on various issues as per grounds of appeal. The subsidiary Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR Appeals, which is pending for hearing. The appeal before the ATIR has been fixed twice during the year but the hearing did not take place.

ACIR passed appeal effect order u/s 124 dated June 20, 2015 to give appeal effect as per CIR (Appeals) Order and reduced the amount to Rs. 37 million. The subsidiary Company has also filed an appeal before the CIR, Appeals against the said order. Further, the subsidiary Company has paid advance income tax pertaining to tax year 2013 to tax year 2018 amounting to Rs. 233 million under various sections which remains unadjusted due to such litigation.

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

18.1.18 During FY 2015, the Subsidiary Company received notice from ACIR against short payment of sales tax for the tax year 2013 and 2014 and created a demand of Rs. 2.6 million. the Subsidiary Company has filed an appeal before Commissioner Appeals which is pending for hearing.

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

18.1.19 During the FY 2017 the Subsidiary Company received notices from Sindh Revenue Board (SRB) for alleged short payment of Sindh Sales Tax amounting Rs. 4.6 million for the tax years 2013-2014 and 2014-2015, to which reply has been filed before Assistant Commissioner SRB, not admitting the liability. Proceedings against these two periods are pending with SRB as per notice.

18.1.20 The ACIR passed order dated July 11, 2014 and created demand of Rs. 5.9 million pertaining to the tax year 2013 and 2014. The Subsidiary Company has filed an appeal before the Commissioner Appeals. During the process of appeal, the tax department issued a recovery notice and recovered entire demand amount from the Subsidiary Company's bank account.

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

18.1.21 The Inland Revenue Department has also issued a show cause notice u/s 122(9) for amendment of assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2015 & 2016 on 13 January 2017 and has required from the Subsidiary Company necessary documents for reassessment of tax liability. Against the said notice the Subsidiary Company has filed petition in Sindh High Court (SHC). The SHC has granted stay to the Subsidiary Company and the final decision is pending before the SHC .

Furthermore department has not gone in appeal against the decision of SHC.

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

		2018	2017
		(Rupees in '000)	
18.1.23	Guarantees issued on behalf of the Group	**104,970**	131,620
	- For Port Qasim Authority Customs	**104,970**	104,970
	- For suppliers	**-**	26,650
18.1.24	Contracts for capital and other expenditure	**132,938**	134,840
	- OPEX	**2,568**	3,189
	- CAPEX	**130,370**	131,651
	Other contingencies:		
18.1.25	Claims against the Holding Company not acknowledged as debt	**77,477**	77,477
	The management is confident that ultimately these claims would not be payable.		
18.2	**Commitments**		
	Commitments for capital and other expenditure	**4,563,809**	4,288,671

		Note	2018	2017
19.	**PROPERTY, PLANT AND EQUIPMENT**		(Rupees in '000)	
	Operating assets	19.1	**111,557,090**	108,383,400
	Capital work in progress	19.5	**11,133,660**	8,791,150
			122,690,750	117,174,550

19.1 Operating assets

	2018							
	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
	As at July 1, 2017	Additions / (deletions) / transfers * Revaluation ** Impairment ***	As at June 30, 2018	As at July 1, 2017	Depreciation / (deletions) / transfers *	As at June 30, 2018	As at June 30, 2018	
	-----(Rupees In '000)-----							
Freehold land	5,520,800	- - - *	5,520,800	-	- - - *	-	5,520,800	-
Leasehold land	7,013,201	- - - * 1,945,150 **	8,958,351	-	- - - * - **	-	8,958,351	-
Leasehold land Terminal QP-5	32,500	- - - *	32,500	8,125	1,413 - - *	9,538	22,962	23
Civil structure on leasehold land - Trestle and Jetty	1,148,487	357	1,148,844	283,537	49,941	333,478	815,366	23
Buildings on freehold land	324,492	- - - *	324,492	273,074	15,660 - - *	288,734	35,758	20
Buildings on leasehold land	2,536,072	92,694 - (2,349) *	2,626,417	1,520,910	105,699 - (39,084) *	1,587,525	1,038,892	20
Roads, pavements and related infrastructures	797,820	- - - *	797,820	259,088	39,973 - 38,207 *	337,268	460,552	20
Gas transmission pipelines	52,596,368	2,750,753 - (33) *	55,347,088	15,193,992	1,081,846 - (1,361) *	16,274,477	39,072,611	40
Gas distribution system	77,020,221	4,829,927 (368,934) 1 * - ***	81,481,215	34,655,718	4,671,821 (292,020) (684) * - ***	39,034,835	42,446,380	10-20
Compressors	9,410,524	408,229 - - *	9,818,753	2,613,368	535,307 - - *	3,148,675	6,670,078	17
Telecommunication	1,143,435	34,539 (1,565) (1) *	1,176,408	747,008	93,128 (1,565) 186 *	838,757	337,651	2 & 6.67
Plant and machinery	4,655,344	442,884 (75,507) 1,035 *	5,023,756	2,274,484	332,288 (74,527) 1,081 *	2,533,326	2,490,430	10
Tools and equipment	519,514	13,649 (4,756) (169) *	528,238	418,768	43,241 (4,756) (165) *	457,088	71,150	3
Bowsers	76,688	33,333	110,021	27,945	8,030	35,975	74,046	10
Motor vehicles	3,118,777	198,793 (120,558) 7,388 *	3,204,400	1,690,692	279,640 (96,195) 2,655 *	1,876,792	1,327,608	5
Furniture and fixture	585,575	1,162 (6,224) (17,040) *	563,473	522,839	26,310 (6,224) (6,644) *	536,281	27,192	5
Office equipment	549,779	81,317 (12,340) 11,167 *	629,923	392,523	66,416 (12,206) 6,935 *	453,668	176,255	5
Computer and ancillary equipments	1,079,209	207,048 (39,065) 1 *	1,247,193	932,637	115,467 (38,996) (17) *	1,009,091	238,102	3
Supervisory control and data acquisition system	1,142,477	7,393 - - *	1,149,870	732,160	66,031 - - *	798,191	351,679	6.67
Construction equipment	3,094,843	139,569 (44,032) - *	3,190,380	1,435,858	378,375 (43,971) (1,109) *	1,769,153	1,421,227	5
-	172,366,126	9,241,647 (672,981) - * 1,945,150 ** - ***	182,879,942	63,982,726	7,910,586 (570,460) - * - ** - ***	71,322,852	111,557,090	

2017

	COST / REVALUATION			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	USEFUL LIFE
	As at July 1, 2016	Additions / (deletions) / transfers * Revaluation ** Reversal of	As at June 30, 2017	As at July 1, 2016	Depreciation / (deletions) / transfers *	As at June 30, 2017	As at June 30, 2017	
	---(Rupees In '000)---							
Freehold land	5,498,348	22,452 - - *	5,520,800	-	- - - *	-	5,520,800	-
Leasehold land	7,011,760	1,441 - - * - **	7,013,201	-	- - - * - **	-	7,013,201	-
Leasehold land Terminal QP-5	32,500	- - - *	32,500	6,712	1,413 - - *	8,125	24,375	23
Civil structure on leasehold land - Trestle and Jetty	1,148,487	-	1,148,487	233,600	49,937	283,537	864,950	23
Buildings on freehold land	324,492	- - - *	324,492	261,370	11,704 - - *	273,074	51,418	20
Buildings on leasehold land	2,406,544	131,870 - (2,342) *	2,536,072	1,393,786	126,298 - 826 *	1,520,910	1,015,162	20
Roads, pavements and related infrastructures	657,720	137,761 - 2,339 *	797,820	198,425	61,673 - (1,010) *	259,088	538,732	20
Gas transmission pipelines	27,079,814	24,790,990 - 725,564 *	52,596,368	14,004,773	525,560 - 663,659 *	15,193,992	37,402,376	40
Gas distribution system	71,081,257	5,408,844 (659,880) - * 1,190,000 ***	77,020,221	30,855,068	4,340,954.10 (540,304) - * - ***	34,655,718	42,364,503	10-20
Compressors	3,616,296	5,794,228 - - *	9,410,524	2,411,900	191,260 - 10,208 *	2,613,368	6,797,156	8-16
Telecommunication	1,046,728	93,420 - 3,287 *	1,143,435	659,221	85,529 - 2,258 *	747,008	396,427	2-20
Plant and machinery	4,336,304	319,058 - (18) *	4,655,344	2,052,864	221,933 - (313) *	2,274,484	2,380,860	5-20
Tools and equipment	441,834	77,657 - 23 *	519,514	379,279	42,600 - (3,111) *	418,768	100,746	3-10
Bowsers	72,362	4,326	76,688	20,348	7,597	27,945	48,743	10
Motor vehicles	2,607,943	634,590 (122,914) (842) *	3,118,777	1,511,610	269,682 (92,407) 1,807 *	1,690,692	1,428,085	5
Furniture and fixture	575,008	13,871 - (3,304) *	585,575	494,103	32,497 - (3,761) *	522,839	62,736	5
Office equipment	441,715	109,777 - (1,713) *	549,779	354,745	37,894 - (116) *	392,523	157,256	3-5
Computer and ancillary equipments	979,631	97,150 (141) 2,569 *	1,079,209	849,692	82,881 (82) 146 *	932,637	146,572	3
Supervisory control and data acquisition system	1,142,477	- - - *	1,142,477	667,408	65,223 - (471) *	732,160	410,317	6.67
Construction equipment	2,370,185	724,655 - 3 *	3,094,843	1,083,362	349,397 - 3,099 *	1,435,858	1,658,985	5
	132,871,405	38,362,090 (782,935) 725,566 * - ** 1,190,000 ***	172,366,126	57,438,266	6,504,032 (632,793) 673,221 * - ** - ***	63,982,726	108,383,400	

	2018	2017
19.2 Details of depreciation for the year are as follows:	(Rupees in '000)	
Transmission and distribution costs	**6,875,008**	5,576,181
Administrative expenses	**295,815**	248,579
Selling expenses	**21,123**	18,384
	7,191,946	5,843,144
Meter manufacturing division	**24,261**	26,302
LPG air mix	**67,623**	59,093
Capitalised on projects	**471,360**	426,891
Income from LPG and NGL-net	**155,396**	148,602
	7,910,586	6,504,032

19.3 Disposal of property, plant and equipment

Details of disposal of operating assets are as follows:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
			(Rupees in '000)				
Gas distribution system							
Written down value not exceeding Rs. 500,000 each	74,692	74,692	-	-	-	Replacement	Not applicable
Written down value not exceeding Rs. 500,000 each	294,242	217,328	76,914		(76,914)	Gas meters retired	Written off
	368,934	**292,020**	**76,914**	**-**	**(76,914)**		
Construction equipment							
Written down value not exceeding Rs. 500,000 each	44,032	43,971	61	21,382	21,321	Open auction	Various
Plant and Machinery							
Written down value not exceeding Rs. 500,000 each	74,927	74,475	452	7,143	6,691	Open auction	Various
Written down value not exceeding Rs. 500,000 each							
Tools	4,756	4,756	-	335	335	Open auction	Various
Telecom	1,565	1,565	-	31	31	Open auction	Various
FF	6,224	6,224	-	701	701	Open auction	Various
OE	12,341	12,206	135	858	723	Open auction	Various
PCs	39,065	38,996	69	837	768	Open auction	Various
	63,950	**63,747**	**203**	**2,762**	**2,558**		
Written down value exceeding Rs. 500,000 each							
Cylinders	580	51	528	528	-	Open auction	Various
Motor vehicles							
Written down value not exceeding Rs. 500,000 each							
Tractor	414	414	-	635	635	Open auction	Abdul Waheed
Tractor	414	414	-	625	625	Open auction	Abdul Waheed
Toyota Pickup	680	680	-	820	820	Open auction	Adam Khan
Suzuki Van	260	260	-	175	175	Open auction	Azeemullah
Suzuki Van	260	260	-	150	150	Open auction	Hanif Ur Rehman
Suzuki Van	260	260	-	195	195	Open auction	Javed Ur Rehman
Bedford Truck	357	357	-	530	530	Open auction	Khalid Anwar
Bedford Truck	453	453	-	665	665	Open auction	Khalid Anwar
Suzuki Van	260	260	-	200	200	Open auction	Muhammad Ashraf
Kia Jeep	1,398	1,398	-	375	375	Open auction	Muhammad Ayub Khan
Suzuki Pickup	225	225	-	195	195	Open auction	Muhammad Ibrahim
Nissan Pickup	524	524	-	205	205	Open auction	Muhammad Idress

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
					(Rupees in '000)		
Toyota Corolla	893	893	-	560	560	Open auction	Muhammad Naeem
Isuzu Truck	-	-	-	700	700	Open auction	Nauman Saeed & Co
Suzuki Van	260	260	-	210	210	Open auction	Nazeer
Suzuki Khyber	438	438	-	250	250	Open auction	Nouman Ahmed Siddiqui
Suzuki Jeep	852	852	-	500	500	Open auction	Nusrat Iqbal
Hino Truck	2,619	2,619	-	1,775	1,775	Open auction	Qamar Zaman
Nissan Truck	463	463	-	1,050	1,050	Open auction	Saqib Nisar
Truck	879	879	-	2,000	2,000	Open auction	Umer Abdul Aziz
Motor Cycle	40	32	8	10	2	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	41	32	9	10	1	Open auction	Imran Ali
Motor Cycle	46	37	9	11	2	Open auction	Imran Ali
Motor Cycle	50	41	9	12	3	Open auction	Imran Ali
Motor Cycle	50	41	9	12	3	Open auction	Imran Ali
Motor Cycle	50	41	9	12	3	Open auction	Imran Ali
Motor Cycle	51	42	9	13	4	Open auction	Imran Ali
Motor Cycle	51	42	9	13	4	Open auction	Imran Ali
Motor Cycle	51	42	9	13	4	Open auction	Imran Ali
Motor Cycle	50	40	10	12	2	Open auction	Imran Ali
Motor Cycle	50	40	10	12	2	Open auction	Imran Ali
Motor Cycle	51	41	10	13	3	Open auction	Imran Ali
Motor Cycle	51	41	10	13	3	Open auction	Imran Ali
Motor Cycle	51	41	10	13	3	Open auction	Imran Ali
Motor Cycle	52	42	10	13	3	Open auction	Imran Ali
Motor Cycle	52	42	10	13	3	Open auction	Imran Ali
Motor Cycle	52	42	10	13	3	Open auction	Imran Ali
Motor Cycle	52	42	10	13	3	Open auction	Imran Ali
Motor Cycle	53	43	10	13	3	Open auction	Imran Ali
Motor Cycle	56	44	12	14	2	Open auction	Imran Ali
Motor Cycle	56	44	12	14	2	Open auction	Imran Ali
Motor Cycle	56	44	12	14	2	Open auction	Imran Ali
Motor Cycle	67	54	13	16	3	Open auction	Imran Ali
Motor Cycle	67	54	13	16	3	Open auction	Imran Ali
Motor Cycle	67	54	13	16	3	Open auction	Imran Ali
Motor Cycle	67	54	13	16	3	Open auction	Imran Ali
Toyota Pickup	806	792	14	940	926	Open auction	Muhammad Hamza
Suzuki Van	391	385	6	235	229	Open auction	Muhammad Ilyas
Honda City	818	804	14	465	451	Open auction	Nouman Ahmed Siddiqui
Mitsubishi Pickup	780	767	13	250	237	Open auction	Nusrat Iqbal
Mitsubishi Pickup	780	767	13	260	247	Open auction	Nusrat Iqbal
Suzuki Van	389	383	6	280	274	Open auction	Rashid Ayub Khan
Suzuki Cultus	560	551	9	325	316	Open auction	Rashid Ayub Khan
Suzuki Jeep	487	478	9	325	316	Open auction	Salman Soomro
Suzuki Pickup	332	327	5	260	255	Open auction	Zahid Hussain
Mitsubishi Pickup	2,117	1,694	423	1,105	682	Open auction	Abdul Aziz
Toyota Hiace Van	2,004	1,603	401	1,550	1,149	Open auction	Abdul Mukhtar
Suzuki Pickup	389	311	78	315	237	Open auction	Abdul Shakoor
Toyota Pickup	813	651	162	805	643	Open auction	Abdul Shakoor
Suzuki Cultus	595	416	179	405	226	Open auction	Abdul Shakoor
Suzuki Jeep	711	569	142	555	413	Open auction	Ahmed Bilal
Suzuki Pickup	394	316	78	380	302	Open auction	Ahmed Jan

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
					(Rupees in '000)		
Toyota Pickup	823	663	160	1,110	950	Open auction	Akhtar Munir
Suzuki Pickup	339	271	68	335	267	Open auction	Aziz Ullah Khan
Suzuki Pickup	344	275	69	410	341	Open auction	Aziz Ullah Khan
Suzuki Van	401	321	80	230	150	Open auction	Aziz Ullah Khan
Suzuki Pickup	396	316	80	290	210	Open auction	Aziz Ullah Khan
Toyota Pickup	815	652	163	1,005	842	Open auction	Aziz Ullah Khan
Suzuki Pickup	367	294	73	325	252	Open auction	BECO Steel Rolling Mills
Suzuki Pickup	355	292	63	300	237	Open auction	Bilal
Suzuki Pickup	486	417	69	335	266	Open auction	Bilal
Suzuki Pickup	497	428	69	375	306	Open auction	Bilal
Suzuki Pickup	351	281	70	315	245	Open auction	Bilal
Suzuki Van	367	294	73	335	262	Open auction	Bilal
Suzuki Van	396	317	79	235	156	Open auction	Bilal
Suzuki Pickup	396	316	80	340	260	Open auction	Bilal
Suzuki Van	446	357	89	305	216	Open auction	Bilal
Suzuki Pickup	506	405	101	445	344	Open auction	Bilal
Toyota Pickup	815	652	163	1,115	952	Open auction	Bilal
Toyota Pickup	815	652	163	1,180	1,017	Open auction	Bilal
Toyota Pickup	973	779	194	1,150	956	Open auction	Bilal
Toyota Pickup	998	803	195	1,250	1,055	Open auction	Bilal
Toyota Pickup	1,986	1,589	397	1,150	753	Open auction	Bilal
Honda Civic	1,402	982	420	880	460	Open auction	Fazal Rasheed
Suzuki Pickup	338	270	68	275	207	Open auction	Hanif Ur Rehman
Suzuki Pickup	344	275	69	305	236	Open auction	Hanif Ur Rehman
Suzuki Pickup	353	282	71	380	309	Open auction	Hanif Ur Rehman
Suzuki Pickup	363	290	73	275	202	Open auction	Hanif Ur Rehman
Suzuki Van	423	339	84	395	311	Open auction	Hanif Ur Rehman
Suzuki Van	423	339	84	355	271	Open auction	Hanif Ur Rehman
Suzuki Van	467	374	93	390	297	Open auction	Hanif Ur Rehman
Suzuki Baleno	783	548	235	250	15	Open auction	Hanif Ur Rehman
Suzuki Pickup	344	275	69	275	206	Open auction	Islam Sarwar
Suzuki Pickup	347	278	69	340	271	Open auction	Islam Sarwar
Suzuki Pickup	351	280	71	360	289	Open auction	Islam Sarwar
Suzuki Pickup	368	295	73	415	342	Open auction	Islam Sarwar
Adam Truck	620	496	124	505	381	Open auction	Islam Sarwar
Toyota Pickup	813	651	162	835	673	Open auction	Islam Sarwar
Toyota Pickup	823	658	165	940	775	Open auction	Islam Sarwar
Suzuki Cultus	595	416	179	305	126	Open auction	Islam Sarwar
Suzuki Van	410	328	82	355	273	Open auction	Javed Ur Rehman
Suzuki Van	396	317	79	300	221	Open auction	Khalid Ahmed Khan
Suzuki Van	404	323	81	315	234	Open auction	Khalid Ahmed Khan
Suzuki Van	404	323	81	310	229	Open auction	Khalid Ahmed Khan
Suzuki Van	446	357	89	300	211	Open auction	Khalid Ahmed Khan
Suzuki Pickup	357	294	63	285	222	Open auction	Khalid Anwar
Suzuki Pickup	339	271	68	280	212	Open auction	Khalid Anwar
Suzuki Pickup	339	271	68	295	227	Open auction	Khalid Anwar
Suzuki Pickup	344	275	69	365	296	Open auction	Khalid Anwar
Suzuki Pickup	344	275	69	385	316	Open auction	Khalid Anwar
Suzuki Pickup	347	278	69	410	341	Open auction	Khalid Anwar
Suzuki Pickup	486	417	69	330	261	Open auction	Khalid Anwar
Suzuki Pickup	352	282	70	400	330	Open auction	Khalid Anwar
Suzuki Pickup	351	280	71	335	264	Open auction	Khalid Anwar
Suzuki Pickup	377	301	76	420	344	Open auction	Khalid Anwar
Suzuki Pickup	396	316	80	370	290	Open auction	Khalid Anwar
Suzuki Pickup	396	316	80	390	310	Open auction	Khalid Anwar
Suzuki Pickup	402	322	80	405	325	Open auction	Khalid Anwar

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
					(Rupees in '000)		
Suzuki Pickup	396	316	80	365	285	Open auction	Khalid Anwar
Suzuki Van	423	339	84	405	321	Open auction	Khalid Anwar
Suzuki Pickup	496	397	99	345	246	Open auction	Khalid Anwar
Suzuki Pickup	496	397	99	525	426	Open auction	Khalid Anwar
Suzuki Pickup	529	423	106	440	334	Open auction	Khalid Anwar
Suzuki Jeep	618	494	124	695	571	Open auction	Khalid Anwar
Suzuki Jeep	618	494	124	620	496	Open auction	Khalid Anwar
Toyota Pickup	678	543	135	1,150	1,015	Open auction	Khalid Anwar
Toyota Pickup	678	543	135	1,230	1,095	Open auction	Khalid Anwar
Suzuki Cultus	595	416	179	430	251	Open auction	Khalid Anwar
Mitsubishi Pickup	2,074	1,683	391	655	264	Open auction	Khalid Anwar
Suzuki Pickup	384	307	77	350	273	Open auction	Khawaja Muhammad Afaq
Adam Truck	539	431	108	410	302	Open auction	Khawaja Muhammad Afaq
Adam Truck	539	431	108	475	367	Open auction	Khawaja Muhammad Afaq
Suzuki Jeep	666	533	133	435	302	Open auction	Muhammad Abid
Suzuki Pickup	363	290	73	300	227	Open auction	Muhammad Aliq
Truck	620	496	124	490	366	Open auction	Muhammad Ayub Khan
Suzuki Van	556	445	111	400	289	Open auction	Muhammad Farooq
Toyota Pickup	998	803	195	905	710	Open auction	Muhammad Haleem
Suzuki Pickup	314	251	63	285	222	Open auction	Muhammad Ibrahim
Suzuki Pickup	347	278	69	380	311	Open auction	Muhammad Idress
Suzuki Pickup	344	275	69	340	271	Open auction	Muhammad Ismail
Suzuki Pickup	366	293	73	365	292	Open auction	Muhammad Ismail
Suzuki Van	404	323	81	425	344	Open auction	Muhammad Ismail
Suzuki Van	410	328	82	305	223	Open auction	Muhammad Ismail
Suzuki Van	418	334	84	330	246	Open auction	Muhammad Ismail
Suzuki Pickup	545	436	109	325	216	Open auction	Muhammad Ismail
Toyota Pickup	589	471	118	805	687	Open auction	Muhammad Khurshid
Toyota Pickup	813	651	162	930	768	Open auction	Muhammad Mairaj Uddin
Toyota Pickup	824	659	165	975	810	Open auction	Muhammad Mairaj Uddin
Suzuki Van	389	316	73	225	152	Open auction	Muhammad Safeer
Suzuki Cultus	639	448	191	510	319	Open auction	Muhammad Umer
Mitsubishi Pickup	1,399	1,119	280	530	250	Open auction	Muhammad Umer
Toyota Pickup	824	659	165	870	705	Open auction	Muhammed Haleem
Suzuki Van	423	339	84	385	301	Open auction	Mujeeb Alam
Suzuki Van	467	374	93	385	292	Open auction	Murad Khan
Suzuki Pickup	339	271	68	430	362	Open auction	Mursaleen Khan
Suzuki Van	453	362	91	365	274	Open auction	Mursaleen Khan
Land Rover Jeep	2,418	1,935	483	960	477	Open auction	Murtaza Ahmed Babar
Toyota Corolla	1,002	717	285	775	490	Open auction	Nadir Ali
Honda Civic	1,402	982	420	875	455	Open auction	Nadir Ali
Toyota Pickup	824	659	165	1,150	985	Open auction	Nazar Wali
Suzuki Van	404	323	81	385	304	Open auction	Nouman Ahmed Siddiqui
Toyota Pickup	800	639	161	705	544	Open auction	Nusrat Iqbal
Toyota Hiace Van	1,810	1,448	362	1,400	1,038	Open auction	Nusrat Iqbal
Suzuki Pickup	387	310	77	355	278	Open auction	Qamar Zaman
Toyota Pickup	824	659	165	960	795	Open auction	Qamar Zaman
Suzuki Van	410	328	82	380	298	Open auction	Ranchore Singh
Suzuki Jeep	625	500	125	695	570	Open auction	Ranchore Singh
Toyota Pickup	678	543	135	1,065	930	Open auction	Ranchore Singh
Suzuki Cultus	590	413	177	440	263	Open auction	Ranchore Singh
Suzuki Pickup	339	271	68	280	212	Open auction	Rashid Ayub Khan
Suzuki Pickup	351	281	70	405	335	Open auction	Rashid Ayub Khan
Suzuki Van	404	323	81	450	369	Open auction	Rashid Ayub Khan
Suzuki Van	410	328	82	400	318	Open auction	Rashid Ayub Khan
Suzuki Cultus	600	420	180	440	260	Open auction	Rashid Ayub Khan

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyers
					(Rupees in '000)		
Suzuki Pickup	377	301	76	335	259	Open auction	RKF Traders
Suzuki Pickup	385	308	77	350	273	Open auction	RKF Traders
Suzuki Van	404	323	81	400	319	Open auction	Saeed Ur Rehman
Toyota Pickup	813	651	162	965	803	Open auction	Sher Muhammad
Mitsubishi Pickup	2,239	1,792	447	200	(247)	Open auction	Umer Abdul Aziz
Suzuki Jeep	697	558	139	560	421	Open auction	Waheed Shaikh
Toyota Pickup	830	664	166	1,000	834	Open auction	Waheed Shaikh
Suzuki Van	396	317	79	330	251	Open auction	Zahid Hussain
Suzuki Van	467	374	93	395	302	Open auction	Zahid Hussain
Suzuki Pickup	553	443	110	575	465	Open auction	Zahid Hussain
Suzuki Jeep	716	580	136	600	464	Open auction	Zahid Hussain
Toyota Hiace Van	1,810	1,448	362	1,405	1,043	Open auction	Zahid Hussain
Suzuki Jeep	649	519	130	535	405	Open auction	Zulfiqar Ahmed Khan
Suzuki Jeep	763	626	137	555	418	Open auction	Zulfiqar Ahmed Khan
Mitsubishi Pickup	1,955	1,564	391	605	214	Open auction	Abdul Aziz
Motor Cycle	39	32	7	8	1	3rd party claims	Insurance Claim -NICL
Motor Cycle	55	33	22	14	(8)	3rd party claims	Insurance Claim -NICL
Motor Cycle	66	6	60	32	(28)	3rd party claims	Insurance Claim -NICL
Suzuki Van	411	337	74	180	106	3rd party claims	Insurance Claim -NICL
Suzuki Van	599	479	120	450	330	3rd party claims	Insurance Claim -NICL
Suzuki Van	609	488	121	510	389	3rd party claims	Insurance Claim -NICL
Suzuki Jeep	658	535	123	470	347	3rd party claims	Insurance Claim -NICL
Toyota Pickup	809	647	162	680	518	3rd party claims	Insurance Claim -NICL
Toyota Pickup	1,082	865	217	730	513	3rd party claims	Insurance Claim -NICL
Suzuki Pickup	683	313	370	580	210	3rd party claims	Insurance Claim -NICL
Toyota Pickup	2,072	1,657	415	810	395	3rd party claims	Insurance Claim -NICL
Motor Cycle	55	26	29	15	(14)	3rd party claims	Insurance Claim - NICL
Suzuki Cultus	924	646	278	69	(209)	Service rules	Hyder Ali Talpur
Suzuki Cultus	981	675	306	74	(232)	Service rules	Syed Tariq Munawar
Suzuki Cultus	1,042	583	459	78	(381)	Service rules	Abdul Majeed Soomro
	114,810	**93,832**	**20,978**	**92,355**	**71,377**		
Written down value exceeding Rs. 500,000 each							
Suzuki Van	700	149	551	630	79	3rd party claims	Insurance claim - NICL
Toyota Corolla	1,759	1,046	713	132	(581)	Service rules	Nisar Ahmed Shaikh
Suzuki Cultus	1,137	186	951	805	(146)	Service rules	Maj. (R) Muhammad Hussain Khan
Suzuki Cultus	1,076	517	559	589	30	Service rules	Ghazi Anwer
Suzuki Cultus	1,076	465	611	237	(374)	Service rules	Muhammad Saeed Khan
	5,748	**2,363**	**3,385**	**2,393**	**(992)**		
	120,558	**96,195**	**24,363**	**94,748**	**70,385**		
30-June-18	**672,981**	**570,460**	**102,521**	**126,563**	**24,042**		
30-June-17	782,935	632,793	150,142	89,749	(60,393)		

19.4 Particulars of Land and Building

	City	Area of Land Sq. Yards	Sq. feet
Head Office Building	Karachi	24,200	1
Karachi Terminal Station (K.T)	Karachi	185,131	7
Distribution Office Karachi West	Karachi	9,680	3
Site Office Karachi	Karachi	19,360	1
Zonal Billing Office & CFC Nazimabad	Karachi	2,221	-
Medical Centre M.A Jinnah Road	Karachi	115	2
Regional Office Hyderabad	Hyderabad	38,893	-
Billing Office Hyderabad	Hyderabad	1,079	8
Plot ensured for Community Centre for offices at Hyderabad.	Hyderabad	2,398	-
Khadeji Base Camp	Karachi	125,841	5
Regional Office Sukkur / Pipe Yard Sukkur	Sukkur	115	2
Regional Office Larkana	Larkana	16,214	-
Sinjhoro Office	Sinjhoro	600	-
Regional Office Nawabshah	Nawabshah	6,111	1
Zonal Office	Naushero Feroz	3,572	2
LPG Plant at Gwadar, Allotment of Government Land in Mauza Karwat	Gwadar	19,360	1
LPG Plant at Gwadar.	Gwadar	19,360	1
Regional Office Quetta	Quetta	4,840	-
Stores, Dope yard for Quetta Region.	Quetta	2,420	-
LPG Air Mix Plant	Sohrab	19,360	1
LPG Air Mix Plant	Noshki	19,360	1
LPG Air Mix Plant	Kot Ghulam Muhammad	19,360	1
LPG Air Mix Plant	Awaran	19,360	1
Mini Stadium , CFC & Distribution Office.	Shahdadkot	32,307	-
Land for Construction of Distribution Central Offices	Karachi	355	-
Land for Construction of Distribution Central Offices	Karachi	572	-
Land proposed for Zonal Office at Sanghar	Sanghar	4,414	2
Land proposed for SSGC building in Pishin	Pishin	2,556	5
Site proposed for Distribution offices in Mastung	Mastung	1,320	-
Site proposed for CFC and Distribution office DHA	Karachi	600	-
Dope Yard for Distribution East	Karachi	653	-
HQ-1 Sukkur	Sukkur	43,333	3
HQ-2 Nawabshah - Compressor Station	Nawabshah	46,667	6
HQ-3 Hyderabad - Compressor Station	Hyderabad	40,667	6
HQ Quetta	Quetta	108,460	4

19.5 Borrowing costs capitalised during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 376 million (2017: Rs. 1,704 million). Borrowing costs related to general borrowings were capitalised at the rate of 7.00% (2017: 6.42%).

19.5.1 In respect of Holding Company:

Market value of buildings / civil works, roads, pavements and related infrastructure, compressors, plant and machinery, construction equipment, motor vehicles and gas transmission and distribution pipelines is Rs. 133,833 million as per the Desktop valuation carried out as at June 30, 2018 by an independent valuer namely K.G. Traders (Private) Limited. However, no impact of revaluation has been incorporated in these consolidated financial statements as cost model has been adopted for aforesaid assets.

19.5.2 In respect of SSGC LPG (Private) Limited:

Market value of land, building, jetty civil work, plant and machinery and bottling plants at PQA, Haripur and Muridke is Rs. 2,781 million as per the valuation carried as of June 30, 2016 by an independent valuer named MYK Associates (Private) Limited. However, no impact of revaluation has been incorporated in these consolidated financial statements as cost model has been adopted for aforesaid assets.

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
19.6 Capital work in progress			
Projects:			
- Gas distribution system		**3,144,655**	3,118,612
- Gas transmission system		**1,968,220**	1,576,136
- Cost of buildings under construction and Others	19.6.2	**204,069**	65,619
		5,316,944	4,760,367
Stores and spares held for capital projects	19.5.1	**5,558,292**	3,983,667
LPG air mix plant		**603,994**	238,591
Others	19.6.3	**36,486**	57,429
		6,198,772	4,279,687
Impairment of capital work in progress		**(382,056)**	(255,125)
		11,133,660	8,791,150

19.6.1 Stores and spares held for capital projects

Gas distribution and transmission	**5,740,502**	4,128,932
Provision for impaired stores and spares	**(182,210)**	(145,265)
	5,558,292	3,983,667

19.6.2 These includes assets amounts Rs. 11.3 miilion at Muridke Plant which are classified as capital work in progress, since the plant is not operational as at year end.

19.6.3 These include advance payments of Rs. NIL (2017: 38.1 million) made against improvement of spherical tanks.

20. INTANGIBLE ASSETS

	Note	2018	2017
		(Rupees in '000)	
Intangible assets		**48,853**	74,148
Advances	20.1	**7,744**	7,426
		56,597	81,574

		COST			AMORTISATION			Written down value as at June 30,	Useful life (years)
		As at July 01,	Additions	As at June 30,	As at July 01,	For the year	As at June 30,		
		(Rupees in '000)							
Computer software	2018	**590,456**	**8,701**	**599,157**	**516,308**	**33,996**	**550,304**	**48,853**	**3**
	2017	518,390	72,066	590,456	493,747	22,561	516,308	74,148	3

20.1 This includes Rs. 5,644 million (2017 : Rs. 5,326 million) representing advance paid against implementation of enterprise resource planning software.

21. LONG TERM INVESTMENTS

	Note	2018	2017
		(Rupees in '000)	
Investments in related parties			
Associate:			
Unquoted companies - available for sale			
Inter State Gas System (Private) Limited			
510,000 (2017: 510,000) ordinary shares of Rs. 10 each	21.1 & 21.2	**5,100**	5,100
Quoted companies - available for sale			
Sui Northern Gas Pipelines Limited (SNGPL)			
2,414,174 (2017: 2,414,174) ordinary shares of Rs. 10 each	21.1 & 21.3	**241,949**	359,519
		247,049	364,619
Other investments			
Quoted companies - available for sale			
Pakistan Refinery Limited			
3,150,000 (2017: 3,150,000) ordinary shares of Rs. 10 each		**109,337**	167,769
United Bank Limited			
118,628 (2017: 118,628) ordinary shares of Rs. 10 each		**20,046**	27,939
Unquoted companies (at cost)			
Pakistan Tourism Development Corporation			
5,000 (2017: 5,000) ordinary shares of Rs. 10 each		**50**	50
		129,433	195,758
Provision against impairment in value of investments at cost		**(50)**	(50)
		129,383	195,708
		376,432	560,327

21.1 Investments in SNGPL and ISGSL represent investment in 'associated companies' in terms of provisions of Companies Act, 2017. However, the Holding Company has not accounted for them as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Holding Company does not have significant influence in these associated companies.

21.2 Inter State Gas System (Private) Limited (ISGSL) entered into a service agreement with the Holding Company and SNGPL which was effective from July 01, 2003, whereby ISGSL is mainly required to ascertain, identify and advise the Holding Company and SNGPL on the most convenient and reliable sources of natural gas, which can be imported. The whole operation of ISGSL, is carried out in connection with the service agreement and ISGSL, was allowed under the agreement to recover its cost / expenditure from the Holding Company and SNGPL. The Holding Company beared 51% of the expenses of ISGSL, as per the directives of Economic Coordination Committee (ECC) of the Cabinet.

ECC in its meeting dated December 15, 2016 has decided that Government Holding (Private) Limited, being the parent company, shall made all future funding of ISGSL project. Based on this, the OGRA in its decision dated December 24, 2018, allowed Rs. 15 million and considered the same as full and final payment in this regard.

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

22. NET INVESTMENT IN FINANCE LEASE

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

	June 30, 2017		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
	(Rupees in '000)		
Not later than one year	114,771	56,956	57,815
Later than one year and not later than five years	434,025	129,446	304,579
Later than five years	-	-	-
	434,025	129,446	304,579
	548,796	186,402	362,394

22.1. The Holding Company entered into agreements with Oil and Gas Development Company Limited (OGDCL), Sui Northern Gas Pipelines Limited and ENI Pakistan Limited to use the Holding Company's transmission pipelines for distribution of gas. The terms of the agreements entered into are for a substantial portion of the useful economic lives of the related assets. The agreement with OGDCL and ENI Pakistan expired on June 30, 2013 and November 25, 2015 respectively and management is negotiating for renewal of these agreements.

The interest rates used to discount future minimum lease payments under the leases are based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in finance leases.

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

	Note	2018	2017
		(Rupees in '000)	
Due from executives	23.1 & 23.2	**815**	1,048
Less: receivable within one year	28	**(302)**	(263)
		513	785
Due from other employees	23.1 & 23.2	**212,846**	203,903
Less: receivable within one year	28	**(33,242)**	(33,281)
		179,604	170,622
		180,117	171,407

23.1 Reconciliation of the carrying amount of loans and advances:

	2018		2017	
	Executives	Other employees	Executives	Other employees
	(Rupees in '000)			
Balance at the beginning of the year	**1,048**	**203,903**	1,608	194,362
Disbursements	**-**	**55,328**	-	55,328
Repayments	**(233)**	**(46,385)**	(560)	(45,787)
	815	**212,846**	1,048	203,903

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

23.3 The maximum aggregate amount of long term loans due from the executives at the end of any month during the year was Rs. 1.048 million (2017: Rs. 1.608 million).

	Note	2018	2017
		(Rupees in '000)	
24. STORES, SPARES AND LOOSE TOOLS			
Stores		**396,461**	354,469
Spares		**1,721,395**	2,009,436
Stores and spares in transit		**199,317**	380,510
Loose tools		**806**	775
		2,317,979	2,745,190
Provision against impaired inventory			
Balance as at July 01		**(270,660)**	(252,342)
Reversal / (provision) made during the year		**(31,327)**	(18,318)
Balance as at June 30		**(301,987)**	(270,660)
	24.1	**2,015,992**	2,474,530

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

	2018	2017
Transmission	**1,720,861**	1,932,238
Distribution	**295,131**	542,292
	2,015,992	2,474,530

	2018	2017
25. STOCK-IN-TRADE		
Gas		
Gas in pipelines	**689,805**	463,978
Stock of Synthetic Natural Gas	**16,967**	10,739
Stock of Liquefied Petroleum Gas	**90,590**	186,348
LPG Stock in transit	**9,132**	15,742
	806,494	676,807
Gas meters		
Components	**347,158**	453,974
Work-in-process	**31,922**	7,921
Finished meters	**39,816**	172,875
	418,896	634,770
Provision against impaired inventory		
Balance as at July 01	**(23,430)**	(29,384)
Provision made during the year	**(3,486)**	5,954
Balance as at June 30	**(26,916)**	(23,430)
	1,198,474	1,288,147

26. CUSTOMERS' INSTALLATION WORK IN PROGRESS

This represents cost of work carried out by the Holding Company on behalf of the customers at their premises. Upon completion of work, the cost thereof is transferred to transmission and distribution cost and recoveries from such customers are shown as deduction there from as reflected in note 36.2 to these consolidated financial statements.

27. TRADE DEBTS

	Note	2018	2017
		(Rupees in '000)	
Secured		**24,178,091**	18,077,128
Unsecured		**67,430,159**	77,881,881
	27.1 & 27.2	**91,608,250**	95,959,009
Provision against impaired debts	27.4	**(14,825,521)**	(13,808,025)
		76,782,729	82,150,984

27.1 As K-Electric Limited (KE) has been defaulting and not making payment of Late Payment Surcharge (LPS) and the Holding Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, the Holding Company effective from July 01, 2012 decided to account for LPS from KE on receipt basis as per IAS 18 “Revenue“ based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 31,948 million (2017: Rs. 32,378 million) as at June 30, 2018 receivables from KE (excluding receivable against sale of RLNG). Out of this, Rs. 29,652 million (2017: Rs. 29,652 million) as at June 30, 2018 are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 85,763 million (2017: Rs. 74,449 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

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

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

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

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

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

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

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

27.2 As Pakistan Steel Mills Corporation (Private) Limited (PSML) has been defaulting and not making payment of Late Payment Surcharge (LPS), the Holding Company effective from July 01, 2012 decided to account for LPS from PSML on receipt basis as per IAS 18 "Revenue" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 22,924 million (2017: Rs. 22,310 million) including overdue balance of Rs. 22,873 million (2017: Rs. 22,260 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 55,001 million (2017: Rs. 49,056 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

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

27.3 Aging of trade debts from related parties

	2018			
	Not later than 1 month	Later than 1 month but not later than 6 months	Later than 6 months	Total
	----(Rupees in '000)----			
Not due balances	**4,671,643**	**-**	**-**	**4,671,643**
Past due but not impaired	**-**	**11,441,649**	**42,409,015**	**53,850,664**
	4,671,643	**11,441,649**	**42,409,015**	**58,522,307**

	2017			
	Not later than 1 month	Later than 1 month but not later than 6 months	Later than 6 months	Total
	----(Rupees in '000)----			
Not due balances	4,691,767	-	-	4,691,767
Past due but not impaired	-	11,441,649	42,409,015	53,850,664
	4,691,767	11,441,649	42,409,015	58,542,431

27.3.1 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs: 62,542 million.

	Note	2018	2017
		(Rupees in '000)	

27.4 Movement of provision against impaired debts

Balance as at July 01		**13,808,025**	11,196,057
Provision for the year		**1,017,496**	2,611,968
Balance as at June 30		**14,825,521**	13,808,025

28. LOANS AND ADVANCES - considered good

	Note	2018	2017
Advances to:			
- executives	28.1	**89,760**	98,546
- other employees	28.1	**659,510**	800,869
		749,270	899,415
Current portion of long term loans:			
- executives	23	**302**	263
- other employees	23	**33,242**	33,281
		33,544	33,544
		782,814	932,959

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

	Note	2018	2017
		(Rupees in '000)	

29. ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS

Advances for goods and services - unsecured, considered good		**169,602**	56,042
Trade deposits - unsecured, considered good		**5,570**	5,423
Prepayments		**120,284**	115,980
		295,456	177,445

30. INTEREST ACCRUED

	Note	2018	2017
Interest accrued on late payment of bills / invoices from:			
- WAPDA		**3,421,488**	3,231,947
- SNGPL		**6,416,359**	5,855,468
- JJVL		**745,157**	522,092
		10,583,004	9,609,507
Interest accrued on bank deposits		**2,372**	2,459
Interest accrued on sales tax refund	5.6	**487,739**	487,739
Provision against impaired accured income		**(84,392)**	(84,392)
		10,988,723	10,015,313

	Note	2018	2017
		(Rupees in '000)	

31. OTHER RECEIVABLES - considered good

	Note	2018	2017
Gas development surcharge receivable from GoP	31.1	**50,982,946**	21,264,629
Receivable from HCPCL	31.2	**3,787,690**	-
Expenses deferred by OGRA	31.3	**4,167,196**	-
Staff pension fund	42.1	**319,596**	383,727
Receivable for sale of gas condensate		**42,949**	42,949
Sui Northern Gas Pipelines Limited	31.4	**49,025,870**	25,198,417
Jamshoro Joint Venture Limited	31.6 & 31.7	**12,033,292**	10,794,328
Sales tax receivable	31.5	**30,666,878**	21,314,419
Sindh sales tax		**112,976**	112,569
Pipeline rentals		**-**	18,154
Receivable against asset contribution	31.8	**382,469**	359,348
Accrued markup		**2,141**	906
Miscellaneous receivables	31.9	**117,922**	175,606
		151,641,925	79,665,052
Provision against impaired receivables		**(2,346,359)**	(2,346,359)
		149,295,566	77,318,693

31.1 Gas development surcharge receivable from GoP

31.1.1 This includes Rs. 390 million (2017: Rs. 390 million) recoverable from the Government of Pakistan (GoP) on account of remission of gas receivables from people of Ziarat under instructions from GoP. Although, management is confident that this amount is fully recoverable, being prudent full provision has made in these consolidated financial statements.

31.1.2 The Holding Company has accounted for actuarial gains and losses in determining revenue requirement of the Holding Company for the year ended June 30, 2018 having total impact of Rs. 1,368 million (2017: Rs. 946 million).

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

31.1.3 Gas Development Surcharge (GDS)

	Note	2018	2017
		(Rupees in '000)	
Balance as at July 01		**21,264,629**	(18,604,884)
Recovered during the year		**(7,180,936)**	(37,006,536)
Paid during the year		**7,708,861**	43,152,007
Impact of staggering	2.1.1	**(3,671,785)**	(3,671,785)
Price increase adjustment during the year		**31,494,026**	36,449,350
Claim under IAS 19 during the year		**1,368,151**	946,477
Balance as at June 30		**50,982,946**	21,264,629

31.2 Receivable from HCPCL

	2018	2017
Amount of LD Charges as per Arbitration Award	**3,626,382**	-
Subsequent LDs raised by HCPCL on Award Principle	**161,308**	-
	3,787,690	-

The Holding Company has arbitration proceedings pending against HCPCL in International Court of Arbitration as mentioned in Note 18.1.4. On April 30, 2018, the decision of arbitration proceeding has been issued by the International court of arbitration in favor of HCPCL and the Holding Company was required to make payment to HCPCL as a final reward in the form of indemnity, liquidity damages, interest and legal and professional charges. As explained in note 18.1.4 LD Charges adjusted by HCPCL against gas bills are recoverable from HCPCL as per ECC Decision dated February 07, 2018 amount of Rs. 3,788 million is transferred from Trade Debts to Other Receivables.

31.3 Expenses Deferred by OGRA

	2018	2017
	(Rupees in '000)	
LPS (up to FY 2016-17)	**3,243,503**	-
Total interest on LD Charges	**352,768**	-
Total Legal Charges	**570,925**	-
	4,167,196	-

Consequent to the Arbitration Award as mentioned in note 31.2, the Holding Company was required to pay Interest on LD Charges Rs. 353 million and Legal Charges of Rs. 572 million to HCPCL. The same has been adjusted by HCPCL against Gas Bills and the Holding Company was required to reverse the LPS previously charged to HCPCL.

Since the LPS so reversed was previously offered to OGRA as Operating Income and Interest on LD Charges and Legal charges are operating expense the total amount of Rs. 4,167 million was claimed from OGRA in Petition for FRR. However, OGRA has deferred its decision on the matter until the conclusion of matter between WAPDA / CPPA-G and HCPCL as per ECC directives described in note 18.1.4 to these consolidated financial statements.

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

	Note	2018	2017
		Rupees in '000	
Uniform cost of gas		**16,011,846**	10,906,950
Lease rentals		**64,864**	5,529
Contingent rent		**3,535**	3,535
Regasification and capacity utilisation charges of RLNG	31.4.1	**19,835,414**	9,217,988
LSA margins of RLNG		**1,083,299**	400,853
RLNG transportation income		**12,026,912**	4,663,562
		49,025,870	25,198,417

31.4.1 The Holding Company has invoiced an amount of Rs. 47,617 million, including Sindh Sales Tax of Rs. 5,621 million, till June 30, 2018 to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

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

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

On December 12, 2017, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Holding Company. On September 10, 2018, and on February 7, 2019, another 18 BCF and 11 BCF respectively. Up to March 2020, 71 BCF of RLNG volume has been allocated to the Holding Company in order to resolve the matter of short supply, with the direction to enter into an agreement with SNGPL for RLNG allocated volumes with the condition that either the Holding Company will make payment to SNGPL for the RLNG sold in its franchise area or will return these molecules when dedicated pipeline is available.

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

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

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

As per SCP order dated January 9, 2019, in respect of freight matter charges, SCP directed JJVL to deposit Rs. 249 million as freight charges within four week time. the Holding Company has received such amount as directed by SCP and remaining disputed amount shall be settled in next hearing.

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the termination done by the Holding Company and stated that the termination was validly done and the Holding Company was within its legal and contractual right to do so and appointed the firm of Chartered Accountants to determine the amount claim by SSGC and JJVL. Based on the Court order, the Holding Company shut down the supply of gas to JJVL plant. SCP through its order dated November 16, 2018, based on the report by a firm of Chartered Accountants, determined that Rs. 1,500 million is the net admitted liability that shall be paid within 8 weeks by JJVL, which has been received by the Holding Company.

A firm of Chartered Accountants in their 2nd report submitted in SCP proposed an agreement between the parties with a sharing ratio of 57 % to SSGC and 43% to JJVL against the LPG extracted by JJVL due to the supply of gas to JJVL plant by the Holding Company.

SCP reviewed the Agreement between the two parties as recommended by firm of Chartered Accountants and validated the same. SCP also directed the Holding Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement.

31.7 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, Federal Excise Duty and Sindh Sales Tax on Franchise Services amounting to Rs. 214 million (2017: Rs. 260 million), Rs. 7,625 million (2017: Rs. 6,861 million), Rs. 2,415 million (2017: Rs. 1,954 million), Rs. 1,070 million (2017: Rs. 1,070 million) and Rs. 646 million (2017: Rs. 646 million) respectively.

As at year end, amount payable to JJVL is Rs. 8,528 million (2017: Rs. 7,115 million) as disclosed in note 16 to these consolidated financial statements.

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

31.9 This includes Rs 2.7 million representing the insurance claim against 43.907 MT of LPG at Saudi Energies (Pvt) Ltd as the hospitality plant caught fire. The amount has been valued at the weighted average cost of LPG.

		Note	2018	2017
			(Rupees in '000)	
32.	**TAXATION - NET**			
	Advance tax		**29,511,900**	27,647,491
	Provision for tax		**(9,812,683)**	(8,676,846)
			19,699,217	18,970,646
33.	**OTHER FINANCIAL ASSETS**			
	Term deposit receipt	33.1	**116,000**	116,000

33.1 These term deposits having maturity of less than 12 months carrying interest rate of 5.40% (June 30, 2017: 5.40%) per annum and has been kept as a security against the guarantee issued by the Sindh Bank amounting to Rs. 105 million.

		Note	2018	2017
			(Rupees in '000)	
34.	**CASH AND BANK BALANCES**			
	Cash at banks			
	- term deposits	34.1	**300,000**	-
	- deposit accounts	34.3	**187,802**	776,634
	- current accounts		**298,495**	362,219
			786,297	1,138,853
	Cash in hand	34.2	**5,634**	8,335
			791,931	1,147,188

34.1 This includes term deposits having maturity of less than 12 months carrying interest rate ranging 5.40% to 6.00% per annum.

34.2 This includes foreign currency cash in hand amounting to Rs. 1.8 million (2017: Rs. 1.6 million).

34.3 Rate of return on bank deposits ranges between 3.75% to 6.40% (2017: 3.00% to 6.25%) per annum.

		Note	2018	2017
			(Rupees in '000)	
35.	**Sales**			
	Sale of Indigenous gas		**172,850,578**	187,028,899
	Sale of RLNG		**11,164,035**	-
			184,014,613	187,028,899
	Less: Sales tax			
	Indigenous gas		**23,629,328**	25,665,983
	RLNG		**1,621,956**	-
			25,251,284	25,665,983
			158,763,329	161,362,916
36.	**COST OF SALES**			
	Cost of gas	36.1	**168,464,272**	140,658,550
	Transmission and distribution costs	36.2	**18,731,608**	16,865,472
			187,195,880	157,524,022

		Note	2018	2017
			(Rupees in '000)	
36.1	**Cost of gas**			
	Gas in pipelines as at July 01		**463,978**	336,034
	RLNG purchase	36.1.1	**6,208,890**	-
	Gas purchases		**177,140,760**	160,210,265
			183,813,628	160,546,299
	Gas consumed internally		**(2,953,025)**	(3,383,873)
	Inward price adjustment	36.1.2	**(11,706,526)**	(16,039,898)
	Gas in pipelines as at June 30		**(689,805)**	(463,978)
			(15,349,356)	(19,887,749)
			168,464,272	140,658,550

36.1.1 In the FY 2015, the Holding Company started swapping of natural gas in lieu of RLNG, which it received from Engro Elengy Terminal Limited and Pakistan Gasport Consortium Limited (PGPCL) transferred to SNGPL. However the gas transferred to SNGPL in lieu of RLNG is not in accordance with the gas received from EETL due to the difference of Gas Colorific Value (GCV) in the gas volume received and transmitted to SNGPL. From March 2015 till June 30, 2018, the Holding Company received 595,535,890 Million Metric British Thermal Units (MMBTUs) from EETL and supplied 568,476,788 MMBTUs to SNGPL with a short supply of 27,059,103 MMBTU.

On December 12, 2017, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Holding Company. On September 10, 2018, 18 BCF and on February 7, 2019 another 11 BCF (in total 41 BCF) of RLNG volume have been allocated to the Holding Company in order to resolve the matter of short supply, with the direction to enter into an agreement with SNGPL.

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

During the year, out of 41 BCF allocated volume, the Holding Company has recorded a purchase 6.2 BCF allocated volume from SNGPL amounting to Rs. 5,764 million based OGRA decision dated November 20, 2018.

36.1.2 Under section 21 of the Oil and Gas Regulatory Authority Ordinance, 2002, the Government of Pakistan has issued a policy guideline to ensure the uniformity of gas prices for customers throughout the country. Accordingly, under this policy guideline and pursuant to an agreement between the Holding Company and Sui Northern Gas Pipelines Limited (SNGPL) effective from July 1, 2003, the cost of gas purchased is being worked out by both the companies on an overall average basis in such a manner that input of gas for both companies become uniform. Under this agreement, the Company with lower weighted average cost of gas is required to pay to the other company so that the overall weighted average rate of well head gas price of both the companies is the same.

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

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

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

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

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

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

As per the UFG study report finalized by a firm of Chartered Accountants, revised UFG allowance formula is gas volume available for sale X [5% + (2.6% X percentage of achievement of KMI's)]. OGRA has determined Benchmark with KMI achievement at 6.91% [5% + (1.91% based on KMI achievement)] as against the claim of the Holding Company at 7.47% [5% + (2.47% based on KMI achievement)].

	Note	2018	2017
		(Rupees in '000)	
36.2 Transmission and distribution costs			
Salaries, wages and benefits		**7,872,004**	8,279,649
Contribution / accrual in respect of staff retirement benefit schemes	36.2.1	**1,571,625**	1,336,606
Depreciation on operating assets	19.2	**6,875,008**	5,576,181
Repairs and maintenance		**1,425,028**	1,331,518
Stores, spares and supplies consumed		**525,863**	492,010
Gas consumed internally		**401,546**	353,958
Legal and professional		**149,881**	63,436
Software maintenance		**19,330**	41,957
Electricity		**97,210**	93,232
Security expenses		**598,274**	543,198
Insurance and royalty		**110,310**	104,174
Travelling		**46,494**	52,680
Material and labor used on customers' installation		**29,519**	34,386
Impairment of capital work in progress		**126,931**	49,397
Postage and revenue stamps		**2,984**	2,934
Rent, rates and taxes		**106,174**	117,949
Others		**912,987**	514,617
		20,871,168	18,987,882
Recoveries / allocations to:			
Gas distribution system capital expenditure		**(1,761,201)**	(1,667,343)
Installation costs recovered from customers		**(60,199)**	(60,491)
		(1,821,400)	(1,727,834)
Recoveries of service cost from:			
Sui Northern Gas Pipelines Limited - a related party	36.2.2	**(296,693)**	(374,188)
Allocation to sale of gas condensate		**(21,467)**	(20,388)
		18,731,608	16,865,472

	2018	2017
	(Rupees in '000)	

36.2.1 Contribution / accrual in respect of staff retirement benefit schemes

	2018	2017
Contribution to the provident fund	**232,353**	217,890
Charge in respect of pension funds:		
- executives	**183,915**	128,431
- non-executives	**134,024**	83,596
Charge in respect of gratuity funds:		
- executives	**174,594**	213,169
- non-executives	**93,940**	78,194
Accrual in respect of unfunded post retirement medical facility	**513,822**	451,513
Accrual in respect of compensated absences		
- executives	**196,473**	117,356
- non-executives	**42,504**	46,457
	1,571,625	1,336,606

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

37. ADMINISTRATIVE AND SELLING EXPENSES

	Note	2018	2017
		(Rupees in '000)	
Administrative expenses	37.1	**2,905,323**	2,838,281
Selling expenses	37.2	**1,671,962**	1,571,700
		4,577,285	4,409,981

37.1 Administrative expenses

	Note	2018	2017
Salaries, wages and benefits		**1,777,072**	1,685,343
Contribution / accrual in respect of staff retirement benefit schemes	37.1.1	**167,706**	159,828
Depreciation on operating assets	19.2	**295,815**	248,579
Amortisation of intangible assets	20	**33,996**	22,561
Repairs and maintenance		**133,454**	103,463
Stores, spares and supplies consumed		**40,864**	28,749
Legal and professional		**125,648**	301,864
Software maintenance		**92,751**	92,223
Electricity		**5,815**	5,778
Security expenses		**11,520**	11,183
Insurance and royalty		**17,323**	17,005
Travelling		**52,866**	56,561
Postage and revenue stamps		**9,620**	7,109
Rent, rates and taxes		**16,735**	7,215
Provision for sales tax		**-**	4,870
Others		**176,942**	140,979
		2,958,127	2,893,310
Allocation to meter manufacturing division		**(52,804)**	(55,029)
		2,905,323	2,838,281

	Note	2018	2017
		(Rupees in '000)	

37.1.1 Contribution / accrual in respect of staff retirement benefit schemes

Contribution to the provident fund	**47,976**	41,012
Charge in respect of pension funds:		
- executives	**47,954**	58,828
- non-executives	**6,553**	942
Charge in respect of gratuity funds:		
- executives	**35,909**	21,083
- non-executives	**4,588**	3,159
Accrual in respect of unfunded post retirement:		
- gas facility	**3,317**	31,201
- medical facility	**21,409**	3,603
	167,706	159,828

37.2 Selling expenses

	Note	2018	2017
Salaries, wages and benefits		**956,937**	908,987
Contribution / accrual in respect of staff retirement benefit schemes	37.2.1	**112,240**	80,827
Depreciation on operating assets	19.2	**21,123**	18,384
Repairs and maintenance		**2,689**	3,189
Stores, spares and supplies consumed		**19,605**	15,967
Electricity		**90,524**	90,485
Insurance and royalty		**967**	806
Travelling		**1,934**	2,770
Billing and collection charges		**412,387**	402,801
Postage and revenue stamps		**369**	436
Rent, rates and taxes		**41,044**	35,055
Others		**12,143**	11,993
		1,671,962	1,571,700

37.2.1 Contribution / accrual in respect of staff retirement benefit schemes

Contribution to the provident fund	**32,270**	30,260
Charge in respect of pension funds:		
- executives	**22,268**	15,701
- non-executives	**23,286**	3,440
Charge in respect of gratuity funds:		
- executives	**18,117**	18,269
- non-executives	**16,299**	13,157
	112,240	80,827

38. OTHER OPERATING EXPENSES

	Note	2018	2017
		(Rupees in '000)	
Auditors' remuneration			
- Statutory audit		**4,968**	4,400
- Fee for other audit related services		**3,427**	2,180
- Fee for taxation services		**9,186**	16,645
- Out of pocket expenses		**675**	645
		18,256	23,870
Workers' Profit Participation Fund		**-**	174,515
Sports expenses		**65,851**	63,381
Corporate social responsibility		**39,446**	26,349
Provision against impaired debts and other receivables	27.4	**1,017,496**	2,611,968
Provision against impaired stores and spares		**68,271**	23,939
Loss on disposal of property, plant and equipment		**-**	60,639
Exchange loss		**4,303,754**	318,589
		5,513,074	3,303,250

39. OTHER INCOME

	Note	2018	2017
Income from financial assets			
Income for receivable against asset contribution		**37,054**	38,043
Return on term deposits and profit and loss bank accounts		**45,771**	74,244
		82,825	112,287
Interest income on late payment of gas bills from			
- Jamshoro Joint Venture Limited (JJVL)	39.5	**223,065**	147,948
- Water & Power Development Authority (WAPDA)		**189,541**	253,056
		412,606	401,004
Dividend income		**18,818**	2,163
		514,249	515,454
Income from other than financial assets			
Late payment surcharge		**1,096,277**	3,187,260
Interest income on late payment of gas bills from			
- SNGPL - related party		**560,891**	887,843
Sale of gas condensate - net		**(16,615)**	(90,392)
Income from LPG and NGL - net	39.1 & 39.2	**1,244,503**	743,982
Meter manufacturing division loss - net	39.3	**(58,473)**	(1,567)
Meter rentals		**756,288**	734,638
RLNG transportation income		**7,694,354**	4,146,045
Recognition of income against deferred credit		**552,083**	401,390
Income from new service connections and asset contribution		**702,252**	285,151
Income from LPG air mix distribution - net	39.4	**131,296**	141,164
Recoveries from consumers		**99,845**	104,378
Gain on disposal of property, plant and equipment		**22,569**	-
Liquidated damages recovered		**76,511**	582,111
Advertising income		**-**	1,062
Income from sale of tender documents		**7,505**	5,414
Income from net investment in finance lease from SNGPL		**56,966**	67,748
Scrap sales		**4,327**	50,550
Reversal of impairment on operating assets	39.6	**-**	1,190,000
Income against LNG service agreement		**639,527**	482,924
Amortisation of government grant		**54,938**	201,758
Miscellaneous		**50,817**	107,687
		14,190,110	13,744,600

39.1 The Holding Company has an arrangement with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields and provide the Holding Company with mutually agreed quantity of LPG extracted and retain the rest for onward use. The Holding Company paid processing charges of $235/MT for the months on which JJVL's production share is below 53.55% and $220/MT if JJVL's production share is more than 53.55%.

As per the new agreement, the Holding Company percentage shall be 57% of extraction of LPG and NGL. The Holding Company shall not pay any extraction charges to JJVL. The agreement shall be continue for a period of one and half year from date of agreement, to be extended only by mutual agreement in writing by the parties before expiry. In the absence of any such extension, the agreement shall automatically stand expired.

The net income from LPG business has declined due to steady decline in LPG prices globally, in line with decline in global oil prices. Since, the Holding Company was paying fixed processing charges to JJVL, it has to fully absorb the effect of declining prices of LPG. Consequently, the Holding Company sent termination notices of MoU with JJVL dated May 4, 2016; however, JJVL has taken stay order from Sindh High Court against such termination on May 16, 2016.

39.2 It includes sale of NGL to JJVL amounting to Rs. 941 million on the basis of provisional selling prices and after adjusting extraction charges and shrinkage cost the net loss from sale of NGL is Rs. 10 million. The provisional sales are subject to change as result of negotiation / arbitration from JJVL.

39.3 Meter manufacturing division loss - net

	Note	2018	2017
		(Rupees in '000)	
Gross sales of gas meters			
- Company's consumption		**1,898,496**	1,635,778
- Outside sales		**297,149**	15,461
		2,195,645	1,651,239
Sales tax		**(343,506)**	(253,994)
Net sales		**1,852,139**	1,397,245
Cost of sales			
- Raw material consumed		**1,303,186**	814,779
- Stores and spares		**6,068**	6,539
- Fuel, power and electricity		**20,178**	17,635
- Salaries, wages and other benefits	39.3.2	**482,417**	470,272
- Insurance		**930**	779
- Repairs and maintenance		**7,288**	2,791
- Depreciation		**24,260**	26,302
- Transportation		**2,054**	2
- Other expenses		**18,323**	8,542
Cost of goods sold		**1,864,704**	1,347,641
Gross (loss) / profit		**(12,565)**	49,604
Administrative expenses		**(52,704)**	(55,029)
Operating loss		**(65,269)**	(5,425)
Other income		**6,796**	3,858
Net loss		**(58,473)**	(1,567)

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

	2018	2017
	(Rupees in '000)	
39.3.2 Salaries, wages and other benefits	**466,135**	454,182
Provident fund contribution	**6,281**	10,704
Pension fund	**5,688**	1,636
Gratuity	**4,313**	3,750
	482,417	470,272

39.4 Income from LPG air mix distribution - net

	Note	2018	2017
		(Rupees in '000)	
Sales		**37,823**	32,809
Cross subsidy		**512,497**	460,671
Cost of sales		**(314,131)**	(255,827)
Gross profit		**236,189**	237,653
Distribution, selling and administrative expenses			
Salaries, wages and other benefits		**(43,029)**	(36,471)
Depreciation expenses	19.2	**(67,624)**	(59,093)
Other operating expenses		**(28,555)**	(33,739)
		(139,208)	(129,303)
Amortisation of deferred credit		**30,495**	30,495
Other income		**3,820**	2,319
Profit for the year		**131,296**	141,164

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

39.6 In FY 2016, the management has recorded the impairment amounting to Rs. 1,190 million on unfeasible projects financed by Government of Sindh loan. On December 18, 2017, the Government of Sindh has approved the conversion of loan into grant amounting to Rs. 3,000 million for all the scheme which do not qualify the per customer cost criteria.

Based on the above approval, the OGRA in it decision dated May 10, 2018 allowed all the schemes pertaining to FY 2012 to FY 2017 which do not meet the qualifying criteria, accordingly, management has reversed the impairment recorded on such assets.

40. FINANCE COST

	Note	2018	2017
		(Rupees in '000)	
Mark-up on:			
- loans from banking companies		**4,028,709**	2,308,016
- short term borrowings		**772,347**	205,904
- customers' deposits		**348,211**	341,278
- customer finance		**600**	679
- Government of Sindh loans		**37,153**	407,238
- obligation against pipeline		**90,576**	94,445
- Loan from Banking Institution		**-**	1,759
- Guarantee charges		**949**	-
- others		**162,826**	39,431
		5,441,371	3,398,750
Less: Finance cost capitalised during the year		**(376,266)**	(1,704,016)
		5,065,105	1,694,734

41. TAXATION

	Note	2018	2017
Current year			
Current tax		**(1,146,440)**	(1,534,837)
Prior Year Tax		**10,600**	8,904
Deferred tax	9.1	**(2,911,875)**	(485,160)
		(4,047,715)	(2,011,093)

41.1 Relationship between consolidated accounting (loss) / profit and tax expense for the year is as follows:

	Note	2018	2017
		(Rupees in '000)	
Accounting (loss) / profit for the year		**(10,756,811)**	3,485,888
Tax rate		**30%**	31%
Tax charge @ 30% (2017: 31%)		**(3,227,043)**	1,084,847
Minimum income tax u/s 153 (1)(b) & 113 / alternate corporate tax		**1,139,014**	1,447,902
Effect of change in rate		**66,677**	1,107
Effect of adjustments recognised in the current year in respect of prior year		**(3,074)**	-
Effect of deferred tax not recognised / reversal		**7,678,876**	-
Super tax	41.2	**-**	55,258
Effect of deferred tax recognised on prior year alternate corporate tax		**(10,600)**	(19,903)
Effects of prior period		**10,600**	(8,904)
Effect of lower tax rate on dividend income		**4,705**	675
Others		**(1,611,440)**	(549,889)
		4,047,715	2,011,093

41.2 It represents tax expense pertaining to super tax, which has been levied at the rate of 3% for the tax year 2018 on all Companies having taxable income of Rs 500 million or above through amendments introduced in the Income Tax Ordinance, 2001 vide Finance Act, 2015.

41.3 Management assessment on sufficiency of provision for income taxes

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

Tax Year	Current Tax provision as per Accounts	Tax assessment
	(Rupees in '000)	
2017	1,534,837	924,838
2016	680,263	96,258
2015	-	25,161

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

42. STAFF RETIREMENT BENEFITS

42.1 Funded post retirement pension and gratuity schemes

As mentioned in note 3.18 to these consolidated financial statements, the Holding Company operates approved funded pension and gratuity schemes for all employees. Contributions are made to these schemes based on actuarial valuation. Latest actuarial valuations were carried out as at June 30, 2018 under the projected unit credit method for both non-executive and executive staff members.

Fair value of plan assets and present value of obligations

The fair value of plan assets and present value of defined benefit obligations of the pension and gratuity schemes at the valuation date were as follows:

	2018			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
(Asset) / liability in consolidated statement of financial position				
Fair value of plan assets	(1,201,027)	(2,739,909)	(260,882)	(3,023,241)
Present value of defined benefit obligation	1,119,613	6,027,693	22,700	4,285,293
	(81,414)	3,287,784	(238,182)	1,262,052
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2017	957,501	4,969,429	23,208	4,271,048
Current service cost	36,480	295,356	-	201,292
Interest cost	75,106	382,499	1,685	327,106
Remeasurement	97,311	760,717	540	(260,487)
Benefits paid	(46,785)	(380,308)	(2,733)	(253,666)
Obligation as at June 30, 2018	1,119,613	6,027,693	22,700	4,285,293
Movement in fair value of plan assets				
Fair value as at July 01, 2017	1,179,749	2,557,549	184,687	2,904,594
Expected return on plan assets	91,700	202,426	13,742	225,085
Remeasurement	(87,533)	241,080	15,079	(157,931)
Benefits paid	(216,080)	(380,308)	(2,733)	(253,666)
Contribution to the fund	279,976	234,568	233,410	156,856
Amount transferred (out) / in	(46,785)	(115,406)	(183,303)	148,303
Fair value as at June 30, 2018	1,201,027	2,739,909	260,882	3,023,241
Movement in (asset) / liability in consolidated statement of financial position				
(Asset) / liability as at July 01, 2017	(222,248)	2,411,880	(161,479)	1,366,454
Expense recognised for the year	260,966	234,349	171,246	120,010
Remeasurement	159,844	876,123	(14,539)	(67,556)
Contribution to the fund	(279,976)	(234,568)	(233,410)	(156,856)
(Asset) / liability in consolidated statement of financial position	(81,414)	3,287,784	(238,182)	1,262,052

Expense recognised in the consolidated statement of profit or loss

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

	2018			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	36,480	295,356	-	201,292
Interest cost	75,106	382,499	1,685	327,106
Interest income on plan assets	(91,700)	(202,426)	(13,742)	(225,085)
Amount transferred out / (in)	241,080	(241,080)	183,303	(183,303)
	260,966	234,349	171,246	120,010
Total remeasurement recognised in consolidated statement of comprehensive income				
Remeasurement on obligation arising on				
- financial assumptions	(879)	(55,579)	(106)	18,154
- demographic assumptions	-	-	-	-
- experience adjustments	(96,432)	(705,138)	(434)	242,333
	(97,311)	(760,717)	(540)	260,487
Remeasurement on plan assets arising on				
Return on plan assets excluding interest income	30,457	118,561	(6,116)	119,623
Interest income	(91,700)	(202,426)	(13,742)	(225,085)
Net return on plan assets over interest income	(61,243)	(83,865)	(19,858)	(105,462)
Difference in opening fair value of assets after audit	(26,290)	(31,541)	34,937	(52,469)
	(87,533)	(115,406)	15,079	(157,931)
	(184,844)	(876,123)	14,539	102,556
Composition / fair value of plan assets used by the fund				
Quoted Shares	15.70%	6.82%	42.89%	8.83%
Debt instruments	72.00%	84.58%	34.78%	81.77%
Mutual funds	6.03%	6.43%	0.00%	7.13%
Others including cash and cash equivalents	6.27%	2.17%	22.33%	2.27%
Total	100%	100%	100%	100%
Quoted Shares	188,602	186,850	111,896	267,032
Debt instruments	864,755	2,317,561	90,721	2,472,058
Mutual funds	72,380	176,128	-	215,419
Others including cash and cash equivalents	75,290	59,370	58,265	68,732
Total	1,201,027	2,739,909	260,882	3,023,241

	2017			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
(Asset) / liability in consolidated statement of financial position				
Fair value of plan assets	(1,179,749)	(2,557,549)	(184,687)	(2,904,594)
Present value of defined benefit obligation	957,501	4,969,429	23,208	4,271,048
	(222,248)	2,411,880	(161,479)	1,366,454
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2016	820,786	4,381,868	17,019	3,465,299
Current service cost	30,543	253,150	-	164,971
Interest cost	60,223	310,872	1,153	246,527
Remeasurement	88,633	485,430	7,805	887,040
Benefits paid	(42,684)	(461,891)	(2,769)	(492,789)
Obligation as at June 30, 2017	957,501	4,969,429	23,208	4,271,048
Movement in fair value of plan assets				
Fair value as at July 01, 2016	1,125,981	2,360,896	227,087	2,923,614
Expected return on plan assets	81,588	169,391	15,859	208,605
Remeasurement	36,555	76,168	23,468	66,425
Benefits paid	(42,684)	(461,891)	(2,769)	(492,789)
Contribution to the fund	170,665	220,629	24,815	94,966
Amount transferred (out) / in	(192,356)	192,356	(103,773)	103,773
Fair value as at June 30, 2017	1,179,749	2,557,549	184,687	2,904,594
Movement in (asset) / liability in consolidated statement of financial position				
(Asset) / liability as at July 01, 2016	(305,195)	2,020,972	(210,068)	541,685
Expense recognised for the year	201,534	202,275	89,067	99,120
Remeasurement	52,078	409,262	(15,663)	820,615
Contribution to the fund	(170,665)	(220,629)	(24,815)	(94,966)
(Asset) / liability in consolidated statement of financial position	(222,248)	2,411,880	(161,479)	1,366,454

Expense recognised in the consolidated statement of profit or loss

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

	2017			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	------------------------------(Rupees in '000)--------------------------------			
Current service cost	30,543	253,150	-	164,971
Interest cost	60,223	310,872	1,153	246,527
Interest income on plan assets	(81,588)	(169,391)	(15,859)	(208,605)
Amount transferred out / (in)	192,356	(192,356)	103,773	(103,773)
	201,534	202,275	89,067	99,120

	2017			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Total remeasurement recognised in consolidated statement of comprehensive income				
Remeasurement on obligation arising on:				
- financial assumptions	(413)	(162,574)	(44)	(177,628)
- demographic assumptions	-	-	-	-
- experience adjustments	(88,220)	(322,856)	(7,761)	(709,412)
	(88,633)	(485,430)	(7,805)	(887,040)
Remeasurement on plan assets arising on:				
Return on plan assets excluding interest income	119,211	226,160	38,963	287,852
Interest income	(81,588)	(169,391)	(15,859)	(208,605)
Net return on plan assets over interest income	37,623	56,769	23,104	79,247
Difference in opening fair value of assets after audit	(1,068)	19,399	364	(12,822)
	36,555	76,168	23,468	66,425
	(52,078)	(409,262)	15,663	(820,615)

Composition / fair value of plan assets used by the fund

Quoted Shares	17.74%	8.07%	67.22%	10.17%
Debt instruments	75.77%	84.29%	28.52%	84.79%
Mutual funds	0.00%	3.77%	0.00%	4.56%
Others including cash and cash equivalents	6.49%	3.87%	4.26%	0.48%
Total	100%	100%	100%	100%
Quoted Shares	209,232	206,378	124,135	295,377
Debt instruments	893,899	2,155,870	52,681	2,462,760
Mutual funds	-	96,439	-	132,431
Others including cash and cash equivalents	76,618	98,862	7,871	14,026
Total	1,179,749	2,557,549	184,687	2,904,594

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2018

Total number of employees	**2,387**	**2,387**	**-**	**4,422**
Total monthly salaries	**236,963**	**236,963**	**-**	**107,977**
Total number of pensioner	**119**	**-**	**33**	**-**
Total monthly pension	**2,023**	**-**	**241**	**-**

Significant actuarial assumptions

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

	Executives and Non-executives	
	2018	2017
	(%)	(%)
Discount rate	**9.00**	7.75
Salary increase rate in first year	**10.50**	9.00
Expected rate of increase in salary level	**7.00**	5.75
Increase in pension	**3.00**	1.75
Mortality rates	**SLIC (2001-05)-1**	SLIC (2001-05)-1
Rates of employee turnover	**Light**	Light

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of salary and pension increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

			Impact of change in assumptions in present value of defined benefit obligation			
			Executives		Non-Executives	
			Pension	Gratuity	Pension	Gratuity
			---(Rupees in '000)---			
Discount rate	1%	Increase in assumption	**1,010,750**	**5,670,336**	**21,338**	**4,001,899**
Salary increase rate	1%		**1,173,880**	**6,396,599**	**-**	**4,582,796**
Pension increase rate	1%		**1,192,217**	**-**	**24,322**	**-**
Discount rate	1%	Decrease in assumption	**1,249,816**	**6,422,572**	**24,243**	**4,601,072**
Salary growth rate	1%		**1,069,632**	**5,687,360**	**-**	**4,013,105**
Pension increase rate	1%		**1,056,962**	**-**	**21,250**	**-**

In presenting the above sensitivity analysis, the present value of the define benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

Maturity profile of the defined benefit obligation

Weighted average duration of the PBO	**9.72**	**5.93**	**6.00**	**6.61**
Distribution of timing of benefit payments (time in years)				
1	**13,657**	**506,521**	**2,982**	**378,348**
2	**29,114**	**469,594**	**3,071**	**413,509**
3	**32,927**	**681,064**	**3,164**	**359,435**
4	**37,989**	**905,364**	**3,259**	**400,315**
5	**43,467**	**815,059**	**3,356**	**439,830**
6-10	**319,456**	**6,225,910**	**19,353**	**3,723,996**

The expected pension and gratuity expense for the next one year from July 01, 2018 is as follows:

	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	---(Rupees'000)---			
Current service cost	40,701	324,777	-	196,302
Interest cost	101,956	534,490	1,912	377,661
Interest income on plan assets	(108,974)	(251,069)	(22,444)	(268,866)
Interest (income) / cost	(7,018)	283,421	(20,532)	108,795
Expected return on plan assets:				
Amount transferred out / (in)	353,008	(353,008)	189,452	(189,452)
	386,691	255,190	168,920	115,645

42.2 Unfunded post retirement medical benefit and gas supply facilities

As mentioned in note 3.18 to these consolidated financial statements, the Holding Company provides free medical and gas supply facilities to its retired executive employees. The free gas supply facility has been discontinued for employees who had retired after December 31, 2000. The latest actuarial valuations of the liability under these schemes were carried out as at June 30, 2018 under the projected unit credit method, results of which are as follows:

Number of employees under the scheme

The number of employees of the Holding Company covered under the following defined benefit plans are 2,387 (2017: 2,465) and 156 (2017: 156) for medical and gas facility respectively.

	2018		
	Post retirement medical facility	Post retirement gas facility	Total
	---(Rupees in '000)---		
Liability in consolidated statement of financial position			
Present value of defined benefit obligation	4,935,796	31,974	4,967,770
Movement in present value of defined benefit obligation			
Liability as at July 01, 2017	4,070,936	44,368	4,115,304
Expense recognised for the year	535,231	3,317	538,548
Payments during the year	(98,000)	(2,361)	(100,361)
Remeasurement	427,629	(13,350)	414,279
Liability as at June 30, 2018	4,935,796	31,974	4,967,770
Expense recognised in the consolidated statement of profit or loss			
Current service cost	211,787	-	211,787
Interest cost	323,444	3,317	326,761
	535,231	3,317	538,548
Total remeasurement recognised in consolidated statement of comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	202,496	-	202,496
- demographic assumptions	-	-	-
- experience adjustments	225,133	(13,350)	211,783
	427,629	(13,350)	414,279

	2017		
	Post retirement medical facility	Post retirement gas facility	Total
	--------------------(Rupees in '000)-------------		
Liability recognised in consolidated statement of financial position			
Present value of defined benefit obligation	4,070,936	44,368	4,115,304
Movement in present value of defined benefit obligation			
Liability as at July 1, 2016	4,004,327	45,958	4,050,285
Expenses recognised for the year	469,588	3,217	472,805
Payments during the year	(84,827)	(3,144)	(87,971)
Remeasurement	(318,152)	(1,663)	(319,815)
Liability as at June 30, 2017	4,070,936	44,368	4,115,304
Expense recognised in the consolidated statement of profit or loss			
Current service cost	173,212	-	173,212
Interest cost	296,376	3,217	299,593
	469,588	3,217	472,805
Total remeasurement recognised in consolidated statement of comprehensive income			
Remeasurement on obligation arising on:			
- financial assumptions	(4,594)	748	(3,846)
- demographic assumptions	-	-	-
- experience adjustments	(313,558)	(2,411)	(315,969)
	(318,152)	(1,663)	(319,815)

Detail of employees valued

Detail of employees valued related to above scheme are as follows for the year ended June 30, 2018:

Total number of actives	**2,387**	**-**
Total number of beneficiaries	**2,123**	**156**

Significant actuarial assumptions

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

	Executives	
	2018	2017
Discount rate	**9%**	7.75%
Medical increase rate - (Pre-Retirement)	**7%**	7.75%
Medical increase rate - (Post-Retirement)	**9%**	7.75%
Gas inflation rate	**9%**	7.75%

	Executives 2018	Executives 2017
Benefit limit - Gas	**15,500**	20,500
Expected medical expense for adult - retires and deceased staff	**50,000**	46,000
Expected medical expense for adult - active (family of two)	**100,000**	92,000
Expected medical expense for children	**10,000**	10,000
Mortality rates (for death in service & post retirement mortality)	**SLIC (2001-05)**	SLIC (2001-05)
Rates of employees turnover	**Light**	Light

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of medical and gas increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption		Impact of change in assumptions in present value of defined benefit obligation: Post retirement medical facility	Post retirement gas facility
			--------------------(Rupees in '000)--------------------	
Discount rate	1%	Increase in assumption	(789,455)	8,407
Medical inflation rate	1%		209,171	-
Gas inflation rate	1%		-	15,297
Discount rate	1%	Decrease in assumption	997,920	15,333
Medical inflation rate	1%		(192,653)	-
Gas inflation rate	1%		-	8,379

The expected medical and gas expense for the next one year from July 01, 2018 is as follows:

	Post retirement medical facility	Post retirement gas facility
	(Rupees in '000)	
Current service cost	196,014	-
Net interest cost	452,695	2,771
	648,709	2,771

Maturity profile of the defined benefit obligation

Weighted average duration of the PBO	15.63	7.07

Distribution of timing of benefit payments (time in years)

1	138,419	2,445
2	151,071	2,278
3	164,927	1,941
4	180,103	1,499
5	196,697	1,040
6-10	1,293,140	1,249
11-15	2,011,394	9
16-20	3,099,501	-

		2018	2017
		(Rupees in '000)	
42.3.	**DEFERRED LIABILITY - GRATUITY**	**21,257**	15,929

42.3.1 As stated in note 3.18, the Subsidiary Company has arranged actuarial valuation in the current year. The details of employee retirement benefit obligations based on actuarial valuations carried out by independent actuary as at June 30, 2018 under the Projected Unit Credit method are as follows:

	2018	2017
	---------(Rupees in '000)--------	

42.3.2 Statement of Financial Position - net recognised liability

	2018	2017
Present value of defined benefit obligation	**21,257**	15,929

42.3.3 Movement in present value of defined benefit obligation

	2018	2017
Present value of defined benefit obligation at beginning of the year	**15,929**	12,436
Current service cost	**4,759**	4,011
Interest cost	**1,470**	1,037
Benefits paid during the year	**(177)**	(1,817)
Remeasurement of actuarial (gain) / loss	**(724)**	262
Present value of defined benefit obligations at end of the year	**21,257**	15,929

42.3.4 Expense recognised in statement of profit or loss

	2018	2017
Current service cost	**4,759**	4,011
Net interest expense	**1,470**	1,037
Expense for the year	**6,229**	5,048

42.3.5 Remeasurement losses recognised in statement of other comprehensive income

	2018	2017
Actuarial (gain) / loss on defined benefit obligation	**(724)**	262

42.3.6 The principal assumptions used in the actuarial valuation carried out as of June 30, 2018, using the 'Projected Unit Credit' method, are as follows:

	2018	2017
Discount rate	**10%**	9.25%
Salary increase rate short run	**10%**	9.25%
Salary increase rate long run (p.a)	**10%**	9.25%

42.3.7 The expected maturity analysis of undiscounted retirement benefit plan is:

	2018	2017
	---------(Rupees in '000)--------	
Year 1	**663**	517
Year 2	**639**	477
Year 3	**633**	472
Year 4	**809**	464
Year 5	**3,581**	594
Year 6 to Year 10	**7,336**	6,344
Year 11 to above	**66,272**	47,013

42.3.8 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Present value of obligation (Rupees)	% Change from base
Base	**21,257**	
Discount rate (1% increase)	**19,129**	**-10.01%**
Discount rate (1% decrease)	**23,725**	**11.61%**

	Present value of obligation Rupees	% Change from base
Salary growth rate (1% increase)	**23,809**	**12.01%**
Salary growth rate (1% decrease)	**19,024**	**-10.51%**
Withdrawal rate (10% increase)	**21,257**	**0.00%**
Withdrawal rate (10% decrease)	**21,257**	**0.00%**
1 year Mortality age set back	**21,257**	**0.00%**
1 year Mortality age set forward	**21,257**	**0.00%**

The defined benefit obligation exposes the Subsidiary Company to the actuarial risks such as:

Longevity risks

The risk arises when the actual lifetime of the retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The risk arises when the actual salary increases are higher or lower than the expectation and impacts the liability accordingly.

Withdrawal risks

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

42.3.9 The following table shows the analysis of remeasurement as at the valuation date:

	2018 Rupees in '000
Remeasurment (gain) / loss on obligation:	
- Financial assumption	**-**
- Experience adjustment	**(724)**
Total remeasurement on obligation	**(724)**
Total remeasurement recognised in statement of other comprehensive income	**(724)**

42.3.10 The expected gratuity expense for the year ending June 30, 2019 is Rs. 9 million

42.4 Define benefit contribution plan - Recognised provident fund

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

	Executives		Non-Executives	
	2018	2017	**2018**	2017
	(Audited)			
	(Rupees in '000)			
Size of provident fund	**3,966,327**	3,813,574	**3,690,120**	3,620,356
Cost of investments made	**3,518,461**	3,290,125	**3,290,016**	3,040,150
Percentage of investments made	**89%**	86%	**89%**	84%
Fair value of investment	**3,682,564**	3,568,932	**3,512,185**	3,384,154

	Executives 2018	Executives 2017	Non-Executives 2018	Non-Executives 2017
	(Audited)			
	(Rupees in '000)			
Break-up of investments:				
- Balance in savings accounts				
Amount of investment	**85,722**	153,560	**68,100**	51,758
Percentage of investment as size of the fund	**2%**	4%	**2%**	1%
- Term deposit receipts				
Amount of investment	**692,802**	959,649	**423,398**	445,873
Percentage of investment as size of the fund	**17%**	25%	**11%**	12%
- Units of mutual fund				
Amount of investment	**637,954**	475,952	**292,189**	319,781
Percentage of investment as size of the fund	**16%**	12%	**8%**	9%
- Special savings certificate				
Amount of investment	**1,161,020**	1,719,794	**1,381,025**	2,334,723
Percentage of investment as size of the fund	**29%**	45%	**37%**	64%
- Treasury bills				
Amount of investment	**391,161**	-	**547,199**	-
Percentage of investment as size of the fund	**10%**	0%	**15%**	-
- Pakistan Investment Bonds (PIBs)				
Amount of investment	**549,810**	81,584	**651,560**	70,659
Percentage of investment as size of the fund	**14%**	2%	**18%**	2%
- Term Finance Certificates (TFCs)				
Amount of investment	**8,035**	11,551	**4,587**	5,602
Percentage of investment as size of the fund	**0.2%**	0.3%	**0.1%**	0.2%
- Quoted shares				
Amount of investment	**156,060**	166,842	**144,127**	155,758
Percentage of investment as size of the fund	**4%**	4%	**4%**	4%

43. (LOSS) / EARNING PER SHARE - BASIC AND DILUTED

		2018	2017
(Loss) / profit for the year	*Rupees in '000*	**(14,804,526)**	1,474,795
Average number of ordinary shares	*Number of shares*	**880,916,309**	880,916,309
(Loss) / Earning per share - basic and diluted	*Rupees*	**(16.81)**	1.67

	Note	2018	2017
		(Rupees in '000)	

44. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

	Note	2018	2017
Provisions	44.1	**2,802,738**	3,914,030
Depreciation		**7,439,227**	6,077,141
Amortisation of intangibles		**33,996**	22,561
Finance cost		**4,922,325**	1,325,836
Amortisation of transaction cost		**52,204**	267,453
Recognition of income against deferred credit		**(582,578)**	(431,791)
Dividend income		**(18,818)**	(2,163)
Interest income		**(991,397)**	(1,338,828)
Income from net investment in finance lease		**(56,966)**	(67,748)
Loss on disposal of property, plant and equipment		**(24,042)**	60,639
Increase / (decrease) in long term advances		**941,493**	1,114,524
Increase in deferred credit		**2,309,623**	106,418
Markup on obligation against pipeline	36.2.2	**90,574**	94,445
Impairment of operating assets		**-**	(1,190,000)
Amortization of Government grant		**(861,179)**	(201,758)
		16,057,200	9,750,759

44.1 PROVISIONS

	2018	2017
Provision against slow moving / obsolete stores	**71,757**	17,984
Provision against impaired debts and other receivables	**1,017,496**	2,611,968
Provision for compensated absences	**238,977**	163,812
Provision for post retirement medical and free gas supply facilities	**538,548**	472,805
Provision for retirement benefits	**786,571**	591,996
Provision for gratuity	**6,229**	5,048
Provision for leave encashment	**2,513**	1,020
Provision for LPG Cost	**10,420**	-
Provision for IT Services	**3,296**	-
Impairment of capital work in progress	**126,931**	49,397
	2,802,738	3,914,030

45. WORKING CAPITAL CHANGES

	2018	2017
(Increase) / decrease in current assets		
Stores and spares & loose tools	**427,212**	(344,087)
Stock-in-trade	**62,894**	(447,537)
Customers' installation work in progress	**(14,289)**	19,106
Trade debts	**4,354,909**	1,558,903
Advances, deposits and short term prepayments	**(71,459)**	456,322
Other receivables	**(70,606,933)**	(22,252,194)
	(65,847,666)	(21,009,487)
Increase in current liabilities		
Trade and other payables	**70,421,016**	6,066,591
	4,573,350	(14,942,896)

46. REMUNERATION OF MANAGING DIRECTOR AND EXECUTIVES

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

	2018		2017	
	Managing Director	Executives	Managing Director	Executives
	(Rupees in 000)			
Managerial remuneration	18,414	1,776,131	21,718	3,064,374
Housing	6,181	705,056	9,571	1,188,766
Utilities	1,374	156,782	2,477	264,721
Retirement benefits	939	264,585	-	561,977
	26,908	2,902,554	33,766	5,079,838
Number	2	752	2	2,301

46.1 The Chairperson, Managing Director and certain executives are also provided the Group maintained vehicles in accordance with their entitlement. In addition, the Chairperson of the Group was paid Rs. 0.8 million (2017: Rs. 0.3 million). Executives are also provided medical facilities in accordance with their entitlement.

46.2 Aggregate amount charged in these consolidated financial statements in respect of fee paid to 14 directors was Rs. 37.3 million (2017: Rs. 30.2 million for 14 directors).

46.3 Total number of employees and average number of employees as at year end are 7,153 and 7,206 respectively (2017: 7,238 and 7,264).

47. CAPACITY AND ACTUAL PERFORMANCE

47.1 Natural gas transmission

	2018		2017	
	MMCF	HM3	MMCF	HM3
Transmission operation				
Capacity - annual rated capacity at 100% load factor with compression	990,610	279,092,975	540,930	152,400,807
Utilisation - volume of gas transmitted	721,277	203,211,467	614,896	173,239,877
Capacity utilisation factor (%)	72.8	72.8	113.7	113.7

47.2 Natural gas distribution

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

47.3 Meter manufacturing division

During the year, meter manufacturing division produced and assembled 503,840 meters (2017: 444,850 meters) against an annual capacity of 356,000 meters on a single shift basis.

48. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Oil and Gas Regulatory Authority. Remuneration of key management personnel are in accordance with the term of employment / appointment. The prices and other conditions are not influenced by the Holding Company. Other transaction with the related parties are carried out as per agreed terms. The details of transactions with related parties not disclosed else where in these consolidated financial statements are as follows:

	Relationship	2018	2017
		(Rupees in '000)	
Astro Plastic (Private) Limited	Associate		
- Billable charges		**65,226**	157,345
Attock Cement Limited	Associate		
- Billable charges		**62,687**	51,140
* **Gadoon Textile Mills Limited**	Associate		
- Billable charges		**-**	114
Government related entities - various			
- Purchase of fuel and lubricant		**51,751**	31,389
- Billable charges		**39,660,053**	50,110,698
- Mark-up on short term finance		**15,103**	16,992
- Mark-up on Long term finance		**425,245**	93,017
- Sharing of expenses		**-**	15,400
- Income from net investment in finance lease		**56,966**	67,748
- Gas purchases		**84,663,014**	76,331,017
- Sale of gas meters		**285,169**	9,375
- Rent of premises		**12,680**	6,104
- Insurance premium		**126,013**	119,511
- Purchase of fuel and lubricant		**11,706,526**	16,039,898
- Electricity expense		**193,550**	188,962
- Interest income		**750,432**	1,140,900
- Professional charges		**289**	1,210
- RLNG transportation income		**7,694,354**	4,146,045
- Income against LNG service agreement		**639,527**	482,924
Habib Bank Limited	Associate		
- Profit on investment		**621**	10,794
- Mark-up on short term finance		**232,239**	80,380
- Mark-up on long term finance		**532,946**	318,864
- Billable Charges		**14,854**	13,134

	Relationship	2018	2017
		(Rupees in '000)	
* International Industries Limited	Associate		
- Billable charges		-	57,325
Key management personnel			
- Remuneration		**265,774**	254,318
Minto & Mirza	Associate		
- Professional charges		**7,500**	7,200
* Pakistan Cables Limited	Associate		
- Billable charges		-	25,166
* Pakistan Engineering Company Limited	Associate		
- Billable charges		-	61
Petroleum Institute of Pakistan	Associate		
- Subscription / contribution		**3,453**	2,559
Staff Retirement Benefit Plans	Associate		
- Contribution to provident fund		**326,736**	302,212
- Contribution to pension fund		**432,212**	195,480
- Contribution to gratuity fund		**354,359**	315,595
Thatta Cement Company Limited	Associate		
- Billable charges		**4,326**	5,349

* Current year transactions with these parties have not been disclosed as they did not remain related parties during the year.

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

Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice. Balance payable to / receivable from these employees benefit plans are disclosed in notes 10, 16, 31 and 42 to these consolidated financial statements.

Remuneration to the executive officers of the Group (disclosed in note 46 to these consolidated financial statements) and loans and advances to them (disclosed in notes 23 and 28 to these consolidated financial statements) are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Holding Company is received at rates prescribed by the Government of Pakistan.

48.1 Amount (due to) / receivable from related parties

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

	Relationship	2018	2017
		(Rupees in '000)	
* **Astro Plastic (Private) Limited**	Associate		
- Billable charges		-	16,623
Attock Cement Limited	Associate		
- Billable charges		5,280	4,737
- Gas supply deposit		(588)	(588)
Government related entities - various			
- Billable charges		62,534,749	58,566,349
- Mark up accrued on borrowings		(6,096,830)	4,123,310
- Net investment in finance lease		64,864	5,529
- Gas purchases		172,448,498	(134,227,691)
- Gas meters		1,467,999	703,971
- Uniform cost of gas		16,011,845	10,906,950
- Cash at bank		3,619	21,487
- Stock Loan		45,595	10,602
- Recoverable from insurance		(2,301)	2,631
- Gas supply deposit		(39,211)	(15,352)
- Interest expense accrued - late payment surcharge on gas bills		(15,832,411)	(15,832,411)
- Interest income accrued - late payment on gas bills		9,837,847	9,087,415
- Contingent rent		3,535	3,535
- Capacity and utilisation charges of RLNG		19,835,414	9,217,988
- RLNG transportation income		12,026,912	1,394,512
- LSA Margins		1,083,299	400,853
- Professional Charges		57	-
Habib Bank Limited	Associate		
- Long term finance		(7,478,125)	(6,816,226)
- Short term finance		(5,966,125)	-
- Cash at bank		61,008	82,211
- Accrued mark-up		(449,258)	121,319
- Billable charges		1,530	1,436
- Gas supply deposit		363	-
** **Mari Petroleum Co. Limited**	Associate		
- Billable charges		9	-
- Gas Supply Deposit		(65)	-
* **Pakistan Engineering Company Limited**	Associate		
- Billable charges		-	5
- Gas supply deposit		-	(15)
Thatta Cement Company Limited	Associate		
- Billable charges		310	764

* Current balances with these parties have not been disclosed as they did not remain related parties as at year end.

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

49 FINANCIAL RISK MANAGEMENT

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

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

49.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Credit risk arises from trade debts, net investment in finance lease, loans and advances, trade deposits, bank balances, interest accrued and other receivables. To reduce the exposure toward the credit risk, comprehensive customer category wise credit limits and terms have been established. In case of industrial and commercial customers gas supply deposits equivalent of three months estimated gas consumption and deposit from domestic customers as per rates notified by OGRA are taken to reduce credit exposure. The Holding Company continuously monitors the credit given to customers and interest accrued thereon and has established a dedicated recovery department for follow-up, recovery or disconnection of gas supply as the case may be. Loans and advances given to employees are secured against retirement benefits of the employees and title deed of properties of employees. Balances are maintained with banks of sound credit rating. The Holding Company attempts to control credit risk in respect of other receivables by monitoring credit exposures of counterparties.

The maximum exposure to credit risk before any credit enhancement at year end is the carrying amount of the financial assets as set out below:

	2018	2017
	(Rupees in '000)	
Trade debts	**76,782,729**	82,150,985
Net investment in finance lease	**304,579**	362,394
Loans and advances	**962,931**	1,104,366
Deposits	**66,675**	73,592
Bank balances	**786,297**	1,138,853
Interest accrued	**10,500,984**	9,527,574
Other receivables	**67,213,170**	34,243,349
	156,617,365	128,601,113

49.1.1 Collateral and other credit enhancements obtained

Security against supply of gas to industrial and commercial customers is taken on the basis of average three months, gas consumption estimated at the time of connection in form of cash deposits (gas supply deposits) / bank guarantee / irrevocable letter of credit. Security against supply of gas to domestic customers are obtained at rates notified by the OGRA. These collaterals are adjusted / called following on disconnection of gas supply. Details of security held at year end is as follows:

	2018	2017
	(Rupees in '000)	
Cash deposits	**15,277,281**	14,034,507
Bank guarantee / irrevocable letter of credit	**40,584,284**	28,044,722

49.1.2 Credit Quality

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of all financial assets which are neither past due nor impaired are given in the note 49.1.3 below:

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

Bank	Rating Agency	Rating	
		Short Term	Long Term
National Bank of Pakistan	PACRA	A1+	AAA
Allied Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Faysal Bank Limited	JCR-VIS	A-1+	AA
MCB Bank Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA
First Women Bank Limited	PACRA	A2	A-
Summit Bank Limited	JCR-VIS	A-1	A-
Bank Al-Habib Limited	PACRA	A1+	AA+
Bank Islami Pakistan Limited	PACRA	A1	A+
AL Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA
NIB Bank Limited	PACRA	A1+	AA-
Samba Bank Limited	JCR-VIS	A-1	AA
Silk Bank Limited	JCR-VIS	A-2	A-
Soneri Bank Limited	JCR-VIS	A1+	AA-
Telenor Micro Finance Bank Limited	PACRA	A1	A+
Citi Bank N. A.	Moody's	P-1	A1
Deutsche Bank A.G,	Standard & Poor's	A-2	A-
The Bank of Tokyo- Mitsubishi- UFJ, Limited	Standard & Poor's	A-1	A+

49.1.3 Past due and impaired financial assets

Industrial and commercial customers

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

	2018		2017	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	**21,037,818**	**-**	13,735,738	-
Past due but not impaired	**39,896,302**	**-**	55,839,905	-
Past due and impaired	**13,240,013**	**7,171,284**	10,287,573	5,810,889
Disconnected customers	**1,161,039**	**1,137,274**	1,091,475	909,476
Total	**75,335,172**	**8,308,558**	80,954,691	6,720,365

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 56,703 million and are subject to inter corporate circular debt of Government entities and K-Electric.

The Holding Company has collateral / security against industrial and commercial customers amounting to Rs. 42,059 million (2017: Rs. 35,151 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due. In case of past due balances, the Holding Company starts recovery process through recovery department and where the amount is in excess of collateral and is not recovered by recovery department, then disconnection of meter (disconnected customers) is considered. Receivables which are past due and against which recoveries are not made or which are disconnected are considered as impaired debts.

Domestic customers

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

	2018		2017	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	1,689,601	-	2,253,610	-
Past due but not impaired:				
Past due 1 - 6 month	3,225,102	-	2,775,289	-
Past due and impaired:				
Past due 7 - 9 months	639,568	-	653,658	-
Past due 10 - 12 months	470,636	-	420,859	-
Past due 13 - 18 months	686,679	-	611,123	-
Past due 19 - 24 months	166,909	-	399,589	-
Past due over 2 years	2,844,497	698,746	2,006,164	1,949,683
	4,808,289	698,746	4,091,393	1,949,683
Disconnected customers	6,550,086	5,818,217	5,884,026	5,137,976
Total	16,273,078	6,516,963	15,004,318	7,087,659

The Holding Company has collateral / security against domestic customers amounting to Rs. 7,537 million (2017: Rs. 6,933 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due.

Interest accrued

As at June 30, 2018, interest accrued net of provision was Rs. 11,202 million (2017: Rs. 10,107 million). Interest is mainly accrued on customer balances which are past due. Interest on past due balances includes receivable from WAPDA and SNGPL amounting to Rs. 9,838 million (2017: Rs. 9,087 million), recovery of which is subject to inter corporate circular debt of Government entities.

Other receivables

As at June 30, 2018 other receivable financial assets amounted to Rs. 63,635 million (2017: Rs. 34,243 million). Past due other receivables amounting to Rs. 50,183 million (2017: Rs. 33,548 million) include over due balances of SNGPL amounting to Rs. 33,537 million (2017: Rs. 22,936 million) and JJVL amounting to Rs. 11,961 million (2017: Rs. 10,506 million).

49.1.4 Concentration of credit risk

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

Trade debts

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

	2018	2017
	(Rupees in '000)	
Power generation companies	**37,430,037**	42,391,605
Cement industries	**30,119**	25,122
Fertilizer and steel industries	**23,190,143**	22,679,196
Other industries	**5,171,840**	6,831,120
LPG marketing companies	**21,406**	7,410
Total industrial customers	**65,843,545**	71,934,453
Commercial customers	**1,035,510**	1,171,873
Domestic customers	**9,903,674**	9,044,659
	76,782,729	82,150,985

At year end the Holding Company's most significant receivable balances were K-Electric, PSML and WAPDA which amounted to Rs. 32,801 million (2017: Rs. 32,378 million), Rs. 22,924 million (2017: Rs. 22,310 million) and Rs. 4,038 million (2017: Rs. 3,811 million) respectively. These balances have aggregated due to inter corporate circular debt.

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

	2018	2017
	(Rupees in '000)	
Karachi	**65,762,913**	64,899,403
Sindh (excluding Karachi)	**10,619,986**	9,800,754
Balochistan	**399,830**	7,450,828
	76,782,729	82,150,985

Net investment in finance lease

The Holding Company's most significant investment in finance lease amounted to Rs. 304 million (2017: Rs. 362 million) in respect of SNGPL.

Interest accrued

Most significant counter parties of the Holding Company in respect of interest accrued are disclosed in note 30 to these consolidated financial statements.

Other receivables

Most significant other receivables of the Holding Company are in respect of lease rental, lease service cost, contingent rent and uniform cost of gas agreement with SNGPL as disclosed in note 31.4 to these consolidated financial statements. These balances are subject to inter circular corporate debt.

49.2 Liquidity risk

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
	(Rupees in '000)					
As at June 30, 2018						
Long term finance	**56,295,466**	**(60,371,241)**	**(6,947,463)**	**(6,812,617)**	**(11,364,684)**	**(35,246,477)**
Obligation against pipeline	**982,731**	**(1,594,850)**	**(67,866)**	**(67,866)**	**(135,732)**	**(1,323,386)**
Provision	**15,918**	**(15,918)**	**(15,918)**	**-**	**-**	**-**
Deferred Liability - gratuity	**21,257**	**(21,257)**	**(21,257)**	**-**	**-**	**-**
Short term borrowings	**9,759,947**	**(9,759,947)**	**(9,759,947)**	**-**	**-**	**-**
Trade and other payables	**250,544,642**	**(250,544,641)**	**(250,544,641)**	**-**	**-**	**-**
Interest accrued	**17,229,031**	**(17,229,031)**	**(17,229,031)**	**-**	**-**	**-**
Deposits	**15,468,939**	**(30,418,652)**	**(209,475)**	**(186,871)**	**(373,743)**	**(29,648,563)**
	350,317,931	**(369,955,537)**	**(284,795,598)**	**(7,067,354)**	**(11,874,159)**	**(66,218,426)**
As at June 30, 2017						
Long term finance	55,835,721	(74,191,128)	(3,249,755)	(7,612,512)	(14,346,000)	(48,982,861)
Obligation against pipeline	1,027,886	(1,730,582)	(67,866)	(67,866)	(135,732)	(1,459,118)
Deferred Liability - gratuity	15,929	(15,929)	(15,929)	-	-	-
Short term borrowings	2,900,655	(2,900,654)	(2,900,654)	-	-	-
Trade and other payables	182,133,378	(182,081,712)	(182,081,712)	-	-	-
Interest accrued	16,898,655	(16,898,655)	(16,898,655)	-	-	-
Deposits	14,471,189	(28,435,034)	(177,659)	(177,659)	(355,318)	(27,724,398)
	273,283,413	(306,253,694)	(205,392,230)	(7,858,037)	(14,837,050)	(78,166,377)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of latest available market rates. The rates of mark-up have been disclosed in notes 7 and 8 to these consolidated financial statements. Contractual cash flows of the long term deposits are determined on the assumption that adjusted / refund of these deposits will not be required before expiry of 40 years from statement of financial position date.

49.3 Market risk

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

49.3.1 Currency risk

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

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

	2018		2017	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Creditors for gas	**46,312,599**	**380,860**	28,111,658	267,730
Estimated forecast gas purchases	**91,122,625**	**823,745**	160,119,208	1,524,945
Net exposure	**137,435,224**	**1,204,605**	188,230,866	1,792,675

Above net exposure is payable by the Holding Company in Rupees at the rate on which these are settled by the Holding Company. Currently, the Holding Company does not obtain forward cover against the gross exposure as exchange loss / gain on purchases of gas and supplies is recovered from / paid to Government of Pakistan as part of guaranteed return.

The following significant exchange rates applied during the year:

	Average rates		Reporting date rate	
	2018	2017	2018	2017
	(Rupees)		(Rupees)	
US Dollars	**110.62**	104.75	**121.60**	105.00

Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2018 would have (decreased) / increased trade creditors by Rs. 4,631 million (2017: Rs. 2,811 million). There is no effect of strengthening / (weakening) of US dollar on consolidated equity and consolidated statement of profit or loss of the Holding Company as exchange loss / gain on purchases of gas and store and supplies is recovered from / paid to Government of Pakistan as part of 17% guaranteed return. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2017.

49.3.2 Interest rate risk

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

	2018	2017
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Net investment in finance lease	**304,579**	362,394
Loan and advances	**815**	1,048
Trade debts	**20,777,210**	34,565,155
Bank balances	**109,926**	597,109
Receivable against asset contribution	**382,469**	359,348
	21,574,999	35,885,054
Financial liabilities		
Long term deposits	**(7,474,857)**	(7,106,369)
Government of Sindh loan	**(733,040)**	(3,140,769)
Front end fee of foreign currency loan	**(23,950)**	(23,950)
Obligation against pipeline	**(933,345)**	(982,731)
Trade and other payables	**(58,638,824)**	(22,486,422)
	(67,804,016)	(33,740,241)
	(46,229,017)	2,144,813
Variable rate instruments		
Financial assets		
Trade debts	**33,829,806**	31,583,092
Other receivables	**45,631,917**	27,923,209
Bank balances	**67,671**	179,422
	79,529,394	59,685,723
Financial liabilities		
Long term loan except Government of Sindh loan	**(44,175,402)**	(52,694,952)
Short term borrowings	**(9,759,946)**	(2,900,655)
Trade and other payables	**(167,574,068)**	(151,862,047)
	(221,509,416)	(207,457,654)
	(141,980,022)	(147,771,931)

Fixed rate instrument bear fixed interest rate while all other borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs. The Group analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore, a change in interest rates at the reporting date would not affect consolidated statement of profit or loss and the consolidated equity of the Group.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased or (net decreased) the consolidated profit or loss of the Holding Company as at June 30, 2018 by Rs. 1,403 million (2017: Rs. 1462 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2017.

49.3.3 Equity price risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Holding Company's investments in listed equity securities. This arises from investments held by the Holding Company for which prices in the future are uncertain. The fair value of listed equity investments of the Holding Company that are exposed to price risk as at June 30, 2018 is Rs. 371 million (2017: Rs. 555 million).

A ten percent increase / decrease in the prices of listed equity securities of the Holding Company at the reporting date would have increased / (decreased) long term investment and consolidated equity by Rs. 37 million (2017: Rs. 55 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

49.4 Fair value of financial assets and liabilities

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

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

49.4.1 Fair value hierarchy

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

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2018			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available-for-sale financials assets				
Quoted equity securities	**371,332**	**-**	**-**	**371,332**
	371,332	**-**	**-**	**371,332**

	2017			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available-for-sale financials assets				
Quoted equity securities	555,227	-	-	555,227
	555,227	-	-	555,227

There have been no transfers during the year (2017: no transfers in either direction).

49.5 Financial instruments by categories

	Financial assets		
	Loans and receivables	Available for sale	Total
	(Rupees in '000)		
As at June 30, 2018			
Trade debts	**76,782,729**	**-**	**76,782,729**
Net investment in finance lease	**304,579**	**-**	**304,579**
Loans and advances	**962,931**	**-**	**962,931**
Deposits	**66,675**	**-**	**66,675**
Cash and bank balances	**791,931**	**-**	**791,931**
Interest accrued	**10,500,984**	**-**	**10,500,984**
Other receivables	**67,213,170**	**-**	**67,213,170**
Long term investments	**-**	**371,331**	**371,331**
	156,622,999	**371,331**	**156,994,330**
As at June 30, 2017			
Trade debts	82,150,985	-	82,150,985
Net investment in finance lease	362,394	-	362,394
Loans and advances	1,104,366	-	1,104,366
Deposits	73,592	-	73,592
Bank balances	1,147,188	-	1,147,188
Interest accrued	9,527,574	-	9,527,574
Other receivables	34,243,349	-	34,243,349
Long term investments	-	555,227	555,227
	128,609,448	555,227	129,164,675

	Financial liabilities at amortised cost	
	2018	2017
	(Rupees in '000)	
Long term finance	**56,295,466**	55,835,721
Obligation against pipeline	**982,731**	1,027,886
Short term borrowings	**9,759,947**	2,900,655
Trade and other payables	**250,544,642**	182,133,378
Interest accrued	**17,229,031**	16,898,655
Long term deposits	**15,468,939**	14,471,189
	350,280,756	273,267,484

49.6 Capital risk management

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

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

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

The gearing ratio as at June 30 is as follows:

	2018	Restated 2017
	(Rupees in '000)	
Total borrowings		
Long term finance	**44,721,775**	48,790,294
Short term borrowings	**9,759,947**	2,900,655
Current portion of long term finance	**11,573,691**	7,045,427
	66,055,413	58,736,376
Less: Cash and bank balances	**(791,931)**	(1,147,188)
Net debts	**65,263,482**	57,589,188
Capital employed	**68,959,755**	74,272,819
Gearing ratio	**95%**	78%

50. OPERATING SEGMENTS

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

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

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

Segment revenue and results

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

	Segment revenue		Segment (loss) / profit	
	2018	2017	2018	2017
	(Rupees in '000)			
Gas transmission and distribution	**158,763,329**	161,362,916	**(16,046,990)**	739,293
Meter manufacturing	**1,852,139**	1,397,245	**(58,473)**	(1,567)
Total segments results	**160,615,468**	162,760,161	**(16,105,463)**	737,726
Unallocated - other expenses				
- Other operating expenses			**4,495,578**	691,282
Unallocated - other income				
- Non-operating income			**853,074**	2,056,880
(Loss) / profit before tax			**(10,756,811)**	3,485,888

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 1,898 million (2017: Rs. 1,636 million).

The accounting policies of the reportable segments are same as disclosed in note 3 to these consolidated financial statements.

Segment assets and liabilities

	2018	2017
	(Rupees in '000)	
Segment assets		
Gas transmission and distribution	**361,058,235**	291,242,128
Meter manufacturing	**2,993,343**	2,902,230
Total segment assets	**364,051,578**	294,144,358
Unallocated		
- Loans and advances	**962,931**	1,104,366
- Taxation - net	**19,699,217**	18,970,646
- Interest accrued	**490,111**	490,198
- Cash and bank balances	**791,931**	1,147,188
	21,944,190	21,712,398
Total assets as per statement of financial position	**385,995,768**	315,856,756
Segment liabilities		
Gas transmission and distribution	**376,178,250**	294,716,915
Meter manufacturing	**956,519**	701,008
Total segment liabilities	**377,134,769**	295,417,923
Unallocated		
- Employee benefits	**5,956,657**	4,902,390
Total liabilities as per statement of financial position	**383,091,426**	300,320,313

50. DETAILS OF INVESTMENTS BY EMPLOYEES RETIREMENT BENEFIT FUNDS

Details of the value of investments by the Provident, Gratuity and Pension funds based on respective audited financial statements at June 30, 2018 and 2017 are as follows:

	2018	2017
	(Rupees in '000)	
Pension fund - executives	**1,184,607**	1,140,000
Gratuity fund - executives	**2,754,249**	2,582,000
Pension fund - non executives	**255,810**	215,000
Gratuity fund - non executives	**3,032,482**	2,970,000
Provident fund - executives	**3,682,566**	3,569,000
Provident fund - non executives	**3,512,184**	3,384,000
Benevolent fund - executives	**187,280**	175,000

51. ACCOUNTING ESTIMATES AND JUDGMENTS

51.1 Income tax

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

51.2 Staff retirement and other service benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 42 to these consolidated financial statements for valuation of these obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

52.3 Property, plant and equipment

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

52.4 Trade debts & other receivables

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

52.5 Stock in trade and stores, spares and loose tools

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

52.6 Fair value of investments

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

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

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

52.8 Recognition of gas development surcharge

Management has recognised income from gas development surcharge according to Final Revenue Requirement (FRR) issued by OGRA based on stay orders as mentioned in note 1.5. Further, gas development surcharge does not include the impact of stay orders as mentioned in note 1.5 since no revised FRR has been issued by OGRA in this regard.

52.9 Purchases of gas

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

53. BENAZIR EMPLOYEE STOCK OPTION SCHEME (BESOS)

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('the Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Holding Company, under the provisions of amended International Financial Reporting Standard 2 – Share-based Payment (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted there would have been no impact on the net profit of the Holding Company as the annual return of the Holding Company is determined under the regulatory revenue requirement, which would have covered any additional cost if incurred by the Holding Company in respect of the aforesaid Scheme.

54. RECLASSIFICATION

Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of events and transaction for the purpose of comparison, which are as follow:

Description	(Rupee in 000)	Reclassified	
		From	To
SSGC			
Late payment surcharge	3,187,260	Other Non-Operating Income	Other Income
Income for receivable against asset contribution	38,043	Other Non-Operating Income	Other Income
term deposits and profit and loss bank accounts	56,977	Other Non-Operating Income	Other Income
interest income on loan to related party	115,785	Other Non-Operating Income	Other Income
Jamshoro Joint Venture Limited (JJVL)	147,948	Other Non-Operating Income	Other Income
Water & Power Development Authority (WAPDA)	253,056	Other Non-Operating Income	Other Income
Sui Northern Gas Pipelines Limited (SNGPL)	887,843	Other Non-Operating Income	Other Income
Dividend income	2,163	Other Non-Operating Income	Other Income
Income from net investment in finance lease - SNGPL	67,748	Other Non-Operating Income	Other Income
Sale of gas condensate - net	(90,392)	Other Non-Operating Income	Other Income
Income from LPG NGL - net	356,199	Other Non-Operating Income	Other Income
Meter manufacturing division loss- net	(1,568)	Other Non-Operating Income	Other Income
Amortization of Government grant	201,758	Other Non-Operating Income	Other Income
Reversal of Impairment on Operating assets	1,190,000	Other Non-Operating Income	Other Income
LSA margins against RLNG	482,924	Other Non-Operating Income	Other Income
Meter rentals	734,638	Other Operating Income	Other Income
RLNG transportation income	4,146,045	Other Operating Income	Other Income
Recognition of income against deferred credit	401,390	Other Operating Income	Other Income
Income from new service connections and asset contribution	285,151	Other Operating Income	Other Income
Income from LPG air mix distribution - net	141,164	Other Operating Income	Other Income
Recoveries from customers	104,378	Other Operating Income	Other Income
Liquidated damages recovered	582,111	Other Operating Income	Other Income
Advertising income	1,062	Other Operating Income	Other Income
Income from sale of tender documents	5,414	Other Operating Income	Other Income
Scrap sales	50,550	Other Operating Income	Other Income
Miscellaneous	103,210	Other Operating Income	Other Income
Unclaimed Dividend	285,721	Trade and Other Payable	Unclaimed dividend
SSGC (LPG) Private Limited			
Provision	26,509	Trade and other payables	Provision
Contracted Services	8,754	Salaries, wages, and benefits	Contracted Services

55. GENERAL

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

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

56. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue in Board of Directors meeting held on June 20, 2020.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

STATISTICAL INFORMATION

Ten Years Summary

Key Statistical Data For the year ended 30 June	Unit	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Gas purchased	MMCF	**438,147**	438,389	469,381	434,871	423,760	419,275	405,322	395,779	428,541	423,194
Gas sold	MMCF	**361,824**	362,313	384,988	362,510	356,628	373,645	373,645	364,409	388,828	384,522
Mains - transmission	Km	**4,054**	3,997	3,614	3,551	3,551	3,490	3,401	3,337	3,320	3,320
Mains & services - distribution - additions	Km	**689**	758	871	801	673	1,455	1,709	2,468	2,503	2,352
New connections	Each	**89,398**	86,359	95,353	96,366	81,411	86,210	128,601	112,748	112,732	114,846
LPG air mix sales	MMBTU	**216,015**	156,242	108,963	90,966	80,853	68,428	37,492	9,065	-	-
Gas meters - produced / assembled	Each	**503,840**	444,850	491,799	614,680	851,460	690,129	675,521	612,903	750,000	650,460
Income statement							**Rs. Million**				
Sales		**184,015**	187,028	214,637	182,792	176,545	164,354	153,269	126,403	127,614	118,585
GST		**(25,252)**	(25,666)	(31,234)	(23,939)	(24,004)	(22,156)	(19,394)	(16,001)	(15,340)	(14,446)
Sales excluding GST		**158,763**	161,362	183,403	158,853	152,541	142,198	133,875	110,402	112,274	104,139
Gas Development Surcharge and RLNG differential margin		**18,641**	(4,689)	(44,787)	3,730	742	9,440	(2,971)	4,127	(4,537)	4,012
Net sales		**177,404**	**156,673**	**138,616**	**162,583**	**153,283**	**151,638**	**130,904**	**114,529**	**107,737**	**108,151**
Cost of gas		**(168,464)**	(140,658)	(147,285)	(154,261)	(150,516)	(135,449)	(117,763)	(102,890)	(95,333)	(102,388)
Transmission and distribution costs		**(11,842)**	(11,277)	(11,306)	(10,281)	(7,836)	(8,938)	(7,086)	(6,395)	(7,019)	(3,898)
Administrative and selling expenses		**(4,163)**	(4,049)	(3,616)	(3,514)	(3,212)	(3,071)	(2,697)	(2,905)	(2,252)	(2,012)
Depreciation		**(7,187)**	(5,839)	(5,075)	(4,698)	(4,128)	(3,981)	(3,565)	(3,177)	(2,782)	(2,594)
Other operating expenses		**(5,512)**	(3,293)	(2,356)	(1,588)	(2,181)	(4,952)	(2,873)	(1,645)	(752)	(2,353)
Other income		**14,002**	13,451	25,799	12,686	16,196	12,741	14,698	13,788	12,430	9,919
Operating (loss) / profit		**(5,762)**	**5,008**	**(5,222)**	**927**	**1,606**	**7,988**	**11,618**	**11,305**	**12,029**	**4,825**
Finance cost		**(5,064)**	(1,692)	(2,618)	(9,696)	(7,416)	(7,608)	(7,532)	(5,786)	(5,016)	(4,410)
Profit before taxation		**(10,826)**	**3,316**	**(7,840)**	**(8,769)**	**(5,810)**	**380**	**4,086**	**5,519**	**7,013**	**415**
Taxation		**(4,022)**	(1,980)	1,725	3,378	2,057	(132)	(1,505)	(795)	(2,614)	(159)
Profit after taxation		**(14,848)**	**1,336**	**(6,115)**	**(5,391)**	**(3,753)**	**248**	**2,581**	**4,724**	**4,399**	**256**
Balance Sheet											
Share capital		**8,809**	8,809	8,809	8,809	8,809	8,809	8,809	8,390	6,712	6,712
Reserves		**(19,076)**	(4,455)	(6,391)	(234)	4,806	7,074	9,439	9,385	7,360	2,972
Surplus on revaluation of fixed assets		**13,673**	11,728	11,728	10,252	10,252	10,252	10,252	10,252	-	-
Total Equity		**3,406**	**16,082**	**14,146**	**18,827**	**23,867**	**26,135**	**28,500**	**28,027**	**14,072**	**9,684**
Deferred tax		**-**	-	-	-	3,321	5,865	7,622	7,651	7,018	5,014
Employees post-retirement benefits		**5,935**	4,886	4,704	4,688	3,470	2,518	2,154	1,825	1,530	1,308
Long term deposits & advances		**18,331**	16,429	13,555	11,411	9,379	6,416	6,497	5,359	4,873	4,282
Obligation against pipeline		**933**	983	1,028	1,069	-	-	-	-	-	-
Deferred credit		**6,038**	5,321	5,842	7,115	5,449	5,748	5,337	5,519	4,989	4,847
Long term financing		**44,722**	48,790	22,573	17,493	20,860	24,770	18,315	14,471	11,646	17,496
Non-current liabilities		**75,959**	76,409	47,702	41,776	42,479	45,317	39,925	34,825	30,056	32,947
Current portion of long term financing		**11,574**	7,045	5,756	8,146	4,046	3,598	3,227	4,272	5,035	4,969
Short term borrowings		**9,760**	2,901	4,860	989	3,141	4,018	-	-	3,721	-
Trade payables		**234,616**	168,177	143,782	145,975	114,771	80,522	78,532	56,717	44,560	45,490
Other payables		**32,923**	28,060	45,829	27,167	18,311	15,477	7,079	5,498	6,487	3,282
Current portion of obligation against pipeline		**49**	45	41	38	-	-	-	-	-	-
Current portion of deferred credit		**571**	423	428	430	-	-	-	-	-	-
Interest and mark-up accrued		**17,229**	16,899	16,532	34,069	26,831	21,904	16,197	10,823	6,829	4,182
Taxation - net		**-**	-	-	-	-	-	-	-	-	-
Current liabilities		**306,722**	223,550	217,228	216,814	167,100	125,519	105,035	77,310	66,632	57,923
Total equity and liabilities		**386,087**	316,041	279,076	277,417	233,446	196,971	173,460	140,162	110,760	100,554
Work in progress		**11,071**	8,726	23,433	9,536	8,134	7,183	6,905	5,664	4,751	3,538
Operating tangible fixed assets		**109,453**	106,267	73,278	64,406	62,031	60,553	57,355	53,981	36,915	34,558
Property, plant & equipment		**120,524**	114,993	96,711	73,942	70,165	67,736	64,260	59,645	41,666	38,096
Intangible assets		**49**	74	25	36	89	125	46	16	5	44
Long term financial assets		**1,821**	2,051	1,776	1,913	1,866	1,926	2,002	1,125	1,254	1,381
Deferred tax		**-**	2,476	2,669	292	-	-	-	-	-	-
Non-current assets		**122,394**	119,594	101,181	76,183	72,120	69,787	66,308	60,786	42,925	39,521
Stores spares & loose tools		**2,015**	2,472	2,147	1,821	2,174	2,166	2,080	2,263	2,037	1,703
Stock in trade		**1,125**	1,139	802	860	889	629	780	703	455	491
Trade debts		**76,761**	82,137	86,285	90,352	78,906	76,285	70,613	49,182	43,816	32,568
Other receivables		**151,970**	80,194	58,047	81,831	61,253	38,774	25,886	19,975	17,799	23,318
Interest and mark-up accrued		**11,691**	10,594	9,191	7,661	6,292	5,529	4,681	3,474	2,834	1,198
Taxation - net		**19,549**	18,867	19,987	17,443	10,475	2,788	1,428	2,306	90	167
Trade deposits & prepayments		**172**	147	482	282	137	166	181	388	183	111
Cash & bank balances		**410**	897	954	984	1,200	847	1,503	1,085	621	1,477
Current assets		**263,693**	196,447	177,895	201,234	161,326	127,184	107,152	79,376	67,835	61,033
Total Assets		**386,087**	316,041	279,076	277,417	233,446	196,971	173,460	140,162	110,760	100,554
Earning Per share (Rupees)		**(16.86)**	1.52	(6.94)	(6.12)	(4.26)	0.28	2.93	5.63	6.55	0.38

* - Due to promulgation of Companies Act 2017, Surplus on revaluation of Fixed Assets is part of equity.

Ten Years of Progress

Gas Customers	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Industrial										
Karachi	**3,503**	3,497	3,474	3,457	3,457	3,428	3,447	3,380	3,245	3,197
Sindh (Interior)	**646**	640	643	639	643	636	626	607	564	549
Balochistan	**58**	59	57	57	56	55	56	55	54	55
Sub - total	**4,207**	4,196	4,174	4,153	4,156	4,119	4,129	4,042	3,863	3,801
Commercial										
Karachi	**15,810**	15,898	16,064	16,366	16,763	17,102	17,442	17,998	17,673	17,362
Sindh (Interior)	**4,171**	4,206	4,393	4,527	4,617	4,756	4,854	4,872	4,465	4,266
Balochistan	**2,714**	2,660	2,624	2,515	2,360	2,261	2,198	2,128	2,018	1,978
Sub - total	**22,695**	22,764	23,081	23,408	23,740	24,119	24,494	24,998	24,156	23,606
Domestic										
Karachi	**1,807,559**	1,760,001	1,720,164	1,692,138	1,667,817	1,635,129	1,597,926	1,544,709	1,482,439	1,438,769
Sindh (Interior)	**813,107**	793,123	772,925	742,712	710,844	682,238	640,452	582,916	535,736	497,545
Balochistan	**265,556**	259,087	253,113	248,174	240,145	229,252	222,116	211,228	200,963	191,279
Sub - total	**2,886,222**	2,812,211	2,746,202	2,683,024	2,618,806	2,546,619	2,460,494	2,338,853	2,219,138	2,127,593
Total										
Karachi	**1,826,872**	1,779,396	1,739,702	1,711,961	1,688,037	1,655,659	1,618,815	1,566,087	1,503,357	1,459,328
Sindh (Interior)	**817,924**	797,969	777,961	747,878	716,104	687,630	645,932	588,395	540,765	502,360
Balochistan	**268,328**	261,806	255,794	250,746	242,561	231,568	224,370	213,411	203,035	193,312
Grand Total	**2,913,124**	2,839,171	2,773,457	2,710,585	2,646,702	2,574,857	2,489,117	2,367,893	2,247,157	2,155,000

Gas Sales in million cubic feet	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Industrial										
Karachi	**190,169**	191,842	207,654	206,459	209,704	209,866	211,209	210,321	231,943	235,244
Sindh (Interior)	**52,860**	52,756	74,164	52,215	46,058	48,577	42,645	45,828	61,990	60,343
Balochistan	**9,099**	9,010	8,379	9,648	9,118	9,091	9,167	9,425	10,637	9,854
Sub - total	**252,127**	253,608	290,197	268,322	264,880	267,534	263,021	265,574	304,570	305,441
Commercial										
Karachi	**7,847**	7,825	7,772	7,869	7,843	7,938	8,040	7,864	8,036	7,803
Sindh (Interior)	**1,621**	1,618	1,641	1,645	1,737	1,748	1,780	1,672	1,559	1,464
Balochistan	**905**	901	843	773	736	711	709	649	610	581
Sub - total	**10,373**	10,344	10,256	10,287	10,316	10,397	10,529	10,185	10,205	9,848
Domestic										
Karachi	**61,236**	61,459	52,938	52,829	52,127	62,021	59,236	52,632	49,038	45,766
Sindh (Interior)	**24,681**	25,527	22,151	21,538	19,995	23,523	21,319	18,633	16,770	15,593
Balochistan	**13,406**	11,375	9,447	9,534	9,310	10,170	10,304	9,016	8,245	7,874
Sub - total	**99,323**	98,361	84,536	83,901	81,432	95,714	90,859	80,281	74,053	69,233
Total										
Karachi	**259,252**	261,126	268,364	267,157	269,674	279,825	278,485	270,817	289,017	288,813
Sindh (Interior)	**79,162**	79,901	97,956	75,398	67,790	73,848	65,744	66,133	80,319	77,400
Balochistan	**23,410**	21,286	18,669	19,955	19,164	19,972	20,180	19,090	19,492	18,309
Grand Total	**361,824**	362,313	384,989	362,510	356,628	373,645	364,409	356,040	388,828	384,522

Pattern of Shareholdings As of June 30, 2018

# Of Shareholders	Shareholdings 'Slab			Total Shares Held
6280	1	to	100	149,717
3400	101	to	500	1,072,798
1878	501	to	1000	1,624,769
8951	1001	to	5000	16,006,276
846	5001	to	10000	6,415,845
273	10001	to	15000	3,504,657
173	15001	to	20000	3,178,449
85	20001	to	25000	1,995,838
57	25001	to	30000	1,619,361
54	30001	to	35000	1,780,296
41	35001	to	40000	1,589,849
27	40001	to	45000	1,152,204
61	45001	to	50000	3,017,362
15	50001	to	55000	790,555
14	55001	to	60000	831,159
12	60001	to	65000	756,988
15	65001	to	70000	1,021,991
10	70001	to	75000	738,500
14	75001	to	80000	1,091,547
6	80001	to	85000	495,973
5	85001	to	90000	442,578
6	90001	to	95000	562,062
22	95001	to	100000	2,197,176
6	100001	to	105000	619,441
8	105001	to	110000	865,909
4	110001	to	115000	455,813
3	115001	to	120000	356,000
3	120001	to	125000	374,000
2	125001	to	130000	260,000
9	130001	to	135000	1,188,000
2	135001	to	140000	277,000
3	140001	to	145000	429,000
5	145001	to	150000	747,500
3	150001	to	155000	457,750
5	155001	to	160000	793,500
3	160001	to	165000	489,543
2	170001	to	175000	345,187
4	175001	to	180000	718,475
1	180001	to	185000	185,000
3	190001	to	195000	581,535
13	195001	to	200000	2,590,000
3	200001	to	205000	608,271
1	215001	to	220000	216,000

Pattern of Shareholdings As of June 30, 2018

1	225001	to	230000	226,000
2	230001	to	235000	465,300
1	235001	to	240000	239,000
4	245001	to	250000	1,000,000
2	250001	to	255000	509,500
1	255001	to	260000	260,000
2	265001	to	270000	537,000
2	270001	to	275000	546,000
1	275001	to	280000	280,000
4	295001	to	300000	1,200,000
1	300001	to	305000	301,000
1	305001	to	310000	306,000
1	325001	to	330000	326,500
1	330001	to	335000	334,000
3	335001	to	340000	1,016,000
1	340001	to	345000	342,690
1	345001	to	350000	350,000
1	350001	to	355000	352,937
2	370001	to	375000	746,500
1	390001	to	395000	391,000
2	395001	to	400000	800,000
1	405001	to	410000	410,000
2	415001	to	420000	837,000
1	425001	to	430000	428,000
1	445001	to	450000	447,500
1	455001	to	460000	457,371
1	470001	to	475000	474,500
1	480001	to	485000	484,500
4	495001	to	500000	2,000,000
2	500001	to	505000	1,004,438
2	515001	to	520000	1,033,008
1	550001	to	555000	553,231
1	555001	to	560000	560,000
2	560001	to	565000	1,124,500
1	590001	to	595000	590,500
4	595001	to	600000	2,393,251
1	610001	to	615000	610,500
1	620001	to	625000	621,500
1	635001	to	640000	636,636
1	645001	to	650000	649,500
1	695001	to	700000	700,000
1	720001	to	725000	721,000
2	745001	to	750000	1,495,500
1	775001	to	780000	780,000
1	785001	to	790000	788,500
1	810001	to	815000	813,000
1	855001	to	860000	858,500

Pattern of Shareholdings As of June 30, 2018

1	895001	to	900000	900,000
1	900001	to	905000	902,000
1	940001	to	945000	941,500
2	995001	to	1000000	2,000,000
2	1060001	to	1065000	2,127,801
1	1080001	to	1085000	1,083,000
1	1095001	to	1100000	1,095,500
1	1155001	to	1160000	1,159,000
2	1165001	to	1170000	2,338,500
1	1185001	to	1190000	1,186,937
1	1220001	to	1225000	1,224,500
1	1285001	to	1290000	1,285,438
1	1295001	to	1300000	1,300,000
1	1340001	to	1345000	1,344,661
1	1495001	to	1500000	1,500,000
2	1500001	to	1505000	3,000,551
1	1555001	to	1560000	1,557,000
1	1690001	to	1695000	1,693,500
1	1740001	to	1745000	1,744,000
1	1795001	to	1800000	1,800,000
1	2085001	to	2090000	2,088,000
1	2180001	to	2185000	2,183,500
1	2280001	to	2285000	2,283,000
1	2370001	to	2375000	2,374,500
1	2885001	to	2890000	2,885,500
1	3590001	to	3595000	3,592,500
1	3645001	to	3650000	3,648,750
1	3735001	to	3740000	3,735,679
1	4210001	to	4215000	4,210,152
1	4750001	to	4755000	4,754,500
1	5810001	to	5815000	5,811,500
1	7620001	to	7625000	7,624,823
1	7950001	to	7955000	7,954,000
1	8190001	to	8195000	8,192,028
1	10940001	to	10945000	10,941,554
1	11295001	to	11300000	11,296,500
1	11840001	to	11845000	11,842,700
1	12690001	to	12695000	12,694,227
1	13265001	to	13270000	13,269,000
1	13345001	to	13350000	13,349,674
1	14310001	to	14315000	14,314,772
1	14985001	to	14990000	14,985,400
1	57750001	to	57755000	57,754,179
1	63880001	to	63885000	63,882,029
1	468465001	to	468470000	468,468,218
22,449				**880,916,309**

Categories of Shareholdings

As of June 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MIRZA MAHMOOD AHMED	2	7,218	0.00
AGHA SHER SHAH	1	1,000	0.00
MUHAMMAD AMIN	1	500	0.00
Associated Companies, undertakings and related parties	-	-	-
Executives	-	-	-
Public Sector Companies and Corporations	15	106,584,220	12.10
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	56	29,580,062	3.36
Mutual Funds			
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	66,828	0.01
CDC - TRUSTEE NIT STATE ENTERPRISE FUND	1	11,842,700	1.34
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	1,186,937	0.13
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	553,231	0.06
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	7,624,823	0.87
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	1,744,000	0.20
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	1	2,283,000	0.26
CDC - TRUSTEE MEEZAN ENERGY FUND	1	1,557,000	0.18
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	9,500	0.00
CDC - TRUSTEE MEEZAN BALANCED FUND	1	100,000	0.01
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	1,693,500	0.19
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	20,000	0.00
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	1	45,000	0.01
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	780,000	0.09
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	15,000	0.00
CDC - TRUSTEE FAYSAL STOCK FUND	1	100,000	0.01
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	161,000	0.02
CDC - TRUSTEE HBL ENERGY FUND	1	1,065,000	0.12
CDC - TRUSTEE MCB DCF INCOME FUND	1	517,000	0.06
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	80,000	0.01
CDC - TRUSTEE DAWOOD ISLAMIC FUND	1	15,000	0.00
CDC - TRUSTEE ABL STOCK FUND	1	700,000	0.08
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	50,000	0.01
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	1	32,000	0.00
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	70,000	0.01
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	25,000	0.00
CDC - TRUSTEE LAKSON INCOME FUND - MT	1	50,000	0.01

Categories of Shareholdings

CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	1	474,500	0.05
CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	1	2,000	0.00
MCBFSL - TRUSTEE NAFA INCOME FUND - MT	1	336,000	0.04
CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	20,000	0.00
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	196,000	0.02
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	1	153,500	0.02
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	1,159,000	0.13
MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	1	500,000	0.06
General Public			
a. Local	22,063	76,047,137	8.63
b. Foreign	9	249,134	0.03
Foreign Companies	39	45,716,398	5.19
Others			
A. THE PRESIDENT ISLAMIC REPUBLIC OF PAKISTAN	1	468,468,218	53.18
B. SSGC EMPLOYEES EMPOWERMENT TRUST	1	63,882,029	7.25
C. JOINT STOCK COMPANIES	155	21,958,949	2.49
D. RETIREMENT FUNDS AND CHARITABLE TRUSTS	26	31,651,370	3.59
E. ALL OTHERS	45	1,542,555	0.18
Totals	**22449**	**880,916,309**	**100.00**

Shareholders holding 5% or more	Shares Held	Percentage
THE PRESIDENT ISLAMIC REPUBLIC OF PAKISTAN	468,468,218	53.18
SSGC EMPLOYEES EMPOWERMENT TRUST	63,882,029	7.25
STATE LIFE INSURANCE CORP. OF PAKISTAN	57,754,179	6.56

Spellathone کے ذریعہ دوستانہ انداز میں ان کو ماحولیات کے بنیادی مسائل اور بچت کی ضرورت کے بارے میں آگہی فراہم کی۔ کمپنی نے مستحق طلبہ کو اسکول آف لیڈرشپ فاؤنڈیشن (SoLF) کے تحت ینگ لیڈرز کانفرنس کے اعلیٰ درجہ کے پانچ روزہ تربیتی پروگرام میں شرکت کیلئے تعاون کیا۔

صحت کی دیکھ بھال:

مالی سال 2017-18 کے دوران میں ایس ایس جی سی نے میری ایڈیلیڈ لیپروسی سینٹر (MALC) کو ان کے دو میڈیکل سینٹرز، ٹرپل مرجر سینٹر، میرپور خاص اور آئی کیئر سینٹر، گوادر، چلانے کے تمام سالانہ اخراجات کیلئے مالی مدد فراہم کی۔ کمپنی نے تھیلیسیما کے مریض بچوں کے علاج کیلئے مشہور این جی اوز جیسے افضال میموریل تھیلیسیما فاؤنڈیشن (AMTF)، عمر شاہ فاؤنڈیشن (OSF) اور ہیلپ انٹرنیشنل ویلفیئر ٹرسٹ (HIWT) سے رابطہ کیا اور تعاون پیش کیا۔ آنکھوں کے کینسر میں مبتلا بچوں کے علاج کیلئے چائلڈ ایڈ ایسوسی ایشن NICH، کراچی سے بھی تعاون کیا جاتا ہے۔

کمپنی نے معذور افراد کو مصنوعی ٹانگوں کی فراہمی کیلئے ہیلتھ اینڈ سوشل ویلفیئر ایسوسی ایشن (HASWA) کے ساتھ بھی تعاون کیا ہے۔ کمپنی نے اتھل اور بیلہ کے ضرورتمند مریضوں کیلئے، خاص طور پر کراچی کے ہسپتالوں میں بروقت منتقل کرنے کی غرض سے لسبیلہ ویلفیئر ٹرسٹ (LWT) کو ایمبولینس کا تحفہ پیش کیا۔ ایس ایس جی سی سے سندھ انسٹی ٹیوٹ آف یورولوجی اینڈ ٹرانسپلانٹیشن سکھر (SUIT) کو ڈائیلاسس مشین اور پورٹیشنٹس ایڈ سوسائٹی، سول ہسپتال، کراچی (PPAS) کو الٹرا ساؤنڈ مشین بھی عطیہ کی ہے۔

ماحولیات اور دیگر فلاحی کام:

کئی سال سے ایس ایس جی سی پلاسٹک بیگس کے استعمال کی حوصلہ شکنی کرتی آئی ہے اور اس کی جگہ بایوڈی گریڈ ایبل بیگ کی سفارش کرتی ہے جو کمپنی کے فرنچائز صوبوں سندھ اور بلوچستان کو عوام کے استعمال کیلئے ڈپارٹمنٹل اسٹورز کو تحفہ دیے گئے ہیں۔ ان پیپر بیگس کے دونوں طرف گیس کی بچت اور تحفظ کے پیغامات بھی پرنٹ کیے گئے ہیں۔ یہ سرگرمی زیرِ جائزہ مدت میں جاری رہی۔ کمپنی ایس او ایس ویلج کراچی میں رہنے والے یتیم اور بے سہارا بچوں کے بھی تمام سالانہ تعلیمی، بورڈنگ / لاجنگ کے اخراجات برداشت کرتی ہے۔ کمپنی نے پہلی مرتبہ اپنے ہیڈ آفس کی عمارت کے سامنے سڑک کے کنارے پیدل اور گاڑیوں میں جانے والوں کو افطار کیلئے فوڈ باکس تقسیم کیے۔

اعتراف:

ڈائریکٹرز شیئر ہولڈرز اور اپنے معزز صارفین کی مسلسل سپورٹ اور سرپرستی پر ان کے شکرگزار ہیں۔ اس کے ساتھ ہم تمام ملازمین کے خلوص دل سے خدمات کو اعتراف کرتے ہیں جو انہوں نے کمپنی کو درپیش متعدد چیلنجز کے باوجود تندہی سے انجام دیں۔ ہم حکومت پاکستان، وزارت پیٹرولیم اور قدرتی وسائل اور آئل اینڈ گیس ریگولیٹری اتھارٹی کی جانب سے مسلسل رہنمائی اور تعاون پر معترف ہیں۔ بورڈ اپنے رخصت ہونے والے ڈائریکٹرز کی جانب سے پالیسی سازی میں ان کے کردار اور مسائل کے حل میں بھرپور توجہ پر خصوصی شکریہ ادا کرتے ہیں۔

از طرف بورڈ،

ڈاکٹر شمشاد اختر	محمد امین راجپوت
چیئرپرسن، بورڈ آف ڈائریکٹرز	ایکٹنگ مینجنگ ڈائریکٹر

جولائی 11، 2020ء

ایس ایس جی سی۔ ایل پی جی (پرائیویٹ) لمیٹڈ (ایس ایس ایل)

ایس ایس جی سی۔ ایل پی جی (پرائیویٹ) لمیٹڈ، سوئی سدرن گیس کمپنی کا کل ملکیتی ذیلی ادارہ ہے جو ایل پی جی کی مارکیٹنگ میں مصروف عمل ہے، جس کو مالی سال 2017-18 کے دوران میں خالص آمدنی میں 117 ملین روپے کا اضافہ ہوا۔ یہ ایل پی جی کی فروخت میں بہتری کے سبب حاصل ہوا جبکہ ایل پی جی کی مقامی طور پر پیداوار کے سبب ٹرمینل کی فروخت میں کمی آئی۔ کمپنی کا 42% مارکیٹ شیئر برقرار رہا (مالی سال 2017: 44%)۔ سال کے دوران میں مارکیٹ شیئر میں یہ معمولی کمی پی کیو اے پر اسٹوریج ٹینکس کی دیکھ بھال اور ری سرٹیفکیشن کے باعث آئی جس کے نتیجے میں چند ماہ میں شدید موسمی (سرما) طلب سے 1,000-1,500 گنجائش کم ہوئی۔

کمپنی اپنے پارسلز کی درآمد پروڈکٹ کو بلک میں دیگر مارکیٹنگ کمپنیز کو فروخت کرنے کے ساتھ ساتھ اپنے ٹرمینل کی مقدار میں بہتری لا کر ایل پی جی کے شعبہ میں مارکیٹ شیئر میں اضافہ کا منصوبہ بنا رہی ہے۔

اجتماعی سماجی ذمہ داری (CSR)

مالی سال 2017-18 کے دوران میں اپنے مختلف سماجی ذمہ داریوں (CSR) کے پروگراموں کا سلسلہ جاری رکھا اور سندھ اور بلوچستان کے فرنچائز علاقوں میں تعلیم، صحت، ماحولیات اور دیگر فلاحی کاموں سے متعلق منصوبوں میں سرمایہ کاری کی جس میں ان صوبوں کی کم مراعات یافتہ رہائشی کمیونٹی کی زندگیوں میں بہتری لانے پر توجہ مرکوز رکھی۔

تعلیم:

کئی سالوں سے قابل طلبہ، جو معاشی تنگی کے سبب اعلیٰ تعلیم حاصل کرنے سے محروم تھے، کو اسکالرشپ دینا ایس ایس جی سی کے سی ایس آر پروگرام کا نمایاں حصہ ہے۔ کمپنی انسٹی ٹیوٹ آف بزنس ایڈمنسٹریشن، کراچی (IBA)، سکھر IBA، قائدعوام یونی ورسٹی۔ اے انجینئرنگ، سائنس اینڈ ٹیکنالوجی، نوابشاہ (QUEST)، مہران یونی ورسٹی۔ اے انجینئرنگ اینڈ ٹیکنالوجی، جام شورو (MUET) بلوچستان یونی ورسٹی برائے انفارمیشن ٹیکنالوجی، انجینئرنگ اینڈ مینجمنٹ سائنسز، کوئٹہ (BUITEMS)، لسبیلہ یونی ورسٹی آف ایگریکلچر، واٹر اینڈ میرین سائنسز اتھل (LUAMWMS) اور بلوچستان یونی ورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی، خضدار (BUETK) کے اشتراک سے تیسرے لیول کی اسکالرشپ فراہم کرتی ہے۔ ایس ایس جی سی ریسرچ پبلی پروجیکٹس میں سہولت کیلئے مہران یونی ورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی کو مالی معاونت بھی فراہم کرتی ہے۔

کمپنی کم مراعات یافتہ اسکول کے طلبہ کو (بشمول بہرے بچوں) ان کے تمام تعلیمی اخراجات کیلئے مدد کرتی ہے۔ جو تعلیمی ادارے ایس ایس جی سی کے ساتھ اشتراک کرتے ہیں ان میں چھالا ئنگ بلوچستان ایجوکیشنل پروگرام، کوئٹہ (CBEP)، الجبرہ اسکول ٹرسٹ (AHST)، زیارت اینڈ فیملی ایجوکیشنل سروسز فاؤنڈیشن، رشید آباد (FESF) شامل ہیں۔ ایس ایس جی سی نے سوشل آرگنائزیشن فار کیئر آف ہیومنٹی، کوئٹہ (SOCH) کے ذریعہ ٹیکنیکل ایجوکیشن (میڈیکل سے متعلق ٹریڈز) کے کم مراعات یافتہ طلبہ کو بھی مدد فراہم کی ہے۔

کمپنی معروف تعلیمی ادارے دی سٹیزن فاؤنڈیشن (TCF) کو ان کے دو اسکول، ایک سندھ اور ایک بلوچستان میں، چلانے کے مکمل اخراجات کیلئے سالانہ امداد فراہم کرتی ہے۔ اس کے علاوہ امکان ویلفیئر آرگنائزیشن (IWO) کو ان کے کراچی کے مضافاتی علاقے مچھر کالونی میں واقع لرننگ سینٹر چلانے کے تمام اخراجات کیلئے بھی مدد فراہم کر چکی ہے۔ نیز پاکستان ہندو کونسل (PHC) کی سرپرستی میں ضلع تھرپارکر میں قائم 15 تعلیمی اداروں کیلئے فرنیچر (ڈیسک سیٹ) بھی فراہم کئے گئے۔ کوئٹہ کے تاریخی اسکول گورنمنٹ فورٹ سنڈ مین ہائی اسکول کو کمپیوٹرز اور لیبارٹری کا سامان فراہم کیا گیا۔ معروف بین الاقوامی این جی او WWF پاکستان کے اشتراک سے ایس ایس جی سی نے کوئٹہ اور کے اسکولوں کے 1,500 کے ضرورت مند طلبہ تک رسائی حاصل کی اور WWF پاکستان کے پروگرام

میں بالترتیب 51اور288 ایگزیکٹیوز کو ترقی دی گئی۔ پوری کمپنی میں تمام گریڈز میں ترقی کے سلسلے کا آغاز 2018 میں ہوا تھا۔ ایگزیکٹیو جاب روٹیشن پلان فیز III کے مطابق کا 81 ایگزیکٹیوز کو جاب روٹیشن پلان کے تحت گریڈ V اور گریڈ VI میں تبدیل کیا گیا۔ گریڈز II، III اور IV میں بھی روٹیشن کا عمل کامیابی کے ساتھ مکمل ہوا جس میں 715 میں سے 670 ایگزیکٹیوز کو تبدیل کیا گیا۔

SSGC کی انتظامیہ سی بی اے کے ساتھ ہمیشہ خوشگوار تعلقات پر یقین رکھتی ہے تاکہ پوری کمپنی میں پائیدار صنعتی امن برقرار رہے اور ایچ آر نے یہ ہدف کامیابی کے ساتھ حاصل کیا ہے۔ اوور ٹائم کی ادائیگی میں بڑھتے ہوئے رجحانات کو کنٹرول کرنے کیلئے کئی اقدامات کیے گئے اور اوور ٹائم کی رقم کو منظور شدہ 866 ملین روپے کے بجٹ کے مقابلے میں 708 ملین روپے تک محدود رکھنے کے انتظامات کیے گئے جس کے نتیجے میں 157 ملین روپے کی بچت ہوئی۔

میسرز پیپلز لیبر یونین (سی بی اے) کے آفس بیریئر میں تبدیلی کے لئے اندرونی انتخابات 14 مئی 2018 کو رجسٹرار NIRC اسلام آباد کی نگرانی میں منعقد ہوئے۔ کمپنی کے تمام مقامات پر یہ انتخابات انتہائی پرامن ماحول میں ہوئے اور کسی بھی جگہ پر کوئی بھی ناخوشگوار واقعہ پیش نہیں آیا۔ انتظامیہ اور سی بی اے کے درمیان دستخط شدہ معاہدے کے مطابق ورکرز۔ وارڈز کوٹہ کے تحت 101 ماتحت ملازمین کا تقرر کیا گیا۔

ایچ آر کے انکوائری اینڈ ڈسپلن سیکشن نے ڈسپلن برقرار رکھنے کیلئے 45 ایگزیکٹیوز اور ماتحت عملے (18 جعلی ڈگری کی بنیاد پر، 3 دوہری ملازمت کی بنیاد پر، 24 بداخلاقی کی بنیاد پر) کے برطرفی کے احکامات جاری کردیے۔ اس کے علاوہ مین پاور کنٹریکٹر /OSP کے کمیشن ریٹ کو 15.76% سے کم کرکے 10% کردیا گیا جس کے نتیجے میں 72 ملین روپے سالانہ کی بچت ہوئی اور کنٹریکٹر /OSP کے ذریعہ مین پاور کی تعداد 19 سے گھٹا کر 13 کردی گئی۔ ون بلنگ سسٹم یعنی ایک کنٹریکٹر /OSP ۔ ایک بل۔ ایک ماہ) کا نظام نافذ ہوگیا۔

میڈیکل سروسز:

مالی سال میں میڈیکل سروس ڈپارٹمنٹ کی توجہ دواؤں کے منصفانہ استعمال، مریضوں کے تحفظ اور اسکریننگ کے ذریعہ جلد تشخیص پر رہی۔ گزشتہ سال کی طرح، دل کے دورے، ذیابطیس اور اس کی پیچیدگیوں، حادثات، صدمات اور کینسر، خاص طور پر بریسٹ کینسر، اووریز اور پروسٹیٹ کے کئی کیسز رپورٹ ہوئے۔

ہیلتھ کیئر کی لاگت کو بیماری کے اثرات کی مینجمنٹ سے مفاہمت کے بغیر موثر طور پر منظم کرلیا گیا۔ اپنے ملازمین کی سہولت کیلئے کراچی اور ملک کے دوسرے حصوں میں 4 نئے ہسپتال، 3 نئے کنسلٹنٹس اور 2 ڈینٹسٹ کو رجسٹر کیا گیا۔

اپنے بینفشریز میں مفید طبی معلومات کو زیادہ سے زیادہ پھیلانے کیلئے SSGC کے تمام سینٹرز میں آگہی پروگراموں کی روایت کو برقرار رکھا ہوا ہے۔ مانیٹرنگ کے لحاظ سے ہیلتھ کیئر کی لاگت میں تیزی سے اضافے اور افراط زر کی شرح بڑھنے کے باوجود ہم نے بچت کے رجحان کو قائم رکھا ہے اور گزشتہ سالوں کے مقابلے میں طبی لاگت میں اضافہ کا رجحان پہلی مرتبہ منفی اعداد میں آیا ہے۔

کارپوریٹ سیٹ اپ میں ہمارا بہترین ہیلتھ کیئر فراہم کرنے کا سفر ہیلتھ مینجمنٹ کے شعبہ میں ایڈوانسز کے مطابق رکھنے کیلئے رواں ہے۔

ملک کے مختلف علاقوں میں بکفایت اور معیاری صحت کی سہولتیں فراہم کرنے کیلئے میڈیکل ڈپارٹمنٹ نے زونل آفس شکارپور میں کمپنی کے ڈاکٹر کی زیرنگرانی ایک میڈیکل سینٹر قائم کیا ہے جس میں وہاں کے ایک ڈاکٹر کے معاہدے کی بھی تجدید کی ہے۔

کمپنی کے ڈاکٹرز اپنی معلومات اور صلاحیتوں میں اضافے کیلئے مختلف بیماریوں کے بارے میں سیمینارز میں شرکت کرتے رہتے ہیں اور خود کو جدید تحقیق سے آگاہ رکھتے ہیں۔ اس طرح وہ سائنسی معلومات، نئے تصورات اور ذیابطیس اور بلڈ پریشر سے متعلق علاج کی حکمت عملی کی مثالوں کی بنیاد پر طریقہ علاج اختیار کرتے ہیں۔

میڈیکل سروس ڈپارٹمنٹ نے میڈیکل ڈپارٹمنٹ میں سی سی ڈی اور انڈس ہسپتال کے اشتراک سے خون کے عطیہ کا ایک کیمپ لگانے میں بھرپور مدد فراہم کی۔

UFG بنچ مارک مطالعہ اور KMIs:

UFG بنچ مارک کی تشکیل نو میں R&D فوکل ڈپارٹمنٹ تھا، تمام ڈپارٹمنٹس کے ساتھ کوآرڈینیٹ کیا، متعلقہ معلومات ایک جگہ جمع کیں، کنسلٹنٹ ٹیم کی مدد کی اور UFG سے متعلق تمام پہلوؤں کی وضاحت کی۔ اس کے علاوہ اوگرا کی جانب سے کیے گئے استفسارات کے جواب مع کنسلٹنٹ کی رپورٹس کا تفصیلی جائزہ پیش کیا۔

تجدید شدہ UFG بنچ مارک نیٹ ورک میورمنٹ اینڈ وزیبلٹی، نیٹ ورک کی بحالی، چوری پر کنٹرول اور ریسرچ اینڈ ڈیولپمنٹ سے متعلق کی مانیٹرنگ انڈیکیٹرز (KMIs) کی روشنی میں کمپنی کی کارکردگی کی بنیاد پر نافذ کیا گیا ہے۔

ڈپارٹمنٹ نے کمپنی کی ترقی کی جانچ اور KMIs کی مانیٹرنگ کی پیش رفت میں تمام ڈپارٹمنٹ کے ساتھ کوآرڈینیشن کیلئے فارمیٹ تجویز کئے ہیں اور کمپنی کے اہداف اور UFG بنچ مارک کی جانچ کے مطابق مجموعی کارکردگی کی جانچ کیلئے فارمیٹ تجویز کئے ہیں۔

UFG پر RLNG کے اثرات:

خصوصی امور کے تحت R&D نے کراچی ڈسٹری بیوشن نیٹ ورک میں RLNG انجکشن کے اثرات کی جانچ کی۔ RLNG کی مخصوص کشش ثقل میں تنوع کے سبب نیٹ ورک پریشر میں نمایاں اضافہ دیکھا گیا جس کے نتیجے میں UFG میں اضافہ ہوا۔ اس رجحان کے ثبوت کیلئے تھیوری کی شہادت اور حسابات کے پس منظر میں ریسرچ پیپرز کی کڑی کتابی جانچ اور AGA کے معیارات کا پتہ چلایا گیا۔

ہیومن ریسورسس:

ایچ آر ڈپارٹمنٹ کا انتظامی ترقی کا شعبہ خاص طور پر اپنے ایگزیکیٹوز کی ترقی کیلئے کام کرتا ہے۔ مالی سال 18-2017 کے دوران میں سال میں 5600 سے زیادہ Man-days حاصل کئے گئے جس سے OD نے کامیابی کا ایک اور سنگ میل عبور کرلیا۔ اس کے علاوہ SSGC کے مختلف ڈپارٹمنٹس میں کل 500 طلبہ کو انٹرن شپ آفر کی گئیں۔ طلبہ کو SSGC کی مختلف آپریشنل سرگرمیوں کے بارے میں سیکھنے اور جاننے کا موقع ملا۔

سینئر انتظامیہ کیلئے رمادا ہوٹل میں UFG آگہی کانفرنس منعقد کی گئی جس میں UFG کی بنیادی وجوہات پر تفصیلی گفت وشنید ہوئی اور مستقبل میں کیے جانے والے اقدامات کے بارے میں بھی بات چیت ہوئی۔ کمپنی کے مختلف عوامل میں 60 سے زیادہ پوزیشنز پر بھرتی کیلئے کارروائی جاری ہے جبکہ اکثر پوزیشنز کیلئے 2018 کی آخری سہ ماہی میں اشتہار دیا گیا تھا کیونکہ 2018 میں ECP کی جانب سے بھرتیوں پر پابندی عائد کردی گئی تھی۔ 2018 میں آن لائن جاب پورٹل کا کامیابی کے ساتھ آغاز ہوا جس کے ذریعہ بہترین باصلاحیت افراد کو شامل کرنے کیلئے بھرتی کا مزید آسان اور خودکار طریقہ کار وضع ہوگیا۔

انتظامیہ نے 75 نوجوان گریجویٹس کے بیچ کو بھرتی کیلئے اندراج کرلیا ہے جو شاندار تعلیمی کیریئر کے حامل ہیں اور کمپنی میں "ایمرجنگ لیڈرشپ پروگرام" کے تحت ترقی کی بھرپور صلاحیت رکھتے ہیں۔ 18-2016 کے 42 ٹرینیز کے بیچ کو مستقل کیریئر کیلئے گریڈ II میں بطور اسسٹنٹ منیجر / انجینئر آفر دی گئی۔

بورڈ نے انتظامیہ کو ہدایت کی ہے کہ وہ پوری کمپنی میں بایومیٹرک حاضری کے نظام کو نافذ کرے۔ چنانچہ فاسٹ ٹریک کی بنیاد پر مشینیں نصب کروی گئی ہیں۔ SSGC کے ایگزیکیٹوز اور ماتحت عملے کا کامیابی کے ساتھ اس میں اندراج کرلیا گیا ہے جب کہ تھرڈ پارٹی ایمپلائز بھی بایومیٹرک سسٹم میں رجسٹر کرلئے گئے ہیں۔ مذکورہ مدت میں پوری کمپنی کے اندر کل 172 مشینیں نصب کی گئی ہیں۔

18-2017 کے عرصے میں ایچ آر ڈپارٹمنٹ ان گریڈ VII سے VIII ترقی کا عمل کامیابی کے ساتھ مکمل کرلیا۔ ایچ آر ڈپارٹمنٹ نے معلومات کی جانچ، انٹرویو کے انعقاد اور گریڈ VIII تک ترقی کیلئے معلومات کو حتمی کرنے کا عمل بروقت مکمل کیا۔ اس کے علاوہ گریڈ I سے II اور II سے III میں ترقی کا عمل بھی کامیابی سے مکمل ہوگیا جس

کے سلسلے میں پکڑا جاسکتا ہے۔ کمرشل میٹرز کیلئے موجودہ میٹر کے پنجروں کو Swivel میٹر لاکس سے تبدیل کیا جاسکتا ہے۔ یہ لاک اپنے منفرد ڈیزائن کی وجہ سخت، مضبوط اور ٹیمپر پروف ہوتے ہیں۔ آخر میں میٹر کو بھاری اثرات کے باعث نقصان پہنچنے سے محفوظ کرتا ہے، جس کیلئے میٹر کے اندر شاک کی نشاندہی کرنے والا آلہ نصب کیا جاسکتا ہے جو میٹر کی پائیداری ظاہر کرتا ہے۔

اثاثہ جات کی سالمیت کی مینجمنٹ پر سیمینار:

RLNG-II پروجیکٹ کے تحت نئے تنصیب شدہ گیس کمپریسرز پر غور کرتے ہوئے، SSGC لرننگ اینڈ ڈیولپمنٹ سینٹر میں ایسیٹ انٹیگریٹی مینجمنٹ پر ایک جامع ورکشاپ کا اہتمام کیا گیا۔ اس کا مقصد تباہ کن ناکامیوں سے بچنے کیلئے جدید دیکھ بھال کی حکمت عملی متعارف کروانا تھا۔ مختلف حکمت عملی پر گفت وشنید کی گئی جس میں حالات کی مانیٹرنگ، وائبریشن اور لیوب آئل کا تجزیہ اور غیر ضرر رساں ٹیسٹنگ شامل ہے۔

ٹربو ایکسپینڈر جنریٹرز:

ٹربو ایکسپینڈرز استعمال کرنے والے SSGC کے مختلف سیلز میٹرنگ اسٹیشنز (SMS) پر پاور جنریشن کی گنجائش کا تعین کرنے کیلئے ایک کیس اسٹڈی کا انعقاد کیا گیا۔ روایتی تھروٹلنگ کے طریقے سے پریشر میں کمی کے سبب توانائی کی بڑی مقدار ضائع ہوجاتی ہے۔ اگر جنریٹرز کے ساتھ ٹربو ایکسپینڈرز استعمال کیے جائیں کھوئی ہوئی توانائی بطور بجلی ریکور ہوسکتی ہے۔ 3.1 MW کے کراچی ٹرمینل پر مختلف معروف سپلائرز سے ان کی آؤٹ پٹ اور تجزیہ جاننے کیلئے رابطہ کیا گیا۔

مختلف SMS کے Aspen HYSYS®8.4 کے نمونے تیار کیے گئے اور بلندترین پاور کی گنجائش کا حساب لگایا گیا۔ اس کی تفصیلی رپورٹ سینئر مینجمنٹ کو پیش کی گئی جس نے ان کاوشوں کا سراہا اور ٹیکنیکل ٹیموں کو پیش رفت کی ہدایت کی۔

قدرتی گیس کی توانائی کی بچت مہم:

صنعتی صارفین کے درمیان گیس کی توانائی بچت کی اہمیت اجاگر کرنے کیلئے R&D ڈپارٹمنٹ نے پاکستان اسٹینڈرڈ کوالٹی کنٹرول اتھارٹی (PSQCA) کے اشتراک سے "ISO-50001 کے تحت قدرتی گیس کی توانائی کی بچت۔ انرجی مینجمنٹ سسٹم" کے موضوع پر ایک سیمینار منعقد کیا۔ اس ورکشاپ کا بڑا مقصد اپنے بڑے صارفین بشمول صنعتی، کیپٹو پاور پلانٹس اور کمرشل کے درمیان آگہی مہم کا آغاز کرنا اور قدرتی گیس انرجی آڈٹ سسٹم کی ابتدا کرنا تھا۔

گیس کے شعبہ میں اصلاحات اور ٹرانزیکشن ایڈوائزری فرم کی اہمیت:

R&D ڈپارٹمنٹ نے SNGPL، MoE اور ورلڈ بینک کے ساتھ گیس کے شعبہ میں اصلاحات پر مختلف ورکنگ گروپ میں کلیدی کردار ادا کیا اور طریقہ کار کی تفصیلات فراہم کرنے کے بعد گیس کی ترسیل اور تقسیم کار کمپنیز کی فزیبلیٹی کی جانچ کیلئے ایک جامع مالیاتی ماڈل تیار کیا۔ گروپ نے سوئی گیس کمپنیز کی آمدنی کیلئے Weighed Average Cost of Capital (WACC) کی سفارشات تجویز کرنے کے ساتھ گیس سپلائی پروجیکشنز۔ ڈاک کے ٹکٹ کے نرخ، مجوزہ پرائسنگ ایکویلائزیشن، UFG ڈس الاونسز پر تجزیہ پیش کیا تاکہ کثیر الجہت Tier صارفین میں استحکام اور کراس سبسڈی کو یقینی بنایا جاسکے۔

ڈاؤن اسٹریم گیس کے شعبہ کی اسٹرکچرل ریفارمز کیلئے ٹرانزیکشن ایڈوائزر فرم کی پیشگی اہلیت سے متعلق سرگرمیوں کے انتظامات کرنے میں R&D ڈپارٹمنٹ پیش پیش رہا۔ ایک تفصیلی RFP (ریفرنس فار پروپوزل) مع ToRs (ٹرمز آف ریفرنس) جس میں بڑے شعبہ جات یعنی فنانس، ٹیکنیکل، لیگل، ایچ آر، اکاؤنٹنگ اور ریگولیٹری حلقے شامل تھے، تیار کیا گیا اور زیادہ سے زیادہ شرکاء کی شمولیت کیلئے ایک قبل از بولی میٹنگ کا انعقاد کیا گیا۔ معروف آڈیٹنگ اور کنسلٹنسی فرمز نے بولی کی کارروائی میں شرکت کی۔ سوئی کمپنیز نے فرمز کی جانب سے پیش کیے گئے وسیع تجربے کے گہرائی کے ساتھ جائزے اور تجزیے کی جانچ کی۔ گیس کے شعبہ میں اصلاحات میں پیش رفت کیلئے حکومت کی ہدایات کا انتظار کیا جارہا ہے۔

- UFG کو مانیٹر کرنے کیلئے SSGC کے ڈسٹری بیوشن کیلئے SMS/TBS/PRS/DMS/Non-Consumers کے مقاصد کو کامیابی کے ساتھ شامل کرلیا گیا۔
- Oracle CC&B کی سالانہ دیکھ بھال کا معاہدہ مقامی پارٹنر کی بجائے Oracle Pakistan (OEM) کے ساتھ خدمات کی سطح پر بغیر کسی مفاہمت کے طے کر کے تقریباً 10 ملین روپے کی بچت کی گئی جس کو Optimized IT OPEX کی مد میں خرچ کیا گیا۔
- SSGC کے انٹرپرائز ریسورس پلاننگ سسٹم (اوریکل EBS) میں میٹریل کے معائنہ کو خودکار بنادیا گیا۔
- اوریکل EBS میں ای بزنس ٹیکسیشن پر عمل درآمد کے ذریعہ مقامی اور بین الاقوامی خریداریوں کے سیلز ٹیکس کے طریقہ کار کو خودکار بنادیا گیا۔
- SSGC کے تمام دفاتر اور سائٹس پر بایومیٹرک حاضری کا نظام نافذ کردیا گیا۔
- SSGC کی موبائل ایپلیکیشن سروس کا ایپل iOS اور گوگل اینڈرائیڈ پلیٹ فارمز پر سافٹ افتتاح کیا گیا۔

مستقبل کے منصوبے:

- اوریکل کسٹمر کیئر اینڈ بلنگ کو اپ گریڈ کیا جائے گا۔
- SSGC کے ای میل کے نظام کو IBM نوٹس سے مائکروسافٹ ایکسچینج پر تبدیل کیا جائے گا۔
- SSGC کے کال سینٹر کے نظام کو ریفریش کیا جائے گا۔

ریسرچ اینڈ ڈیولپمنٹ:

R&D ڈپارٹمنٹ کمپنی کے کاروباری آپریشنز کو رواں دواں کرنے اور اسے جدید طریقہ کار کے ساتھ اپ ٹو ڈیٹ کرنے میں اہم کردار ادا کر رہا ہے۔ ڈپارٹمنٹ بھرپور طریقے سے SSGC کے تمام ڈویژنوں اور سینئر انتظامیہ کو حکمت عملی کی اور ٹیکنیکل مدد فراہم کرتا ہے اور کمپنی کی مجموعی آپریشنل استعداد کو بہتر بنانے میں معاون ہے۔ مالی سال 18-2017 کے دوران میں ڈپارٹمنٹ نے درج ذیل پروجیکٹس پر کام کیا:

SSGC۔ اکیڈمیا اشتراک مہم:

سال کے دوران میں SSGC۔ اکیڈمیا اشتراک مہم میں نمایاں ترقی حاصل کی گئی جس میں ڈرافٹ MoU کو فائنل کرلیا گیا۔ انتظامیہ سے رسمی منظوری حاصل کرنے کے بعد اشتراک کے بجٹ کی تفویض کی گئی۔

R&D نے پانچ منتخب یونیورسٹیز بشمول NED UET، داؤد UET، مہران UET، BUITEMS، IBA سکھر کے آفیشلز سے ملاقات کی جس کا مقصد SSGC فرنچائز اور ہر ادارے کی تعلیمی مہارت کو فروغ دینا اور ان کو آن بورڈ لیا گیا۔ انتظامیہ نے ایک پروجیکٹ جائزہ کمیٹی تشکیل دی جو غور و خوض کے بعد ان پروجیکٹس کا جائزہ لے گی۔ پروجیکٹس کا آن لائن ویب پورٹل سبمیشن بھی جلد آپریشنل ہو جائے گا۔

چوری پر کنٹرول کیلئے تین تہہ کا سیکورٹی نظام:

میٹرنگ کے آلات کے ساتھ چوری اور غلط کاری کے پیش نظر R&D ٹیم نے گیس میٹرز کی گڑبڑ کیلئے سختی برتنے کیلئے اضافی کنٹرول کی تجویز دی ہے۔ گھریلو صارفین کیلئے میٹرنگ رسائی سے حفاظت کیلئے میٹر کپلنگ پر Heat Shrink Sleeve seals نصب کی جاسکتی ہیں۔ اگر اس میں گڑبڑ پائی گئی تو صارف کو متوقع چوری

ہیلتھ سیفٹی انوائرنمنٹ اینڈ کوالٹی ایشورنس (HSE & QA):

HSE&QA پورے SSGC میں HSE&QA کی غیر مشروط طور پر سنجیدگی سے پابندی کے کلچر کو فروغ دینے میں مسلسل کوشاں ہے۔ اس سلسلے میں ایک جامع مربوط مینجمنٹ سسٹم وضع کیا گیا ہے جو کوالٹی مینجمنٹ سسٹم، انوائرنمنٹ مینجمنٹ سسٹم اور آکوپیشنل ہیلتھ اینڈ سیفٹی مینجمنٹ سسٹم پر مشتمل ہے جو تمام فرنچائز ایریاز میں نافذ کیا گیا ہے۔ دیگر حیرت انگیز سرگرمیوں کے علاوہ HSE&QA نے دوطرفہ ٹریننگ کے ذریعہ ملازمین کے رویّے میں کشادگی لانے میں اہم کردار ادا کیا ہے۔

HSE&QA نے QA/QC کنٹریکٹر کے ساتھ "42 ڈایامیٹر کی 342 کلومیٹر لمبی RLNG ٹرانسمیشن لائن کی تعمیر میں بھی زبردست کردار ادا کیا ہے۔

اس کے علاوہ ترقی کے ضمن میں "بنا کاغذ" اور کاغذات کی مینوئل طریقے سے ترسیل سے چھٹکارے کیلئے HSE&QA نے IT ڈپارٹمنٹ کے ساتھ مل کر HSE&QA کی کارکردگی کے ڈیش بورڈ اور حادثات کی نوٹیفکیشن اور تفتیش کے ساتھ ساتھ عدم مطابقت کی آن لائن ویب پورٹل کے طریقہء کار کا کامیابی کے ساتھ آغاز کیا ہے جس سے دفتری امور میں کاغذ کے استعمال سے ہونے والے نمایاں ضیاع کا خاتمہ ہوا ہے اور دستاویزات کو آسانی کے ساتھ تلاش کیا جا سکتا ہے۔

یہ ڈیٹا بیس اب معلومات کو ایک منظم طریقے سے سنبھالنے اور ترتیب دینے کیلئے استعمال کیا جا سکتا ہے تا کہ اعلیٰ انتظامیہ کو فیصلہ ساز کارروائی کرنے میں آسانی ہو۔

UFG کے مسئلے سے نمٹنے کیلئے HSE&QA کے انجینئر باقاعدگی کے ساتھ اہم تنصیبات جیسے ٹاؤن بارڈر اسٹیشنز، پریشر ریڈیوسنگ اسٹیشنز، سی پی اسٹیشنس اور دیوار گیر صنعتی اور کمرشل میٹرز کا معائنہ کرتے رہتے ہیں تا کہ UFG سے متعلق اہم پوائنٹس کی شناخت کی جا سکے۔ اس کے علاوہ سروس سے متعلق مخصوص ٹیکنیکل پارٹس (سروس والو، سروس ٹی، ریگولیٹر، سواویل اور نٹ اسمبلی، میٹر لاک کاک وغیرہ) کا جائزہ لیا جاتا ہے اور ان کو اپ ڈیٹ رکھا جاتا ہے۔ چونکہ پارٹس کے معائنہ کا عمل ڈیولپمنٹ اینڈ انسپیکشن شاپ پر نمونے کی بنیاد پر کیا جاتا ہے، اس لئے غیر معیاری میٹریل سے بچنے کیلئے وینڈر کی پری کوالیفکیشن مکمل کی جاتی ہے جس سے معیار کے مسائل کو کم سے کم کرنے میں مدد ملتی ہے۔

HSE&QA معیار سے متعلق تمام سرگرمیوں کیلئے بھرپور کوشش کر رہی ہے چنانچہ ایک اسٹیٹ آف دی آرٹ کوالٹی ایشورنس لیب قائم کرنے کا منصوبہ بنایا گیا ہے۔ اس کے لئے DI شاپ کو بھی ڈوپ یارڈ منتقل کیا جائے گا، ٹیسٹنگ کے پرانے آلات جدید آلات/اوزاروں سے تبدیل کئے جائیں گے، ریگولیٹر اور کنویئر بیلٹ کیلئے آٹومیٹڈ ٹیسٹ بنچ نصب کیا جائے گا۔ اس کے علاوہ ہیڈ آفس اور کراچی ٹرمینل کے الیکٹریکل سیفٹی آڈٹ بھی کئے جائیں گے۔ نیز اوگرا کی لائسنسنگ کی شرط 28.1 کی پیروی میں ٹیکنیکل آڈٹ بھی کرایا جائے گا۔

SSGC نے 13 واں ایمپلائرز فیڈریشن آف پاکستان، بیسٹ پریکٹسز ایوارڈ برائے آکوپیشنل سیفٹی اینڈ ہیلتھ 2017 جیت لیا ہے۔ SSGC کو پاور اینڈ یوٹیلٹی کے شعبہ میں اس کی بہترین پیشہ ورانہ سیفٹی اینڈ ہیلتھ پریکٹسز اور OSH مینجمنٹ سسٹم پر کامیابی کے ساتھ عمل درآمد پر 2nd Prize دیا گیا ہے۔

انفارمیشن ٹیکنالوجی:

- SSGC کے حیدرآباد ریجنل آفس میں ان ہاؤس ڈیزاسٹر ریکوری سائٹ کو فعال کر دیا گیا۔
- SSGC کے کسٹمرز ریلیشن شپ مینجمنٹ اینڈ بلنگ ایپلیکیشن (اوریکل کسٹمر کیئر اینڈ بلنگ CC&B) میں RLNG کسٹمرز اور ان کی بلنگ کے انتظامات کیلئے نئے بزنس طریقہء کو خودکار کر دیا گیا۔
- سست رفتار میٹر، اسٹیکی میٹر اور چوری کلیمز کو اوریکل CC&B کے ذریعہ خودکار بنا کر SSGC کے فائنس ریکوری کے طریقہء کار کو بہتر کر دیا گیا۔
- اوریکل CC&B میں اسٹاف ٹیرف بلنگ پروگرام کو دوبارہ مرتب کر کے کامیابی کے ساتھ نافذ کر دیا گیا۔
- اوریکل CC&B کے ذریعہ نوگو ایریاز کوڈ بلنگ کو کامیابی کے ساتھ نافذ کر دیا گیا۔

- زیر جائزہ سال کے دوران میں کمپنی نے 6 مارچ 2017 کو مالی سال 18-2017 کیلئے اپنی آمدنی کی ضروریات کے تخمینہ (ERR) کے تعین کے لئے اوگرا کے سامنے اپنی پٹیشن فائل کی جس میں SSGC نے 114.57 روپے فی MMBTU اضافے کی درخواست کی۔
- اس سلسلے میں 8 اگست 2017 کو کوئٹہ میں عوامی سماعت منعقد ہوئی۔ اوگرا نے اپنے فیصلے مورخہ 20 ستمبر 2017 میں 96.34 فی MMBTU کے حساب سے SSGC شارٹ فال کا تعین کیا۔
- زیر جائزہ مدت کے دوران میں SSGC نے DERR برائے مالی سال 18-2017 مورخہ 20 ستمبر 2017 کے خلاف پٹیشن کے جائزہ کیلئے ایک تحریک داخل کی جس میں مجوزہ قیمت میں 6.38 روپے فی MMBTU اضافے کی درخواست کی گئی۔ اس کے علاوہ ترمیم شدہ تحریک برائے جائزہ مورخہ 9 جنوری 2018 کو اوگرا میں جمع کرائی گئی جس میں مجوزہ قیمت میں اوسطاً 26.62 فی MMBTU اضافے کا مطالبہ کیا گیا۔ اوگرا نے اس ریمارکس کے ساتھ پٹیشن خارج کردی کہ فیصلے کے مطابق مالیاتی اثر کی ایڈجسٹمنٹ کی اس وقت اجازت دی جائے گی جب مذکورہ سال کیلئے اصل اخراجات پرمبنی FRR ہوگی۔

مالی سال 17-2016:

مالی سال 17-2016 کیلئے حتمی آمدنی کی ضروریات 89.10 روپے فی MMBTU اضافے کیلئے 26 اگست 2017 کو فائل کی گئیں۔ اوگرا نے 5 اکتوبر 2017 کو اسلام آباد میں سماعت منعقد کی۔ اتھارٹی نے اپنے فیصلے مورخہ 26 اکتوبر 2017 میں مجوزہ قیمت میں اوسطاً 31.25 روپے فی MMBTU اضافے کی اجازت دے دی۔

زیر جائزہ مدت کے دوران میں SSGC نے DFRR برائے مالی سال 17-2016 کے خلاف 24 نومبر 2017 کو جائزے کی پٹیشن کیلئے تحریک فائل کی اور مزید ترمیم شدہ تحریک 7 مارچ 2017 کو جمع کرائی جس میں مجوزہ فیس میں 75.92 روپے فی MMBTU کی درخواست کی گئی تھی۔ تاہم اوگرا نے اپنے تعین مورخہ 10 مئی 2018 کو 6.97 روپے فی MMBTU کا تعین کیا۔

زیر جائزہ مدت کے دوران میں SSGC نے DMFRR برائے مالی سال 17-2016 کے خلاف 10 مئی 2018 کو جائزے کی پٹیشن کیلئے تحریک فائل کی اور 7 جون 2018 کو جمع کرائی جس میں مجوزہ فیس میں 72.19 روپے فی MMBTU کی درخواست کی گئی تھی۔ اس میں 9 جولائی 2018 کو مزید ترمیم کی گئی اور مجوزہ قیمت میں 72.23/MMBTU روپے اضافے کی درخواست کی گئی۔

تاہم اوگرا نے 53.23 فی MMBTU. کی اجازت دیدی۔

مالی سال 16-2015:

اس سے پہلے SSGC نے DFRR برائے مالی سال 16-2015 مورخہ 16-12-22 مجوزہ قیمت میں 8.54/MBTU روپے اضافے کے خلاف جائزے کیلئے تحریک فائل کی تھی جس میں آخر میں 19 جون 17 میں ترمیم کی گئی اور مجوزہ قیمت میں 4.59/MMBTU روپے اضافے کی درخواست کی گئی۔ تاہم اوگرا نے 4 اگست 2017 کو آمدنی کی ضروریات سے 5.17 روپے فی MMBTU. اضافہ کا تعین کردیا۔

LPG لائسنس:

زیر جائزہ سال میں اوگرا نے LPG ایئرمکس پلانٹس کیلئے بیلہ کو تعمیر کا لائسنس تفویض کردیا۔

پروکیورمنٹ ڈپارٹمنٹ:

مالی سال2017-18 کے دوران میں معمول کی پروکیورمنٹ کے علاوہ SSGC پروکیورمنٹ ڈپارٹمنٹ نے ٹرانسمیشن ڈویژن کے مختلف زیرتکمیل پروجیکٹس کیلئے سادہ اور کوٹڈ پائپ لائن کی بڑی مقدار میں بروقت خریداری میں اہم کردار ادا کیا۔

پروکیورمنٹ ڈویژن نے SSGC کیلئے سامان، خدمات اور کام کے حصول میں ہمیشہ کم سے کم ممکنہ وقت میں PPRA کی حدود کے مطابق پائیداری، صداقت اور شفافیت کے ساتھ انجام دینے کی کوشش کی ہے۔ ڈپارٹمنٹ کا مقصد PPRA رولز کی حقیقی طور پر پیروی کرتے ہوئے پیسے کا بہترین نعم البدل حاصل کرنے کی کوشش کی ہے اور پروجیکٹ کی کامیابی کیلئے کسی بھی قسم کے چیلنج کا مقابلہ کرنے کیلئے خود کو تیار رکھا ہے۔

انٹرنل آڈٹ:

SSGC کا اندرونی آڈٹ (IA) نظام ہے جو کوڈ آف کارپوریٹ گورننس، انٹرنیشنل اسٹینڈرڈز فار پروفیشنل پریکٹس آف انٹرنل آڈیٹنگ اور اسٹینڈرڈ فار انفارمیشن سسٹمز آڈیٹنگ، جاری کردہ انفارمیشن سسٹمز آڈٹ اینڈ کنٹرول ایسوسی ایشن ISACA کے مطابق ایشورنس اور مشاورتی امور انجام دیتا ہے۔ چیف انٹرنل آڈیٹر اس ڈپارٹمنٹ کے سربراہ ہیں جو عملی طور پر آڈٹ کمیٹی کو اور انتظامی طور پر منیجنگ ڈائریکٹر کو رپورٹ پیش کرتے ہیں۔ IA کی سرگرمیوں کی اتھارٹی، ذمہ داری اور رپورٹنگ ریلیشن شپ انٹرن آڈٹ کمیٹی سے منظور شدہ آڈٹ چارٹر میں درج ہے۔

IA ضابطہء اخلاق انٹرنل آڈٹ ٹیم میں اخلاقی کلچر کو فروغ دینے کیلئے مرتب کیا گیا ہے تاکہ وہ اپنی ذمہ داریاں موثر طور پر انجام دیں۔ IA مستقل طور پر رسک منیجمنٹ کی صورتحال، کنٹرولز اینڈ گورننس کے طریقہء کار کو بہتر سے بہتر بنا کر کمپنی کے مختلف شعبہ جات کی قدر میں اضافہ کرتا ہے۔ سال کے دوران میں ڈائریکٹرز کی آڈٹ کمیٹی نے اس عمل کیلئے وسائل کی درستی کا جائزہ لیا اور کمپنی کے اندر IA ڈپارٹمنٹ کو تقویت دینے کی حوصلہ افزائی کی۔

IA کی تمام ایشورنس سروسز سالانہ آڈٹ پلان کے تحت انجام دی جاتی ہیں جو آڈٹ کمیٹی کا منظور شدہ ہے اور مشاورتی خدمات انتظامیہ کے مختلف درجوں کی ضرورت کے مطابق انجام دی جاتی ہیں۔ آڈٹ پلان برائے مالی سال2017-18 کی موثر طور پر پیروی کی گئی۔ آڈٹ کی حاصل کردہ نمایاں معلومات کی رپورٹ ڈائریکٹرز کی آڈٹ کمیٹی کو پیش کی گئی۔ درستی کے عمل کے نتیجے میں آپریشنز کی بہتر استعداد اور وسائل کے بہترین استعمال سے کنٹرولز کو بہتر بنانے، ادارے کی قدر اور بچت میں اضافہ ہوا۔

ریگولیشن اور ٹیرف:

- SSGC آئل اینڈ گیس ریگولیٹری اتھارٹی (OGRA) کی تخصیص کردہ کارکردگی اور خدمات کے معیارات اور قدرتی گیس کی ٹرانسمیشن، ڈسٹری بیوشن اور فروخت کی ریگولیٹڈ سرگرمیوں کی ذمہ داری لینے کیلئے لائسنس کی شرائط پر کامیابی کے ساتھ عمل پیرا ہے۔
- پاکستان میں LNG کی درآمد کے بعد سوئی گیس کمپنیز کو پائپ لائن نیٹ ورک تک رسائی کے طریقہء کار کیلئے ضابطوں کی ضرورت تھی۔
- وزارت توانائی (MoE) حکومت پاکستان نے گیس کے شعبہ میں اصلاحات کیلئے ایک جامع مطالعہ کا آغاز کیا ہے۔
- تمام اسٹیک ہولڈرز کے ساتھ تفصیلی مشاورتی نشستوں کی سیریز کے بعد، اتھارٹی نے 31 مئی 2018 کو اوگرا گیس (تھرڈ پارٹی ایکسس) رولز 2018 کا اعلان کیا اور 13 دسمبر 2018 کو پاکستان گیس نیٹ ورک کوڈ کی منظوری دی۔

اس وقت ہم یونٹ کی پیمائش کی ٹیکنالوجی میں پیچھے ہیں اور 1985 میں ڈیزائن کی گئی ڈیوائس SSGC میں 1992 میں متعارف کروائی گئی۔ تاہم میٹر مینوفیکچرنگ پلانٹ کی موجودہ انتظامیہ نے مطالعہ کیا ہے اور منصوبہ بندی کی ہے کہ زیادہ درآمدی قیمت کے ناپ کے یونٹ کو مقامی طور پر تیار ہونے والے (لازمی طور پر مقامی) یونٹ سے بذریعہ اوپن انٹرنیشنل بڈنگ پروسیس (اپریل 2019 کے وسط میں) عالمی طور پر تسلیم شدہ سپلائرز اور مسابقتی ذرائع سے تبدیل کیا جائے جس سے طویل عرصے سے منتظر ٹیکنالوجی کی منتقلی عمل میں آئے گی، کیونکہ موجودہ سپلائر Itron ضرورت پوری کرنے سے قاصر ہے۔

پیداوار، فروخت اور آمدنی:

درج ذیل ٹیبل میں مالی سال 18-2017 کے دوران میں میٹر مینوفیکچرنگ پلانٹ کی کارکردگی کی جھلک ہے:

پیداوار:

G 1.6	3rd Gen. G-4	مجموعہ
182,640	321,200	503,840

فروخت:

SSGC	81,854	364,184	446,038
SNGPL	100,000	-	100,000
جرمنی	-	-	
دیگر	1,115	1,640	2,755

میورمنٹ:

میورمنٹ ڈپارٹمنٹ نے زیرِ جائزہ سال میں درج ذیل کام انجام دیے:

- سست رفتار میٹرز کی شناخت: کسٹمر میٹر اسٹیشنز پر 2,617 صنعتی میٹرز کی جانچ کی گئی۔
- پیمائش کی درستی کو بہتر بنانے کیلئے 1,000 میٹر تبدیل کیے گئے۔
- گیس کے استعمال کی نگرانی کیلئے صنعتی کسٹمر میٹر اسٹیشنز پر اضافی 117 ریموٹ مانیٹرنگ یونٹس نصب کیے گئے۔
- گیس کی مقدار کی درست پیمائش کیلئے سائٹ پر 2,662 والیم کریکٹرز (EVCs) جوڑے گئے۔

میٹر ریپیر شاپس:

- میٹر ریپیر شاپس نے 3,854 تجارتی اور 625 صنعتی خراب میٹرز کی مرمت کی۔
- 5,317 کمرشل اور 1,256 صنعتی میٹرز کی ان ہاؤس تصدیق کی گئی۔
- میٹر ریپیر شاپس پر گھریلو میٹرز کی تصدیق کی گنجائش میں اضافہ کیا گیا اور PUG اور سست رفتاری کیلئے 290,810 گھریلو میٹرز کی تصدیق کی گئی۔

UFG میں کمی لانے میں کردار:

- سندھ میں 24 اور بلوچستان میں 11 گیس یوٹیلیٹی کورٹس کا قیام عمل میں آیا
- گیس چوری کے واقعات کی مقدمہ بازی کیلئے لاء آفیسرز اور وکلاء کی شمولیت
- انٹرنل واچ اینڈ گیس تھیفٹ انٹیلیجنس ونگ کا قیام عمل میں آیا
- کراچی ریجن میں صنعتی لوڈ سروے کیا گیا
- گیس کی بندش کے شیڈول کی پابندی نہ کرنے والے سی این جی اسٹیشنز / صنعتوں کی بندش کی گئی
- تمام ریجنز بشمول کوئٹہ (پہلی مرتبہ) میں FIRs کی رجسٹریشن کی گئی
- انٹرنل واچ میں SSGCL کے ملازمین / کنٹریکٹرز کے خلاف قانونی چارہ جوئی کے تحت۔ 4 افراد کو سزا سنائی گئی، 2 کو گرفتار کیا گیا، 2 کی ضمانت ہوگئی

مستقبل کے منصوبے:

- قانونی سقم دور کرنے کیلئے گیس تھیفٹ اینڈ ریکوری ایکٹ 2016 میں ترمیمات
- گیس تھیفٹ اینڈ ریکوری ایکٹ کے نفاذ کے لئے قانون سازی
- کوئٹہ، لاڑکانہ اور حیدرآباد میں SSGC پولیس اسٹیشنز کا قیام
- گیس یوٹیلیٹی لاء کورٹس کا قیام
- تجارتی اداروں اور صنعت کے ساتھ بھرپور تعاون
- مکمل صنعتی سروے اور اس کے سلسلے میں مزید کارروائی کی نگرانی
- انٹرنل واچ اینڈ گیس تھیفٹ انٹیلیجنس کا بہتر طریقہ کار
- میڈیا کے ذریعہ بھرپور آگہی کے پروگرام
- زیادہ سخت آپریشنز اور موثر قانونی کارروائی

میٹر مینوفیکچرنگ پلانٹ:

ترقی اور کامیابیاں:

میٹر مینوفیکچرنگ پلانٹ کا بنیادی مقصد ملک میں گھریلو میٹرز کی ضروریات کو پورا کرنے میں خودکفیل ہونا ہے۔ اس کے علاوہ یہ گیس کمپنیز کا قانونی استحقاق ہے کہ وہ صارفین کے گیس کے استعمال کی مقدار کی پیائش کمپنی کی جانب سے نصب کردہ درست پیائش کی ڈیوائس کے ذریعہ کرے۔

یہ پلانٹ ISO 9001:2008 سرٹیفائیڈ ہ اور اب اس کی IS09001:2015 میں تبدیلی کا عمل تقریباً مکمل ہوگیا ہے اور ایکریڈیٹیڈ اتھارٹی کے مقامی نمائندے کے ذریعہ سرٹیفکیشن کی کارروائی جاری ہے۔ میٹر مینوفیکچرنگ پلانٹ مع مکمل ایس ایس جی سی ISO 14001:2004 and OHSAS 18001:1999 سرٹیفائیڈ ہے۔ MMP میں دو قسم کے گھریلو گیس میٹر تیار کیے جاتے ہیں جن کے نام G-1.6 (2500 liter/hour capacity)، جو 99% مقامی ہے جبکہ 3rd Generation G-4 (6000 liter/hour capacity) ہے۔

سیکورٹی کی خدمات اورکاؤنٹر گیس تھیفٹ آپریشنز:

سیکورٹی سروسز اینڈ کاؤنٹر گیس تھیفٹ آپریشنز ڈپارٹمنٹ (SS&CGTO) کا قیام 2017 میں سیکورٹی سروسز (SS) اور سرویلنس اینڈ مانیٹرنگ (S&M) ڈپارٹمنٹس کے ادغام مع CRD ڈپارٹمنٹ کے ساتھ پہلے سے دستیاب FIR سیل کو شامل کرکے عمل میں آیا۔ اس نئے قائم شدہ ڈپارٹمنٹ کا مقصد قومی اسمبلی میں 23 مارچ 2016 کو پاس ہونے والے نئے گیس تھیفٹ اینڈ ریکوری ایکٹ 2016 پر عمل درآمد کرانا تھا۔ اس کے لئے ایک آپریشنل سائیکل ترتیب دیا گیا جس میں دانشمندی کے ساتھ گیس تھیفٹ آپریشنز کی منصوبہ بندی کی گئی جس کے نتیجے میں ملزمان کے خلاف تیزی سے آپریشن کیے گئے اور اس کے بعد تمام قانونی عدالتوں میں ان کے خلاف مقدمے درج کیے گئے۔ اس سلسلے میں پہلا دانشمندی پر مبنی آپریشن 10 اگست 2017 کو کیا گیا۔

مجموعی کارکردگی اور بڑی کامیابیاں (جولائی 2017 تا جون 2018)

گیس چوری کے خلاف آپریشن پر پیش رفت:

ڈپارٹمنٹ کی تشکیل نو کیے جانے کے سبب گیس تھیفٹ آپریشنز کے کام میں مشکلات پیش آرہی تھیں جن میں ایک طرف مطلوبہ وسائل اکٹھے کرنا اور دوسری طرف دستیاب وسائل کے ساتھ آپریشنز کو مستعدی کے ساتھ جاری رکھنا تھا۔ گیس تھیفٹ آپریشنز کی کارکردگی درج ذیل ہے۔

ریجن	کیسز	کلیم شدہ ولیم (MMCF)	کلیم شدہ رقم (ملین میں)	درج شدہ ایف آئی آر
کراچی	482	589	414	71
حیدرآباد	92	67	56	3
نواب شاہ	30	12	12	
سکھر	18	10	10	2
لاڑکانہ	10	2	2	1
جیکب آباد	19	14	13	1
کوئٹہ	67	167	151	
گرینڈ ٹوٹل	718	862	657	78

سیکورٹی آپریشنز پر پیش رفت:

- گیس تھیفٹ آپریشنز کو سیکورٹی کی فراہمی میں مدد کے علاوہ، سیکورٹی ونگ کے تحت پورے فرنچائز ایریا میں SSGCL کی تعمیرات اور اثاثہ جات کا تحفظ بھی شامل ہے۔
- عمارات کا سیکورٹی آڈٹ
- RLNG پائپ لائن کنسٹرکشن ٹیمز کو سیکورٹی فراہم کرنے اور زمین کی خریداری سے متعلق مقامی افراد کے ساتھ تنازعات کے حل کیلئے رابطہ کا کام بھی انجام دیا جاتا ہے۔
- فرنچائز علاقوں میں SSGCL ایریا میں پولیس، رینجرز، فرنٹیئر کورپس، آرمی کے ساتھ قریبی رابطوں کے نتیجے میں پائپ لائن نیٹ ورک میں سبوتاژ کرنے کی سرگرمیوں میں کمی آئی ہے۔ اس کا تقابلی جائزہ درج ذیل ہے:

۳) گھریلو اور کمرشل صارفین کی ریکوریز/واجبات کی سیکٹر کے لحاظ سے تفصیلات:

گھریلو اور کمرشل بقایاجات، تقابلی اسٹیٹمنٹ:

کسٹمر کا درجہ	بمطابق جون 17	بمطابق جون 18
گھریلو	5,674	6,076
گھریلو/سرکاری/ بلک	352	353
کل گھریلو	6,026	6,430
کمرشل	508	305

بلنگ:

مالی سال 18-2017 کے دوران میں بلنگ ڈپارٹمنٹ نے UFG کی شناخت اور اس میں کمی لانے کا مشن جاری رکھا۔ گزشتہ سال میں بعض KMIs طے کی گئی تھیں تا کہ معیاری خدمات فراہم کرنے اور آپریشن کی استعداد کو بڑھانے کو یقینی بنایا جائے۔ تمام کیٹگریز کے صارفین میں UFG اور چوری کے واقعات کا پتہ چلانے کیلئے صارفین کا سروے بلنگ ڈپارٹمنٹ کی مضبوط حکمت عملی کا اقدام ہے۔ اس سلسلے میں پریشر سے متعلق 66,940 گھریلو صارفین کا سروے کیا گیا جب کہ کم سے کم/صفر استعمال کرنے والے صارفین کی تصدیق، ناکارہ میٹرز کی شناخت اور خالی گھروں کیلئے مشترکہ سروے کیے گئے۔ اس مشق کے سلسلے میں تقریباً 182,136 گھریلو کیسز جب کہ 19,398 کمرشل صارفین (ہر سہ ماہی میں تصدیق کی جاتی ہے) کا سروے کیا گیا۔ منقطع کیے گئے کنکشن کے صارفین کے سلسلے میں 40,953 گھریلو اور 8,613 کمرشل کیسز کا سروے کیا گیا تا کہ گیس کی چوری سے حفاظت کی جاسکے۔

غیر رجسٹر شدہ گیس کے گزرنے (PUG) اور ردوبدل کیے گئے میٹرز کا پتہ چلانے کیلئے مسلسل کوششیں جاری ہیں۔ تقریباً 150,000 صارفین کے میٹر بطور PUG شناخت کیے گئے اور PUG کلیم گیس کی مقدار 12.5 BCF پائی گئی جس میں سے 3.7 BCF کی مقدار ردوبدل کیے گئے میٹر کے کلیم کے طور پر وصول کی گئی۔

زیر جائزہ سال کے دوران میں 4.45 BCF گیس نان رجسٹرڈ چوری کے کیسز اور تقریباً 2 BCF امن وامان (نوگوایریا) کے تحت کلیم کی گئی۔

اس کے علاوہ کل 130,000 چوری کے کیسز کا پتہ لگایا گیا اور 121,87 کیسز بحالی کی ضرورت کیلئے شناخت کیے گئے۔

UFG کی مفاہمت اور UFG کو کم کرنے کیلئے اختیار کیے گئے سخت اقدامات کو یقینی بنانے کیلئے کل 36 نئے UFG زونز تخلیق/علیحدہ قائم کیے گئے ہیں۔

اس مالی سال کیلئے صنعتی/تجارتی صارفین کے گیس سپلائی ڈپازٹس (GSD) میں کل 1,527 ملین روپے کا اضافہ کردیا گیا ہے۔

مستقبل کے اقدامات:

- صنعتی صارفین کے لئے ہر دو ماہ کی بنیاد پر باقاعدہ خصوصی ریڈنگ/سروے کے اہتمام پر براہ راست توجہ مرکوز کرنا۔
- اس کے علاوہ تجارتی صارفین کیلئے سہ ماہی کی بنیاد پر باقاعدہ خصوصی ریڈنگ/سروے کے اہتمام کی کوشش کرنا۔
- صارفین کے بلوں کی دستی ڈیوائس کے ذریعہ حاصل کی گئی تصاویر کی پرنٹنگ کروانا تا کہ صارفین کو مزید معیاری خدمات فراہم کرنے کو یقینی بنایا جاسکے۔
- درست ترین میٹر ریڈنگ کو یقینی بنانے کیلئے دستی ڈیوائس پر انگلیوں کے نشانات کے استعمال کے ذریعے اس کے کاموں میں اضافہ کرنا۔

ریکوری:

ریکوری سیکشن کا بنیادی کام نادہندہ صارفین سے واجب الادا رقوم کی وصولی کیلئے ضروری اقدامات کرنا ہے۔ مالی سال 18-2017 کے دوران میں ریکوری ٹیم کو مختلف طبقوں سے تعلق رکھنے والے کل 336,274 نادہندہ صارفین بشمول گھریلو، سرکاری، بلک اور کمرشل صارفین سے وصولی کا ہدف دیا گیا تھا۔ ریکوری ٹیم نے کامیابی کے ساتھ یہ ہدف حاصل کیا اور "373,381" نادہندہ افراد کے خلاف ملک بھر میں کنکشن منقطع کرنے کی تیز مہم چلائی گئی۔ ریکوری ڈپارٹمنٹ نے صارفین کو واجبات کی ادائیگی کی ترغیب دینے کیلئے دوسرے ذرائع بھی استعمال کئے جس کی تفصیل درج ذیل ہے:

ا) **نوٹسز / یاددہانیوں کا اجراء:** نادہندہ صارفین کو ان کے اخلاقی / قانونی ذمہ داری کا احساس دلانے کیلئے 460,000 نوٹسز / یاددہانیاں جاری کی گئیں۔

ب) **میڈیا مہم:** پرنٹ اور الیکٹرونک دونوں میڈیا پر بھرپور مہم چلائی گئی۔

ج) **اعلیٰ حیثیت کے نادہندگان کو ترغیب:** ڈپارٹمنٹ نے اعلیٰ حیثیت کے سرکاری / بلک / گھریلو صارفین کے ساتھ ذاتی ملاقات کی اور ان کو ادائیگی کیلئے رضامند کیا۔

د) **گھریلو نادہندگان کے کنکشن منقطع:** 373,381 نادہندہ گھریلو اور کمرشل صارفین کا ہدف دیا گیا جن پر کمپنی کے 5,314 ملین روپے واجب الادا تھے جس میں سے 1,968 روپے وصول کرلئے گئے۔

ر) **فیسلٹی کیمپس کا قیام:** مختلف گنجان آبادی والے اپارٹمنٹس اور علاقوں میں اقساط حاصل کرنے کی سہولت اور فوری دوبارہ کنکشن کے حصول اور دیگر متعلقہ سرگرمیوں کیلئے کیمپ قائم کئے گئے۔

صارف کا درجہ	یونٹ / ریجن	ایکشن کی تعداد	ایکشن کی رقم	دوبارہ کنکشن	دوبارہ کنکشن کی رقم
گھریلو	یونٹ-A	179,118	2,113	78,680	765
	یونٹ-B	171,017	2,037	89,724	661
	یونٹ-Q	16,932	714	6,532	171
کل گھریلو		367,067	4,865	174,936	1,596
کمرشل	یونٹ-A	3,598	324	1,618	250
	یونٹ-B	1,949	54	879	90
	یونٹ-Q	767	71	265	32
کل کمرشل		6,314	449	2,762	372
کل گھریلو اور کمرشل		373,381	5,314	177,698	1,968

کی تبدیلی ایک بڑا چیلنج ہے۔ کمپنی بحالی امداف کو بڑھانے کے لئے توجہ مرکوز کر رہی ہے اوراس کے مطابق بڑے یو ایف جی زدہ علاقوں کو بحالی کے لئے منتخب اور ترجیح دی جا رہی ہے۔

کسٹمر سروسز:

کسٹمر ریلیشنز ڈپارٹمنٹ:

کسٹمر ریلیشنز ڈپارٹمنٹ یا سی آر ڈی نے مالی سال 2017-18 میں کچھ نمایاں کامیابیاں حاصل کی ہیں جو درج ذیل ہیں:

- گھریلو صارفین سے چوری کے خلاف بھاری والیم کا حصول۔

رجسٹرڈ کسٹمرز		غیر رجسٹرڈ کسٹمرز		کل کسٹمرز	
ڈس کنکشن (Nos.)	والیم (BCF)	ڈس کنکشن (Nos.)	والیم (BCF)	ڈس کنکشن (Nos.)	والیم (BCF)
19,158	0.82	106,416	4.99	125,574	5.82

- کنٹیکٹ سینٹر نے 704,477 ٹیلی فون کالز وصول کیں۔
- CFC کے نمائندوں نے 1,032,849 صارفین سے اقساط، ڈپلیکیٹ بلز، ٹینسی چارج، بینک کوریج، LPS وپورری کنکشن اوران لاکنگ کے معاملات نمٹائے۔
- لیک سروے / چوری کی فزیکلی ری چیکنگ، منقطع کرنے اور ربر پائپ ہٹانے کے کیسز روزانہ بنیادوں پر انجام دیے گئے۔
- فلیٹ سائٹس (110 عمارتوں سے) بحالی / لیک دور کرنے سے 142.83 MMCF والیم حاصل ہوئے۔
- اوگرا کی پرفارمنس اینڈ سروس اسٹینڈرڈز کے تحت دفتری کاموں میں SOPs نافذ کیا گیا۔

سرگرمیاں (تعداد)	2017-18		2018-19
	ہدف	کامیابی	ہدف
گھریلو شیڈول میٹر کی تبدیلی (مدت کی بنیاد پر)	180,000	152,095	182,000
گھریلو PUG میٹر کی تبدیلی	105,000	115,872	105,000
گھریلو معمول کی میٹر کی تبدیلی	36,500	38,500	37,000
کمرشل میٹر کی تبدیلی	3,500	3,899	3,500
کسٹمر سروس کالز	92,000	87,783	81,000
لیک کی درستی	40,000	46,072	40,000
پریشر سروے / کمرشل میٹر کا معائنہ	22,552	22,097	22,702
فلیٹ سائیڈز (عمارات) میں بحالی / لیک کی درستی	110	110	110
گھریلو صارفین پر چھاپوں کے ذریعہ چوری اور منقطع کرنا (BCF)	5.5	5.8	5.5
گھریلو صارفین کی اندرونی ہاؤس لائن کی چیکنگ	35,000	40,908	36,000

منصوبہ	آبجیکٹیو / مقصد / حاصل شدہ کامیابی
ایل پی جی ۔ ایئر مکس پلانٹس ۔ آواران اور بیلا	2018-19 میں ایل پی جی ۔ ایئر مکس پلانٹس ۔ آواران اور بیلا کی تنصیب، شروعات اور آپریشن

غیر محاسبہ شدہ گیس (یو ایف جی) قابو پانے کے اقدامات:

یو ایف جی، گیس کی تقسیم کار اور ٹرانسمیشن کمپنی کی روز مرہ گفتگو میں، گیس کی والیوم میں خریداری اور فروخت کے مابین فرق اور کمپنی کی جانب سے اپنے اندرونی آپریشنز کے لئے استعمال کی جانے والی گیس ہے۔

مشاہدہ کیا گیا ہے کہ گذشتہ کچھ سالوں کے دوران گیس نقصانات میں اضافہ ہوا ہے کیونکہ حکومت کی جانب سے صنعتی، تجارتی اور گھریلو ہاؤسنگ اسکیموں اور اونچی عمارتوں کے لئے قانونی مہلت اور نئے کنکشنز کے نتیجے میں گیس چوری کے کلچر میں اضافہ ہوا ہے۔ اس کے علاوہ گیس کے نرخ میں اضافہ بھی رجسٹرڈ صارفین کی جانب سے چوری میں اضافے کا سبب ہے خاص طور پر صوبہ بلوچستان میں جہاں شدید سردی کے حالات میں گیس زیریں سطح کو گرم رکھنے کے لئے لازمی ضرورت بن چکی ہے۔

غیر منظور شدہ گیس جنریٹرز کے استعمال سے بجلی کی قلت اور پورے فرنچائز ایریا میں لوڈشیڈنگ کا براہ راست اثر یو ایف جی پر پڑتا ہے۔

یو ایف جی میں کمی ہمیشہ سے کمپنی کی اولین ترجیح رہی ہے کیونکہ سال بہ سال اس میں اضافہ ہوتا جا رہا ہے۔ کمپنی نے گیس چوری پر قابو پانے اور جدید ٹیکنالوجی اور حل استعمال کرنے کے سلسلے میں زیادہ مستحکم کوششوں کے ساتھ اس مسئلہ کو سنبھالنے کے لئے اپنی توجہ اور تنظیم کو دوبارہ تشکیل دیا ہے۔

ایس ایس جی سی پائیدار اور مستقل نتائج کے لئے یو ایف جی میں کمی لانے کے اقدامات کر رہا ہے۔

میٹر کی تبدیلی:

ناقص / ٹیمپرڈ میٹرز بھی یو ایف جی میں اضافے کی بڑی وجہ ہیں، یہ میٹر صارفین کو فراہم کی جانے والی گیس کی مقدار کو (مکمل یا جزوی طور پر) رجسٹرڈ نہیں کرتے۔ اس طرح کے تمام میٹروں کا پتا لگایا گیا ہے اور تبدیل کیا جا رہا ہے۔ میٹر تبدیل کرنے کا ہدف بڑھایا گیا ہے۔

ریموٹ مانیٹرنگ:

سی این جی اسٹیشنوں سمیت تمام بڑے صنعتی صارفین کے میٹروں پر موڈیم لگائے گئے ہیں اور زیادہ استعمال کنندگان صنعتی اور سی این جی شعبہ جات میں کسی بھی غیر معمولی صورتحال پر قابو پانے کے لئے دور دراز سے نگرانی کی جا رہی ہے۔

چوری پر قابو پانے کی سرگرمیاں:

چوری پر قابو پانے کے لئے ایک علیحدہ گیس تھیفٹ آپریشن ڈپارٹمنٹ (سی جی ٹی او) قائم کیا گیا ہے اور اس سلسلے میں گیس یوٹیلٹی کورٹس پہلے ہی قائم ہیں۔ کراچی، حیدرآباد، لاڑکانہ اور کوئٹہ جیسے شہروں میں علیحدہ سے پولیس اسٹیشن قائم کئے جا رہے ہیں۔

زیر زمین اور اوور ہیڈ گیس لیکج کی اصلاح:

لیک سروے اور اصلاح کے اہداف پر نظر ثانی کی گئی ہے اور نیٹ ورک کے سروے کو بڑھانے کے لئے وسائل جمع کئے جا رہے ہیں۔ مطلوبہ نتائج حاصل کرنے کے لئے یہ سروے انتہائی یو ایف جی زدہ علاقوں اور طبقات میں کئے جائیں گے۔

پرانی زنگ آلود پائپ لائنز کی بحالی:

پرانی زنگ آلود پائپ لائنز کی بحالی بھی یو ایف جی میں اضافہ کا بڑا ذریعہ ہیں اور کمپنی کے لئے خاص طور پر کراچی جیسے بڑے شہر کے گنجان آباد علاقوں میں پائپ لائنوں

IV۔ 8انچ قطر کی 28 کلو میٹر عائشہ گیس فیلڈ سے گولارچی پوائنٹ آف ڈیلیوری:

پائپ لائن حال ہی میں دریافت ہونے والی عائشہ گیس فیلڈ سے گیس کی وصولی کے قابل بنائے گی

V۔ ایچ کیو۔ شکار پور پر نیا ٹربو کمپریسر:

بلوچستان ریجن کو مستحکم فراہمی کو یقینی بنانے کے لئے، ایچ کیو شکار پور میں کمپریشن صلاحیت کو بڑھانے کی ضرورت ہے۔ موجودہ کمپریسر اسٹیشن پر 200ایم ایم ایس ڈی ایف گنجائش والا کمپریسر یونٹ شامل کیا جا رہا ہے۔

VI۔ 24انچ قطر کی 31 کلو میٹر پائپ لائن پروجیکٹ اے سی پی ایل سے سرجانی:

کراچی کے مغربی ریجن میں صنعتی صارفین کو گیس کی فراہمی کے لئے گنجائش کی رکاوٹوں کو دور کرنے کے لئے پائپ لائن کی ضرورت ہے۔

VII۔ ایچ کیو۔ سی پر نئے ٹربو کمپریسر یونٹ

نظام کی گنجائش کو بڑھانے کی ترتیب وار کوششوں سے منسلک، ایچ کیو۔ سی پر ایک 22mmcfd کمپریسر یونٹ کا اضافہ کیا جائے گا۔

VIII۔ کوئٹہ کو گیس سپلائی کے لئے ایچ کیو۔ دادو پر کمپریسر اسٹیشن

دیسی گیس کی پیداوار اور مستقبل میں طلب میں کمی کے پیش نظر، ایچ کیو۔ دادو میں کمپریشن درکار ہے۔

IX۔ 20انچ قطر کی 180 کلو میٹر کلو میٹر مجوزہ پائپ لائن نوابشاہ سے سکھر

پروجیکٹ کی منصوبہ بندی نظام کی گنجائش اور لچک کو بڑھانے کے لئے کی جا رہی ہے۔

X۔ 24انچ اور 30انچ قطر کی 200 کلو میٹر لوپ لائن پروجیکٹ (آر ایل این جی کے برابر):

اس پروجیکٹ کو آر ایل این جی سپلائی چین میں ہنگامی طور پر شامل کرنے کا منصوبہ بنایا جا رہا ہے۔

لیکویفائڈ گیسز (LGs):

زیر جائزہ سال کے دوران، محکمہ نے آر ایل این جی۔۲ پروجیکٹ جو کمپنی نے قدرتی گیس کی طلب اور رسد کا فرق ختم کرنے کے لئے شروع کیا تھا، کی پیشرفت کو تیز کرنے میں ایک اہم کردار ادا کیا ہے۔ مالی سال 2017-18 کے لئے محکمہ کی کارکردگی کا جدول ذیل میں ہے۔

حالیہ منصوبے:

منصوبہ	مقصد	کامیابی
42انچ قطر ضرب 342 کلو میٹر آر ایل این جی۔II پائپ لائن	تعمیراتی سرگرمیوں کی کڑی نگرانی اور بروقت حل کیلئے انتظامیہ کو اس منصوبے کی پیشرفت میں رکاوٹوں کی بروقت نشاندہی۔	جون 2017 میں 342 میں سے 317 کلو میٹر کامیابی کے ساتھ شروع کر دی گئی۔
آر ایل این جی۔ کمپریسرز	ایچ کیو۔۲ دوڑ پر سکس (06) آر ایل این جی۔II کمپریسرز یونٹس کی تنصیب اور شروعات۔	ایچ کیو۔۲ پر مالی سال 2016-17 میں تمام (06) آر ایل این جی۔II کمپریسر زیونٹس کامیابی کے ساتھ نصب اور شروع کر دیے گئے۔

پلاننگ اینڈ ڈیولپمنٹ:

پلاننگ اینڈ ڈیولپمنٹ ڈیپارٹمنٹ ایس ایس جی سی کے ٹرانسمیشن نیٹ ورک کی ترقی اور توسیع کے مقصد سے منصوبہ جات کی منصوبہ بندی، ڈیزائننگ اور نگرانی کرتی ہے اور گیس کی خریداری کے معاہدوں کی منصوبہ بندی اور انتظام کے لئے بھی ذمہ دار ہے۔

محکمہ گیس کے بنیادی ڈھانچے کی ترقی سے متعلقہ مقاصد کے حصول میں عمدہ نتائج کی فراہمی جاری رکھے ہوئے ہے جس سے قومی توانائی کے استحکام کی طرف شراکت کی جاسکتی ہے۔

زیر جائزہ سال کے دوران یعنی مالی سال 18-2017 میں، محکمہ پی اینڈ ڈی نے کامیابی کے ساتھ گیس کی ترسیل کے درج ذیل منصوبے پیش کیے:

ا۔ 24 انچ قطر کی 34 کلومیٹر لوپ لائن شکار پور سے جیکب آباد:

بلوچستان ریجن کی بڑھتی ہوئی گیس کی طلب کو پورا کرنے کے لئے جو سردیوں کے موسم میں کافی حد تک بڑھ جاتی ہے، ایک 24x34 انچ قطر کلومیٹر لوپ پائپ لائن کو دسمبر 2017 میں شکار پور سے جیکب آباد تک کامیابی کے ساتھ بچھایا گیا اور اس نے کام شروع کر دیا۔

اا۔ 12 انچ قطر کی 19 کلومیٹر کوئٹہ پائپ لائن سسٹم کے راستے کی تبدیلی:

کوئٹہ پائپ لائن سسٹم کی گنجائش میں رکاوٹوں کی اصلاح جنوری 2018 میں 12 انچ قطر کی 19 کلومیٹر (14 کلومیٹر + 5 کلومیٹر) پائپ لائن کے راستے کی تبدیلی کے ذریعے کی گئی۔ راستے کی تبدیلی نے آپریشن کو 181 ایم ایم سی ایف ڈی تک سپلائی بڑھانے کے لئے زیادہ دباؤ پر آپریشن کو ممکن بنایا۔

ااا۔ 42 انچ قطر کی 24 کلومیٹر آر ایل این جی ۔2 پائپ لائن ایم وی اے جامشورو سے ایم وی اے ماسو:

جامشورو کے قریب سیاسی حمایت یافتہ زمیندار کی وجہ سے پائپ لائن کی تعمیر میں خلل کے باعث ایس ایس جی سی، ایم وی اے جامشورو سے ایم وی اے ماسو تک منصوب 337 کلومیٹر پائپ لائن کے 34 کلومیٹر حصے پر کام شروع نہیں کر سکی۔ حکمت عملیوں کی ایک طویل اور تھکا دینے والی دوڑ، اندرونی کاوشوں اور نیٹ ورکنگ کے ذریعے حصہ ستمبر 2018 میں تکمیل پایا اور مکمل طور پر شروع کر دیا گیا اسطرح آر ایل این جی سے منصوب آپریشن فعال ہوا۔

پی اینڈ ڈی ۔ مستقبل کے منصوبے:

ایس ایس جی سی کے فرنچائز کے علاقے کی بڑھتی ہوئی طلب کو برقرار رکھنے کے لئے، محکمہ پی اینڈ ڈی نے مختلف ترقیاتی منصوبوں کو تیز کرنے کا منصوبہ بنایا ہے، جن کی تفصیلات ذیل میں درج ہیں:

ا۔ 30 انچ قطر کی 17 کلومیٹر پائپ لائن سی ٹی سی بن قاسم سے ایس ایم ایس پاک لینڈ:

یہ منصوبہ ری گیسی فیکیشن ٹرمینلز سے آر ایل این جی کے اضافی والیومز حاصل کرنے کے لئے بنایا جا رہا ہے۔

اا۔ 30 انچ قطر کی 125 کلومیٹر لوپ لائن ایس ایم ایس سندھ یونیورسٹی سے ایس ایم ایس پاک لینڈ:

یہ پائپ لائن ایس ایس جی سی کے آئی ایل بی نیٹ ورک کے بڑھتے ہوئے گیس لوڈ کو پورا کرنے کے لئے درکار ہے، جیسا کہ یہ آپریشن کی صلاحیت اور لچک میں اضافہ کرے گی۔

ااا۔ 12 انچ قطر کی 46 کلومیٹر آئی آر پی سسٹم پر رحمان گیس فیلڈ سے ناتک ایم وی اے:

پائپ لائن رحمان گیس فیلڈ سے اضافی گیس پیداوار کی وصولی کے قابل بنائے گی۔

ڈسٹری بیوشن ۔ نارتھ:

ڈسٹری بیوشن ۔ نارتھ اندرون سندھ اور بلوچستان کے تمام علاقوں کا احاطہ کرتی ہے۔ مالی سال 2017-18 کے دوران شمالی ٹیم نے انفرا اسٹرکچر کے پھیلاؤ، پائپ لائنوں کی بحالی اور یو ایف جی میں کمی کی کئی سرگرمیاں انجام دیں۔ کامیابیاں درج ذیل ہیں:

انفرااسٹرکچر کی ترقی:

سرگرمیاں	اندرون سندھ	بلوچستان	کل شمالی
دیہات سمیت عمومی عام توسیع (کلومیٹرز)	143	100	243
کمک (نمبرز)	54	2	56
اضافی ٹی بی ایز (نمبرز)	12	-	12
اضافی پی آر ایس (نمبرز)	13	14	27
نئے کنکشنز (نمبرز)	26,912	8,213	35,125

یو ایف جی میں کمی لانے کی سرگرمیاں:

سرگرمیاں	اندرون سندھ	بلوچستان	کل شمالی
قطعہ (نمبرز)	37	-	37
زیر زمین لیک سروے اور اصلاح (کلومیٹرز)	11,348	1762	13110
اوور ہیڈ لیک سروے اور اصلاح (نمبرز)	452,809	106,851	559,660
میٹرز کی تبدیلی (گھریلو)	27,933	58,131	86,064
چوری (نمبرز)	22,335	2,557	24,912
بحالی (کلومیٹرز)	41	-	41

ڈسٹری بیوشن ساؤتھ:

کراچی شہر کے تمام علاقوں کے لئے ڈسٹری بیوشن ساؤتھ ذمہ دار ہے۔ زیر جائزہ سال کے دوران، ڈسٹری بیوشن ساؤتھ نے درج ذیل کامیابیاں حاصل کی ہیں:

انفرااسٹرکچر کی توسیع:

پائپ لائن نیٹ ورک میں معمول کی توسیع	105 KM
موجودہ نیٹ ورک کو تقویت فراہم کرنے کیلئے پائپ لائن بچھائی گئی	5KM
نظام میں نئے صارفین کی شمولیت	53,719
نئے ٹاؤن بارڈر اسٹیشن (TBS)	09
نئے پریشر ریگولیٹر اسٹیشن (PRS)	10
TBS کی ترمیم	11

یو ایف جی میں تخفیف کی سرگرمیاں:

پرانے نیٹ ورک کی بحالی	33KM
زیر زمین رساؤ کا سروے	2639KM
زیر زمین رساؤ کی درستی	4,480
اوور ہیڈ رساؤ کا سروے	166,572
اوور ہیڈ رساؤ کی درستی	101,043
چوری منقطع	9,778
طبقات کی تخلیق	38

اہم پروجیکٹ کی شروعات:

کورنگی اور لانڈھی کے درمیان صنعتی نیٹ ورک کے نظام کی گنجائش کو بڑھانے کے لئے کورنگی سے لانڈھی تک 20 انچ قطر کی 5 کلومیٹر پائپ لائن کی توسیع کی گئی۔

مستقبل کے نظام میں توسیع کے منصوبے:

ڈی ایچ اے ڈی سیلینیشن پلانٹ سے کلفٹن ڈالمین مال تک آخری سرے کے صارفین کے سسٹم پریشر کو بڑھانے کیلئے 20 انچ قطر کی 7 کلومیٹر پائپ لائن توسیع کی جائیگی۔

پرانے شہر کے علاقے کا سسٹم پریشر بڑھانے کے لئے 12 قطر کی 5 کلومیٹر پائپ لائن آگمینٹشن پروجیکٹ TBS مزار قائد تا TBS لیاری تک کی جائے گی۔

42انچ قطر RLNGII (HDD) دریائے سندھ کراسنگ پر زیرِ تعمیر کام:

i) HDD دریائے سندھ کراسنگ کے دونوں سروں (بائیں اور دائیں) پر 42انچ قطر RLNGII پر پائپ لائن کے 2.093 کلومیٹر حصے کو علیحدہ کرنے کے لئے دو CP مونولیتھک جوڑ لگائے جائیں گے۔

ii) ہیٹ شرنک سلیورز کی اپلیکیشن اور ملمع کاری کی چھٹیوں کا معائنہ 42انچ قطر RLNG-II ہیڈکوارٹر III کے زیرِ تعمیر باقی کام پر کیا جائے گا۔

۴۔ آئی ایل بی پی، آئی آر بی پی اور کادنواری پر گراؤنڈ بیڈ کی تنصیب / تجدید:

نمبر شمار	مقام	پائپ لائن	سیکشن
۱	ایم پی۔232	16انچ قطر۔ILBP	ایچ کیو۔III
۲	ایم پی۔248	16انچ قطر۔ILBP	ایچ کیو۔III
۳	کے ایم پی۔18	18انچ قطر۔IRBP	ایچ کیو۔سوئی
۴	کے ایم پی۔372	18انچ قطر۔IRBP	سیکشن۔4
۵	کے ایم پی۔404	18انچ قطر۔IRBP	سیکشن۔4
۶	کے ایم پی۔47	18انچ قطر۔IRBP	ایچ کیو۔سوئی
۷	کے ایم پی۔73	24انچ قطر۔کدنواری	ایچ کیو۔II
۸	آر/ ایس کلی برخوردار	2انچ قطر۔گیس فیول لائن	ایچ کیو۔کوئٹہ
۹	کے ایم پی۔136	12انچ قطر۔QPL	ایچ کیو۔بی
۱۰	کے ایم پی۔98	12انچ قطر۔QPL	ایچ کیو۔کوئٹہ

iv) RD-6 ٹیپ کوٹنگ کے فیلڈ میں استعمال اور اس کے معیار کی خصوصیات کی جانچ کیلئے مسلسل ٹیسٹنگ کی گئی۔

۹۔ **جوائنٹ کوٹنگ میٹریل کا معائنہ:** کھادیجی سپریڈ کیمپ پر جوائنٹ کوٹنگ میٹریل کا معائنہ (Heat Shrink Sleeves) اور میٹریل کی ٹیکنیکل جانچ کی مزید کارروائی کیلئے ٹیسٹ کے نتائج کو P&D ڈپارٹمنٹ کے پاس جمع کرانا شامل ہیں۔

CP۔ مستقبل کا منصوبہ:

کوٹنگ ری فربشمنٹ (19-2018 کی منصوبہ بندی کی گئی)

17-2016 اور 18-2017 کیلئے کوٹنگ کی مرمت کی بولیوں کی جانچ میں تاخیر کے باعث دونوں سالوں کیلئے کوٹنگ ری فربشمنٹ کا کام 19-2018 میں 33000 RFP کی لمبائی پر محیط ILBP، IRBP اور QPL لائنز پر کیا جائے گا۔

پائپ لائن کی مضبوطی کا سروے (مختصر وقفوں سے ممکنہ سروے)

ایچ کیو سوئی، ایچ کیو II، ایچ کیو سوئی، ایچ کیو بی اور سیکشن IV کے ساتھ 16 انچ قطر ILPB، 18 انچ قطر IRBP اور 12 انچ قطر QPL پائپ پر مختصر وقفے کے ساتھ سروے کیا گیا۔

براہ راست کرنٹ وولٹیج گریڈینٹ (DCVG) سروے:

ڈی سی وی جی سروے کا استعمال زنگ سے تحفظ کی افادیت کا اندازہ کرنے اور دفن شدہ پائپ لائنوں کی ملمع کاری کی خرابیوں کا سراغ لگانے کے لئے کیا جاتا ہے۔ یہ مٹی میں موجود پائپ لائنوں کے درمیان جو وولٹیج گریڈینٹ موجود ہے اس کی مقدار درست کرنے پر مبنی ہے جو کیتھوڈک تحفظ میں ہیں۔ DCVG سروے RLNG-II کی 42 انچ قطر کی پائپ لائن پر 130 کلومیٹر KMP تا KMP انجام دیا جائے گا۔

بیرونی زنگ کی براہ راست تشخیص (ECDA) کا سروے:

اس سروے کو بیرونی زنگ کی سنگینی اور اس کی حد کا جائزہ لینے کے ایک طریقہ کے طور پر استعمال کیا جاتا ہے۔ اس تکنیک میں پائپ لائن کی طاقت اور تخمینہ شدہ زنگ کی شرح کا حساب کرنے کے لئے مختلف اقسام کے سروے کا مجموعہ استعمال کیا جاتا ہے۔ ECDA سروے KMP-94 تا KMP-208 پر 18 انچ قطر IRBP HQ-SKP شکارپور سیکشن پر کیا جائے گا۔

ڈپ سیل کی جانچ کا طریقہ:

ایچ ڈی ڈی مقامات پر کیتھوڈک پروٹیکشن مانیٹرنگ سیل ٹیسٹنگ کے طریقہ کار کا استعمال کر کے حاصل کی جاسکتی ہے، جس میں Cu/CuSO4 ریفرنس الیکٹروڈ برائے زمین اور AG/AgCl ریفرنس برائے زیر آب پائپ لائن سیکشن کے مجموعہ کے ساتھ دریا عبور کر کے پائپ لائن کی ممکنہ پروفائل کی پیمائش کے لئے۔ ڈپ سیل کی جانچ کا طریقہ کار درج ذیل مقامات پر انجام دیا جائے گا۔

a) 42 انچ قطر RLNG.II پر 2.093 کلومیٹر زدریائے سندھ کے مقام پر جانچ کی گئی۔

نئے CP سولر سسٹم کی تنصیب:

i) MP-2 پر 16 انچ قطر پائپ لائن کی موجودہ ضروریات کو پورا کرنے کے لئے ILBP سوئی سیکشن پر نصب کیا گیا۔

ii) پائپ لائن کے دریائے سندھ والے حصے کو زنگ سے محفوظ رکھنے کیلئے KMP-125 DS HDD دریائے سندھ پر 42 انچ قطر RLNG-II پر نصب کیا گیا۔

کیتھوڈک پروٹیکشن:

کروژن (پائپ کا گل جانا) سے بچاؤ کے لئے اس کی وجوہات پر قابو پالے نے سے نقصان کا خدشہ ختم کیا جاتا ہے۔ کروژن کے عمل کی مانیٹرنگ کے نتائج پراسس کی بہتری کے لیے استعمال ہوں گے۔ مناسب اور بروقت معائنہ کیتھوڈک پروٹیکشن ڈپارٹمنٹ کے روزمرہ معمولات کا حصہ ہے۔ کروژن کے مخصوص نتائج کے حصول کی غرض سے باقاعدہ تربیت اور ریکارڈ رکھنا نہایت اہم ہے۔ CP ڈپارٹمنٹ گیس پائپ لائن سسٹم کے زیرِ زمین اسٹرکچر کے کروژن کے عمل کو روکنے کیلئے وسائل کا بھرپور استعمال کرتا ہے۔

مالی سال 2017-18 کی کامیابیاں:

۱۔ **کوٹنگ ری فربشمنٹ:** کوئٹہ سیکشن میں "12 ڈایا کوئٹہ پائپ لائن پر .580 Rft کوٹنگ کی مرمت کے کام انجام دیے گئے۔

۲۔ **اضافی CP اسٹیشنز کی تنصیب:** ایچ کیو 2، ایچ کیو سوئی اور ایچ کیو بی سیکشن کیلئے تین مقامات ایم پی 154، کے ایم پی 18 اور کے ایم پی 200 پر 1 انچ ڈایا ILPB، 18 انچ ڈایا IRBP اور 12 انچ ڈایا QPL کی پائپ لائن کی تنصیب کی گئی۔

۳۔ **نئے سولر پاور سسٹم کی تنصیب:** ایچ کیو 3 اور ایچ کیو 2 سیکشن پر "42 ڈایا RLNG-II پروجیکٹ کے کیتھوڈیکل کے تحفظ کیلئے 317 Km کی پوری لمبائی پر نئے سولر پاور سسٹمز کی تنصیب کی گئی۔

۴۔ **گراؤنڈ بیڈز کی تشکیل نو:** ایم پی 2841/4، ایم پی 309، کے ایم پی 47، کے ایم پی 138، کے ایم پی 110 اور کے ایم پی 155 پر چھ ناکارہ گراؤنڈ بیڈز کی تشکیل نو: سی لوکیشن کے سیکشن IV، ایچ کیو ایس کے پی اور ایچ کیو پر 16 انچ قطر ILBP، 18 انچ قطر IRBP اور 12 انچ قطر QPL پائپ لائن کے گراؤنڈ بیڈز کی تشکیل نو کی گئی۔

۵۔ **کیتھوڈک ٹیسٹ پوسٹس کی تنصیب:** ٹرانسمیشن پائپ لائن نیٹ ورک کی درج ذیل پائپ لائنز 16 انچ ڈایا ILBP۔ 20 انچ ڈایا IRBP-CEP، 20 انچ ڈیا کنڈوراری، 20 ڈیا سانگھڑ 364، 12 انچ ڈایا QPL، 18 انچ ڈایا کنر پاساکھی فیلڈز اور 20 انچ ڈایا کیو پی سی ای پی، 18 انچ ڈایا بی جی ایف آئی پی پائپ لائن پر کیتھوڈک ٹیسٹ پوسٹس نصب کی گئیں تاکہ پائپ لائن کے مضبوطی سے جڑے رہنے کو برقرار رکھنے کی غرض سے پائپ کیلئے زمین کی قوت ریکارڈ کی جاسکے۔

۶۔ **پائپ لائن کی مضبوطی کا سروے:** پائپ لائن کی کوٹنگ کی صورتحال کا معائنہ کرنے کیلئے ٹرانسمیشن پائپ لائن نیٹ ورک کے 16 انچ ڈایا 18 انچ ڈایا ILBP، 20 انچ ڈایا IRBP-CEP اور 12 انچ ڈایا QPL پائپ لائن کے پروجیکٹ پر 85.5 Kms تک مختصر وقفے کے ساتھ ممکنہ سروے کیے گئے۔

۷۔ **CP سولر سسٹم کی بہتری:** کیتھوڈک حفاظتی سسٹم کی مجموعی استعداد کو برقرار رکھنے کیلئے 16 انچ ڈایا ILBP میں پانچ مقامات پر اور 18 انچ ڈایا IRBP اور 12 انچ ڈایا QPL پائپ لائنز کے مختلف مقامات پر CP سولر کی اپ گریڈیشن کی گی۔

۸۔ **ایڈوانس کوٹنگ سسٹم کو آزمائشی طور پر لگانا:**

(i) مینوفیکچرر (PPG) کی جانب سے فراہم کردہ فیوژن بونڈ ڈ اپوکسی (SIGMA SHIELD 880) فیلڈ میں استعمال، معائنے اور ٹیسٹنگ کے بعد SMS میکنا کریٹ کے نزدیک IRBP پائپ لائن سیکشن IV پر KMP-475 پر استعمال کی گئی۔

(ii) ویسکو الاسٹک ٹیپ کوٹنگ سسٹم کا فیلڈ میں استعمال اور دوسرے پیمانوں کے مقابلے میں اس کے معیار کی جانچ کیلئے فیلڈ کے بعد اس کا معائنہ کیا گیا۔

(iii) لیکوئڈ اپوکسی کے فیلڈ میں استعمال اور KMP-475 پر استعمال کی گئی۔

P&C ۔ مستقبل کے منصوبے:

اے) بڑا ٹرانسمیشن پائپ لائن منصوبہ:

۱۔ 30" dia x 125 KM ۔ SMS سندھ یونیورسٹی تا SMS پاک لینڈ پائپ لائن پروجیکٹ

۲۔ 12" dia x 46 KM، POGC پلانٹ تا MVA ٹائنگ پائپ لائن پروجیکٹ

۳۔ 08" dia x 28 KM عائشہ گیس فیلڈ انٹگریشن پائپ لائن پروجیکٹ

۴۔ 30" dia x 17 KM از CTS بن قاسم تا SMS پاک لینڈ پائپ لائن پروجیکٹ

بی) سول ورکس:

۱۔ کمپریسر اسٹیشن HQ-2، نوابشاہ پر سڑک کے کام

۲۔ HQ-2، نوابشاہ پر آفیسر ٹرانزٹ میس

۳۔ K.T پر اسپورٹس فیسلٹی کا قیام

۴۔ نصیر کینال ٹنڈو الہ یار پر پائل اور پائل کیپس کی تعمیر

۵۔ HQ-2. پر اسٹور کیلئے '50 x '90 پری انجینئرڈ اسٹیل شیڈ کی تعمیر

ٹرانسمیشن:

زیر جائزہ سال کے دوران ٹرانسمیشن ڈویژن نے درج ذیل امور انجام دیئے:

- ایم وی اے پاک لینڈ سے ایچ کیو۔3 اور ایچ کیو۔2 تک 42 انچ قطر کی آر ایل این جی پائپ لائن کی بذریعہ پگنگ اندرونی صفائی؛ کل 258 کلومیٹرز
- سوئی سیکشن کے مقام پر 16 انچ قطر آئی ایل بی پی پر 185 فٹ زنگ آلود پائپ کی تبدیلی اور لیک کلیمپ کا ریموول کیا گیا
- پچھلے سال 74,0354 ایم ایم سی ایف کے مقابلے میں کل تقریبا 75,9887 ایم ایم سی ایف گیس کو ایس ایس جی نیٹ ورک بشمول تبادلہ اور الٹے بہاؤ کے ذریعے قابو کیا گیا۔
- ایچ کیو داود پر 20 انچ آئی آر بی پی۔ سی ای پی پائپ لائن کے ذریعے آر ایل این جی کی سپلائی کے لئے میٹرنگ اسکڈ کی تنصیب اور شروعات کی گئی
- QPCEM کے ایم۔47 اور شکار پور میں QPCEP کے ایم۔850+81 پر 18 انچ قطر کا جوڑ اور شروعات مع ایچ ڈی ڈی زیر آب پائپ لائن
- ایچ کیو۔2 پر اضافی فلٹریشن نظام کی تنصیب اور شروعات کی گئی
- تین سولر بنڈل سولر کیپسولز اور اسکڈ کی بناوٹ اور ویلڈنگ کی گئی
- ایچ کیو سی سیکشن پر نئے عزیز آباد ایس ایم ایس کی بناوٹ، ویلڈنگ، ہاٹ ٹیپنگ اور تنصیب کی گئی
- ایچ کیو۔2 پر سولر کمپریسر کے کنٹرولڈ فلو کے لئے ایچ کیو۔2 پر 16 انچ قطر والو کا تھروٹلنگ سیٹ اپ کیا گیا
- ایچ کیو۔2 کمپریسر اسٹیشن پر ہیڈرز، اسکربرز، فلٹرز کی اندرونی صفائی کی گئی
- کے۔ٹی۔ سیکشن میں فلٹر سیپریٹرز کی صفائی اور فلٹر ایلیمنٹس کی تبدیلی کی گئی
- جامشورو سے حیدرآباد نئی شروعات کی گئی 42 انچ آر ایل این جی پائپ لائن کی پرجنگ اور اوور پریشرائزنگ اور حیدرآباد سے ماسو والو اسمبلی پر کام کیا گیا

iii۔ ایس ایس جی سی نے 01 جولائی 2012 سے PSL اور K-E سے LPS آمدنی حاصل کرنے تک گورنمنٹ کنٹرولڈ E&P کمپنیوں (OGDCL, PPL & GPL) کو قابل ادائیگی LPS اخراجات کی منظوری بند کردی ہے۔

آپریشنل جائزہ:

SSGC اپنی بنیادی اقدار یعنی دیانتداری، اعلیٰ مہارت، ٹیم ورک، شفافیت اور اسٹیک ہولڈرز کیلئے ذمہ داریوں کے مطابق کام کرتی ہے۔ اپنے کمپنی کے مشن سے مطابقت کے تحت SSGC اپنے صارفین کی بڑھتی ہوئی بنیاد کو محفوظ، با اعتماد اور مناسب طریقے سے قدرتی گیس کی سہولت فراہم کرتی ہے۔ ڈویژن اور ڈپارٹمنٹ کے لحاظ سے منصوبوں اور مالی سال 18-2017 کی کامیابیوں کی تفصیلات درج ذیل ہیں:

پراجیکٹس اینڈ کنسٹرکشن:

اے) بڑی ٹرانسمیشن / ڈسٹری بیوشن پائپ لائن کے منصوبوں اور فیبریکیشن ورکس کی تکمیل

۱۔ کوئٹہ پائپ لائن گنجائش میں اضافے کا منصوبہ

- 24" dia x 34 KM شکار پور۔ جیکب آباد لوپ لائن
- 12" dia x 23 KM موجودہ پائپ لائن کی ری روٹنگ بمقام ڈیرہ الہ یار اور ڈیرہ مراد جمالی
- HQ سی پر کمپریسر اسٹیشن کیلئے گیس سکشن / ڈسچارج/ اور ریگولیشن کا سیٹ اپ

۲۔ دریائے سندھ HDD کراسنگ، N-5 کراسنگ پر 42" dia RLNG-II کے بقیہ کام اور 5 km کی پائپ لائن کا منصوبہ

۳۔ H.D.D اور اوپن ڈچ کے ذریعہ ٹرانسمیشن پائپ لائن کی 10 اور ہیڈ کراسنگ کی Submerging

۴۔ سندھ میں گیسیفکیشن کی 13 اسکیموں کی تکمیل ہوگئی، 56 KM پائپ لائن بچھائی گئی (1 انچ تا 20 انچ قطر)

۵۔ بلوچستان میں 10 اسکیموں کی گیسیفکیشن مکمل کی گئی۔ 90 KM (2 انچ تا 20 انچ قطر)

۶۔ بلوچستان میں آواران اور بیلا میں LPG ایئر مکس پلانٹس کیلئے گیس ڈسٹری بیوشن نیٹ ورک۔

بی) مرمت اور دیکھ بھال (چھوٹی اور بڑی): بیس ورکشاپ کھادیجی میں 623 مشینری، ایکویپمنٹ اور گاڑیوں کی مرمت اور دیکھ بھال کی گئی۔

سی) کھادیجی پائپ ڈمپ: مختلف ڈایامیٹرز (3/4 انچ تا 2 انچ قطر) کی 183، 280 میٹرز پائپس کی پائپ ٹیپ کوٹنگ کی گئی۔

ڈی) پائپ لائن سے متعلق سول ورکس:

- پائپ سپورٹس، فاؤنڈیشنز اینکر بلاکس کی تعمیر بمقام

i) CTS۔ بن قاسم ii) MVA پاک لینڈ iii) HQ iv) HQ-2 v) MVA ۔ سرہاری
vi) MVA۔ کے اے جمالی vii) R.S تارا viii) CTS ۔ ساون ix) HQ سی

- CTS بن قاسم اور CTS ساون پر باؤنڈری وال، CC فلورنگ، جنریٹر ہاؤس، کنٹرول روم، بیٹری روم کی تعمیر
- RS۔ تحریری محبت اور MVA ہزار گنجی، کوئٹہ پر باؤنڈری وال کی تعمیر اور CC فلورنگ
- آواران اور بیلا، بلوچستان میں LPG ایئر مکس پلانٹس کے سول کنسٹرکشن کے کام

مدت تک بڑھایا جارہا ہے۔ ایس ایس جی سی اور ایچ سی پی سی ایل کے درمیان جی ایس اے ستمبر 2019 کو ختم ہو چکا ہے جبکہ ایچ سی پی سی ایل اور سی پی پی اے۔ جی کے درمیان پاور پرچیز ایگریمنٹ (پی پی اے) 2029 تک کارآمد ہے۔

اسی طرح 3.8 بلین روپے کو "ایچ سی پی سی سے قابل وصولی" کی مد میں ڈال دیا گیا ہے اور بقیہ 4.2 بلین روپے کی رقم LPS کی ریورسل LD چارجز پر سود اور قانونی اخراجات کا اوگرا سے دعویٰ کیا گیا ہے تاہم اوگرا نے حتمی فیصلے میں 4.2 بلین روپے کی اجازت نہیں دی ہے اور معاملے کو ای سی سی کے مطابق پارٹیز کے درمیان نتیجے تک ملتوی کر دیا ہے۔ اس رقم کو اب "Expenses deferred by OGRA" کی مد میں ڈال دیا ہے۔

اس وقت معاملات پر درکار اتھارٹی کے جائزے کیلئے درخواست کی تحریک پہلے ہی اوگرا میں داخل کرا دی گئی ہے۔ ای سی سی کے فیصلے مورخہ 7 فروری 2018 پر عمل درآمد کے نتائج پر مبنی مطلوبہ مالیاتی اثر ثالثی کے گزشتہ فیصلے کے مطابق حسب ضرورت اوگرا سے طلب کیا جائے گا۔

"Recoverable from HCPC" کی مد میں رکھی گئی رقم آڈیٹرز کی رپورٹ میں اہلیت کیلئے پرکشش ہے۔

جاری معاملات سے متعلق حقیقی غیر یقینی کیفیت:

فنانشل اسٹیٹمنٹس کے 1.3 نوٹ میں متذکرہ فنانشل کارکردگی کی بنیاد پر بنیادی طور پر "یو ایف جی کمی کی حکمت عملی" پر مبنی آر ایل این جی والیوم ہینڈلنگ کی اجازت کی صلاحیت اور یو ایف جی میں کمی پر توجہ مرکوز کرتے ہوئے، آڈیٹرز نے حساب کتاب کیا ہے کہ میٹریل غیر یقینی طور پر موجود ہے جس سے کمپنی کی صلاحیت پر جاری تشویش کے سلسلے میں کافی شک ہو سکتا ہے۔ آڈیٹرز نے واضح طور پر اظہار خیال کیا ہے کہ اس معاملے کے سلسلے میں ان کی رائے میں کوئی تبدیلی نہیں کی گئی ہے۔ کمپنی کی مالی لچک کا اندازہ لگانے کے لئے انتظامیہ نے اگلے پانچ سالوں کے لئے مالی تخمینے تیار کئے ہیں جس میں درج ذیل اہم امور کی مدد سے انتظامیہ کے اس عمل کے استحکام سے متعلق دعوے کی تصدیق کی گئی ہے۔

الف۔ والیومیٹرک کی بنیادوں پر آر ایل این جی کی ہینڈلنگ پر مبنی یو ایف جی الاؤنس اوگرا سے طلب کیا جائے گا جیسا کہ پہلے پیراگراف میں تفصیل سے بیان کیا گیا ہے۔

ب۔ نیا ٹیکس رجیم مالی سال 19-2018 سے 17.43 فیصد موثر آپریٹنگ اثاثوں کی واپسی کی ضمانت فراہم کرے گا۔

ج۔ یو ایف جی کو 2022 تک بتدریج کم کر کے 11% تک کرنے کی منصوبہ بندی ہے۔ مزید چارٹرڈ اکاؤنٹ کی فرم کے ذریعے یو ایف جی کی اسٹڈی رپورٹ کو حتمی شکل دینے کے بعد، نظر ثانی شدہ یو ایف جی الاؤنس پہلے ہی 4.5% سے 7.6% یعنی 5% بینچ مارک کے علاوہ 2.6% تکمیل تک محدود ہے۔

اہم مانیٹرنگ انڈیکیٹرز (کے ایم آئی)۔ اگرچہ کمپنی نے مالی سال 18-2017 میں 95% KMIs حاصل کیں اور 95% KMIs پر مبنی بینچ مارک کا دعویٰ کیا گیا جو 7.47% تھا جس میں 0.56% کمی واقع ہوئی اور اس کی اجازت دی گئی کے ہماری KMI کامیابی کو 95% سے گھٹاتے ہوئے 6.91% کیا گیا اور کسی خاص وجہ کو بیان کئے بغیر ہمارے KMI بینچ مارک کو 95% سے گھٹاتے ہوئے 73.46% کر دیا گیا۔ اس معاملے پر نظر ثانی کے لئے اوگرا کے ساتھ پیروی کی جارہی ہے۔

معاملات پر زور:

مندرجہ بالا کے علاوہ بیرونی آڈیٹرز، میسرز۔ ڈیلوئٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس نے 30 جون 2018 کو ختم ہونے والے مالی سال کے لئے اپنی آڈٹ رپورٹ میں کچھ امور پر توجہ مبذول کرائی ہے۔ ان امور پر تبصرے درج ذیل ہیں:

i۔ کمپنی نے سندھ ہائی کورٹ کے فیصلے کی وجہ سے ہونے والے کل 36.7 بلین روپے کے نقصانات میں سے 25.7 بلین نقصان کو برداشت کیا۔ منیجمنٹ کو یقین ہے کہ باقی اسٹیگرڈ نقصان کی تلافی 2021 تک ہو جائے گی۔

ii۔ قانونی چارہ جوئی جن کا ذکر ہنگامی حالات اور کمٹمنٹ نوٹ نمبر 18 میں ہے کے سازگار حل کے لئے معاملات کو جارحانہ حل کے لئے اٹھایا جارہا ہے۔

ہوں گے جو کراچی پورٹ سے سیون تک RLNG ٹرانسمیشن کیلئے انفرااسٹرکچر پائپ لائن میں اخراجات کیلئے طویل مدت کا قرضہ لینا پڑا جو نارتھ کی توانائی کی ضروریات کو پوری کرنے کیلئے SNGPL کو RLNG ڈلیور کرنا ہوگی۔

بیرونی آڈیٹرز کی رپورٹ میں تجزیہ:

بیرونی آڈیٹرز ڈیلوائٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس، مالیاتی سال مختتمہ 30 جون 2018 کے لئے آڈٹ رپورٹ میں KE اور PSML کی طرف واجب الادا رقم، تاخیر سے ادائیگی کے چارجز (LPS)، SNGPL اور واپڈا سے قابل وصولی اور حبیب اللہ کوسٹل پاور کمپنی (پرائیویٹ) لمیٹڈ (HCPCL) سے قابل وصولی رقم کیلئے دانشمندانہ رائے کا اظہار کیا ہے۔

KE اور PSML سے قابل وصولی:

مالیاتی سال 2017-18 کے دوران میں کے الیکٹرک KE اور پاکستان اسٹیل مل لمیٹڈ PSML سے قابل وصولی رقوم کی تنازعات کی صورتحال گزشتہ سال کے مطابق رہی۔ انتظامیہ نے کے ای کے خلاف مقدمہ درج کرادیا ہے۔ اس کے علاوہ انتظامیہ متعلقہ وزارتوں کے ساتھ KE اور PSML سے قابل وصولی رقم کی جلد از جلد وصولی کیلئے باقاعدہ رابطے میں ہے۔

توقع ہے کہ جیسے ہی حکومت پاکستان کی جانب سے معاملات مستقل طور پر حل ہوں گے کمپنی کی مجموعی مالی حالت میں بہتری آجائے گی۔ یہ کہنا بے جا نہ ہوگا کہ فروری 2020 سے موثر PSML نے حالیہ فنانس ڈویژن سے مختص کی گی رقم میں سے گیس کے ماہانہ بلوں کی ادائیگی شروع کردی ہے۔ 30 جون 2018 تک KE اور PSML کے خلاف کمپنی کی دعویٰ شدہ رقم بالترتیب 85,763 ملین روپے اور 55001 ملین روپے ہے۔

SNGPL اور واپڈا سے قابل وصولی LPS:

کمپنی کو مجموعی گردشی قرضوں کی صورتحال کی وجہ سے SNGPL اور واپڈا سے قابل وصولی رقم جمع ہوتی جارہی ہے۔ تاہم طے شدہ شرائط وضوابط پر کمپنی واجب الادا رقم کے عوض LPS حاصل کررہی ہے۔ کمپنی اس صورتحال کے بارے میں متعلقہ حکومتی اتھارٹیز کے ساتھ روزانہ کی بنیاد پر گفت وشنید کررہی ہے اور توقع ہے کہ جیسے ہی گردشی قرضوں کا معاملہ طے ہوا، یہ مسئلہ بھی حل ہوجائے گا۔

HCPCL سے قابل وصولی:

حبیب اللہ کوسٹل پاور کمپنی (پرائیویٹ) لمیٹڈ (HCPCL) نے انٹرنیشنل چیمبرز آف کامرس سنگاپور کے تحت 30 نومبر 2015 کو ثالثی کی ایک درخواست جمع کرائی ہے، جس میں ایس ایس جی سی کی جانب سے دسمبر 2009 سے HCPCL کو گیس کی عدم فراہمی یا قلیل فراہمی کے تنازع کے بارے میں تھی (جی ایس اے کے تحت فرم کا وعدہ)۔ 30 اپریل 2018 کو انٹرنیشنل کورٹ آف آربیٹریشن نے HCPCL کے حق میں ثالثی کی کارروائی کا فیصلہ جاری کردیا اور کمپنی کی جانب سے HCPCL کو فائنل ریوارڈ بطور معاوضہ، نقصانات کا ہرجانہ، سود، قانونی اور پیشہ ورانہ چارجز ادا کرنے ہوں گے۔ ان کی مجموعی رقم 8.0 بلین روپے سے زیادہ بنتی ہے۔ تاہم HCPCL کی طرف سے کمپنی کو 3.8 بلین روپے کی رقم بطور نقصانات کا ہرجانہ دراصل WAPDA/CPPA-G کی جانب سے HCPCL کو چارج کئے گئے تھے۔ اس سے صاف ظاہر ہوتا ہے کہ ایک حکومتی ادارے کی جانب سے رقم کا بہاؤ یعنی کمپنی کے دوسرے حکومتی ادارے یعنی واپڈا کو بغیر کسی دعویدار کمپنی کو بڑے فائدے کی جاری ہے۔ لہٰذا ECC نے اپنے اجلاس منعقدہ 7 فروری 2018 میں اصولی طور پر ہرجانہ کے چارجز کو ختم کرنے کے ساتھ ساتھ پیٹرولیم ڈویژن اور پاور ڈویژن کو تمام اسٹیک ہولڈر سے مشاورت کے ساتھ اس معاملے کے لئے مختلف طریقوں پر غور کرنے کی ہدایات کیں۔

تمام اسٹیک ہولڈرز (ایس ایس جی سی، سی پی پی اے۔ جی اور ایچ سی پی سی ایل) طریقہ کار کو حتمی شکل دینے میں مصروف ہیں جس کیلئے نوڈسپیچ کی مدت کو "Other force majeure event" یعنی (OME) قرار دیا جارہا ہے اور اس طرح جی ایس اے کی مدت کو جی ایس اے اور ایس ایس جی سی کے درمیان نوڈسپیچ کی

ایس ایس جی سی کا منافع اوگرا کے تجویز کردہ ریٹرن فارمولے سے حاصل کیا گیا ہے۔اس فارمولے کے تحت ایس ایس جی سی کو فنانشل چارجز اور ٹیکسز سے پہلے اپنے اوسط نیٹ آپریٹنگ فکسڈ اثاثوں پر 17% ریٹرن کی اجازت ہے۔تاہم اوگرا محصولات کی ضروریات کا تعین کرتے وقت جو کہ متعلقہ معیارات جیسے غیر محاسبہ شدہ گیس (یو ایف جی)، ہیومن ریسورس بنچ مارک لاگت، مشکوک قرضوں کی فراہمی اور کچھ اخراجات کی ایڈجسمنٹس کرتا ہے۔یہ ایڈجسٹمنٹس کمپنی کے نچلے حصے کو متاثر کرتی ہیں جو کہ بنیادی طور پر مالی چارجز اور ٹیکسوں کی 17% خالص واپسی پر مبنی ہیں۔ایس ایس جی سی نے اپنے مالیات کو 14.8 ارب روپوں کے خالص خسارے پر بند کردیا ہے۔اس کی درج ذیل اہم وجوہات ہیں۔

مالی سال 2018 میں ایس ایس جی سی کو 14.8 ارب روپوں کی واپسی کی اجازت تھی۔تاہم اوگرا نے یو ایف جی کی وجہ سے 17.2 ارب، 0.3 ارب بیڈ ڈیبٹس کی فراہمی کے سبب، اور دیگر مختلف اخراجات کی مد میں 0.9 ارب کی فراہمی سے انکار کردیا۔کمپنی کی ہیومن ریسورس کی لاگت بنچ مارک کے اندر رہی، اس کے لئے 0.5 ارب کے قرض کے طور پر 50% حصص کی بچت کی اجازت ہے۔

ہائی یو ایف جی ڈس الاؤنس:

انتہائی بلند یو ایف جی ڈس الاؤنس کی وجہ سے ہے کہ اوگرا آر ایل این جی کے والیوم ہینڈلنگ کے منافع کو قبول نہیں کر رہا جو اکنامک کوارڈینیشن کمیٹی (ای سی سی) کی سمری کے ذریعے بتاریخ 11 مئی 2018 کو منظور کیا گیا تھا۔اگر اس منافع کی ایس ایس جی کو منظوری دی گئی ہوتی تو خالص یو ایف جی ڈس الاؤنس 12 ارب روپے گھٹ جاتا۔(بشمول 4.2 مالی سال 2017)۔اس کے علاوہ اوگرا نے کچھ ایسے ڈس الاؤنسز کیے ہیں جس کی مثال اس کے ابتدائی عزم سے مطابقت نہیں رکھتی۔یہاں یہ بتانا ضروری ہے کہ مالی سال 18-2017 کے لئے سالانہ عمومی اجلاس عام میں تاخیر اس وجہ سے ہوئی ہے کہ کمپنی کی انتظامیہ اور بورڈ آف ڈائریکٹرز وزارت توانائی (پیٹرولیم ڈویژن) (MOE-PD) کے ساتھ ہم آہنگی کے لیئے کوشاں تھے تاکہ کمپنی اس حیثیت سے اپنا کام جاری رکھے جو سمری ای سی سی کمیٹی کے اجلاس کے فیصلے پر عملدرآمد کے سلسلے میں تشویش کا اظہار کرتے ہوئے پیٹرولیم ڈویژن نے 11 مئی 2018 کو جمع کرائی جس کے تحت ایس ایس جی سی والیوم ہینڈلنگ کی بنیاد پر غیر محاسبہ شدہ گیس (یو ایف جی) کا حساب کتاب رکھ سکتی ہے۔

ایس ایس جی فرنچائز کے علاقے میں ٹرانسفر اور مینجمنٹ کی وجہ سے ہونے والے نقصان کی وجہ سے آر ایل این جی کی فروخت کی قیمت میں ایڈجسٹ ہونا تھا۔

ہم سمجھتے ہیں کہ آر ایل این جی والیوم ہینڈلنگ والے منافع کی فنانشل اسٹیٹمنٹ میں شمولیت ایس او ای (SOE) پر یو ایف جی کی صورت میں غیر ضروری بوجھ ہے جس کے مالی حیثیت پر ناقابل تلافی اثرات مرتب ہوتے ہیں۔اس غیر یقینی صورتحال پر قابو پانے کے لئے جس کا کمپنی کو سامنا ہے اور اوگرا کے خدشات کو دور کرنے کے لئے جس کی وجہ سے مذکورہ بالا سمری پر عملدرآمد نہیں کیا جاسکتا MOE-PD نے کمپنی کے دعوی کے جواز پر غور کرتے ہوئے تمام اسٹیک ہولڈرز سے مذاکرات کے بعد معاملے کو آگے بڑھانے کا فیصلہ کیا اور ای سی سی میں ہونے والے فیصلے کو نافذ کرنے کے لئے ای سی سی کو ایک اور سمری بھیج کردی گئی۔

مذکورہ مسلہ کا حل مالی سال 19-2018 کے لئے بھی اہم ہے، جس کی غیر موجودگی میں معاشی پوزیشن میں مزید خرابی، ایکویٹی کے مزید خراب ہونے کی وجہ سے ہوسکتی ہے جس سے کمپنی کی پائیدار اور موثر کارروائیوں پر اسٹیک ہولڈرز اور حکومت پاکستان کے اعتماد کو ٹھیس پہنچے گی۔

ماضی کے نقصانات کا ازالہ کرنا:

ایس ایس جی سی کی مالیات پر 3.7 ارب روپے کے نقصانات کو ضم کرنے کی وجہ سے منفی اثر پڑا جو سندھ ہائی کورٹ کے 25 نومبر 2016 کے فیصلے کے سلسلے میں ہوا جس میں یو ایف جی کے بنچ مارک اور نان آپریٹنگ آئٹم کے دعوے کو مسترد کردیا گیا جس کے نتیجے میں مالی سال 2011 سے مالی سال 2015 تک 36.7 ارب روپے کے نقصانات ضم کیے گئے۔مجاز اتھارٹیز کی منظوری سے ایس ایس جی سی نے ان نقصانات کو مالی سال 2018 تک برداشت کیا اور پھر 25.7 ارب روپے کو ضم کردیا گیا۔

زیادہ مالیاتی لاگت:

جیسا کہ اوپر واضح کیا گیا ایس ایس جی سی کو مالیاتی چارجز اور ٹیکسز سے پہلے اثاثہ جات کی طرف واپس آنا ہوگا اور 5.1 بلین قرضے کے لئے چارجز برداشت کرنے

شرائط (TOR) میں شامل کیا گیا ہے۔ ایسی مطابقت سے اس کمیٹی کا نام بدل کر اسے Board Risk Management, Litigation and HSE & QA کمیٹی رکھ دیا گیا ہے۔ گو کہ HSE کے تحت تربیتی نشستوں کا اہتمام کیا گیا تھا مگر بورڈ کی توجہ اس جانب مرکوز ہے کہ ان تربیتی نشستوں کو نتیجہ خیز بنایا جائے جن پر عمل درآمد ممکن ہو۔

- اختیارات کی منتقلی کے عمل میں بہتری لانے کے لئے درمیانی سطح کی انتظامیہ کو کمپنی کے روزمرہ کے معمولات چلانے میں بااختیار بنانے کیلئے معاملات زیرِ غور ہیں۔
- ڈائریکٹرز ٹریننگ پروگرام کو سینئر جنرل مینیجرز اور اس سے اوپر کے افسران کے لئے لازمی طور پر کرنا ہوگا۔
- ایک نئی کمیٹی گورنس اور ایتھکس کے نام سے بنائی جائے گی، جس کا کام اعلیٰ معیاری کارپوریٹ گورنس کا نفاذ اور اس کی نگرانی ہوگا، اس عمل سے کام کرنے کے ماحول اور اقدار میں بہتری لائی جاسکے گی بورڈ، انتظامیہ کو اپنا مکمل تعاون فراہم کر رہا ہے تاکہ انتظامیہ سوئی سدرن میں تنظیمی اصلاحات کو نافذ العمل کر کے ادارے کو مزید متحرک اور کامیاب کر سکے اس کا حصول جب ہی ممکن ہوگا جب تمام انتظامیہ متحد ہو کر ایک ٹیم کے طور پر اپنی بہترین صلاحیتوں کو بروئے کار لاتے ہوئے اپنے فرائض منصبی کو سرانجام دے۔

توانائی کا جائزہ:

پاکستان میں انرجی کے شعبہ میں CPEC کے تحت تازہ ترین انرجی جنریشن پروجیکٹس کے پس منظر میں توانائی کی فراہمی میں اضافہ کا رجحان جاری ہے۔ ملک کی ابتدائی مجموعی توانائی کی فراہمی (6.8 MMTOE) 8.55% اضافے کے ساتھ 86.3MMTOE تک پہنچ گئی ہے، جو 2013 سے ہونے والی اب تک سب سے بڑی بہتری ہے جس سے ملک کی توانائی کی فراہمی میں 0.21%- کمی واقع ہوئی تھی۔

2018 میں ملک میں قدرتی گیس کیلئے گھریلو اور صنعتی شعبہ میں توانائی کا خسارہ 16.7MMTOE تک بڑھ گیا تھا جو 2017 سے تقریباً 1 MMTOE زیادہ ہے۔ اس خسارے میں سب سے بڑا حصہ قدرتی گیس کیلئے گھریلو اور صنعتی شعبہ کا خسارہ شامل ہے جب کہ مزید گیس کی فراہمی اس بڑھتی ہوئی طلب کو پورا کرنے میں ناکام رہی ہے۔

قدرتی گیس ملک میں توانائی کا سب سے بڑا ذریعہ ہے جو 2018 میں ابتدائی انرجی مکس کا 43% ہے۔ ملکی قدرتی گیس مجموعی گیس کی فراہمی کا 34.6% ہے اور درآمد شدہ LNG مجموعی فراہمی کا 8.7% ہے۔

مالیاتی جائزہ:

زیرِ جائزہ مدت کے دوران میں کمپنی نے بعد از ٹیکس 6,115 ملین روپے کا نقصان ریکارڈ کیا جس میں واجب الادا قرضوں کے بڑے disallowances اور مالیاتی لاگت شامل کی گئی ہے۔

مالیاتی جھلکیوں کا خلاصہ درج ذیل ہے:

	2017-18 ملین روپے میں
قبل از ٹیکس نقصان	(10,826)
ٹیکسز	(4,022)
بعد از ٹیکس نقصان	(14,848)
نقصان فی شیئر	(16.86) روپے

ایس ایس جی سی کی آپریشنل اور فنانشل کارکردگی میں مضبوطی:

بورڈ نے مینجمنٹ کی ذریعے گڈ گورننس پر عملدرآمد کرتے ہوئے اہم شعبوں کے منتقہ منصوبوں کو پایہ تکمیل تک پہنچاتے ہوئے کمپنی کو آپریشنل اور فنانشل طور پر استحکام بخش رہے ہیں۔ چند اہم اصلاحات مندرجہ ذیل ہیں:

- بورڈ ایک تجربہ کار اور مانے ہوئے مینجنگ ڈائریکٹر کو تعینات کریگا۔ اس مقصد کے حصول کیلئے "اے ایف فرگوسن اینڈ کمپنی لمیٹڈ" جیسے متمد ادارے کو مقرر کیا گیا ہے۔
- غیر محاسبہ شدہ گیس (UFG)، جو کہ فنانشل اور آپریشنل دونوں جہتوں کیلئے ایک جامع حکومت عملی وضع کی گئی ہے۔ اس حکومت عملی کے تحت کل UFG کا 95% دینے والے 14 ایس ایم ایس کی تنظیم نو کی گئی۔
- یو ایف جی میں کمی لانے کے ضمن میں مینجمنٹ خرد کو جوابدہ سمجھتی ہے۔ اسی لیے بورڈ نے ڈپٹی مینجنگ ڈائریکٹر کی سربراہی میں یو ایف جی ہب کا قیام عمل میں لایا تا کہ یو ایف جی پر تیزی سے قابو پایا جاسکے۔
- اس امر کی توقع ہے کہ اگلے دو سال میں یو ایف جی پر بڑی حد تک قابو پالیا جائے گا جس سے کمپنی کی معاشی صورتحال میں بہتری واقع ہوگی۔
- ایک انجینئرنگ کمپنی ہونے کے ناطے بہترین آپریشنل کارکردگی کے لیے کوالٹی میں یکسانیت انتہائی اہمیت کی حامل ہے۔ اسی ضمن میں کوالٹی ایشورنس ڈپارٹمنٹ بنانے کا فیصلہ کیا گیا جس کا سربراہ براہ راست مینجنگ ڈائیریکٹر کو رپورٹ کرے گا۔
- مینجمنٹ کو کمپنی کو موثر اور کارگر بنانے کا ہدف سونپا گیا ہے تا کہ وسائل بہترین طریقے سے بروئے کار لائے جائیں۔
- معاشی معاملات میں بہتری لانے کیلئے مجوزہ بجٹ کی شدید جانچ پڑتال کی گئی اور مینجمنٹ کو بجٹ کی منظوری کیلئے استدلال کا کہا گیا تا کہ اخراجات کو کنٹرول کیا جاسکے۔ جیسے کہ کیپٹل ایکسپنس صرف اور صرف بورڈ کی تسلی اور مکمل مالی جائزے کے بعد ہی منظور کیا جائے گا۔
- پروکیورمنٹ پراسس کی تجدید کی گئی ہے اور پروکیورمنٹ سائیکل کو 152 دنوں سے کم کرکے 138 دنوں پر لایا گیا ہے۔ اس ضمن میں بورڈ مزید کمی لانے کیلئے بین الاقوامی مستند اصول وضوابط کو اختیار کرنے میں کوشاں ہے۔

انسانی وسائل میں اصلاحات:

اعلیٰ معیار کی کارکردگی کی جانچ پڑتال اور نتائج کی بنیاد پر جوابدہی وہ عوامل ہیں جو اسٹیک ہولڈرز کی توقعات پورا کرنے میں کلیدی کردار ادا کرتے ہیں، اسی سلسلے میں کارکردگی کی بنیاد پر جانچ پڑتال کو متعارف کرایا گیا جس میں سخت KPI's کا استعمال کیا گیا اور انتظامیہ کو اس بات کا اختیار دیا گیا وہ اس نظام کو نافذ العمل کرکے تا کہ ہر سطح پر جوابدہی کے عمل کو ممکن بنایا جاسکے۔

- بورڈ نے تنظیمی ڈھانچے میں بہتری لانے کیلئے، دہرانے کے عمل میں کمی، ہر مرکز کے کردار اور ذمہ داریوں کے تعین اور ٹیم ورک کو فروغ دینے کیلئے، جوابدہی کے عمل کو بڑھانے کے لئے دیا ہے۔
- ایک Reservoir انجینئر اور ایک معاشی توانائی کے ماہر کی تقرری زیر عمل ہے۔
- انتظامیہ کو ہدایت کی گئی ہے کہ تمام درمانی اور سینئر مینجمنٹ کی سطح کی خالی آسامیوں پر تقرریاں کی جائیں اور اس امر کو یقینی بنایا جائے کہ یہ تقرریاں مسابقت کی بنیاد پر ایک شفاف انداز میں کی گئی ہوں۔
- تربیتی اور ترقیاتی ڈھانچے کو متعارف کرایا جائے جس میں مہارتی فرق کے تجزیے پر توجہ مرکوز ہو۔
- صحت، تحفظ، ماحولیات اور معیار کی یقین دہانی پر زور دیتے ہوئے ان عوامل کو بورڈ کی Risk Management and Litigation کمیٹی کے حوالہ

سالانہ رپورٹ 2017-18

ڈائریکٹرز رپورٹ

معزز شیئر ہولڈرز

کمپنی کی 64ویں سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ جو کہ 30 جون 2018ء کی مالیاتی سال کے اختتام تک ہے، آڈٹ رپورٹ کے ہمراہ آپ کے پیش خدمت ہے۔

موجودہ بورڈ نے اپنے قیام کے فوری بعد اکتوبر 2019ء میں چارج سنبھالتے ہی فوری طور پر سالانہ عام اجلاس اور سالانہ عبوری مالیاتی رپورٹ میں تاخیر کے معاملے پر توجہ دی۔ یہ تاخیر بنیادی طور پر اس لئے ہوئی کیونکہ انتظامیہ وفاقی کابینہ کی ای سی سی کے مورخہ 11 مئی 2018ء کے فیصلے پر عمل درآمد کیلئے مسلسل کوشاں تھی۔ یہ فیصلہ جو کہ کیس ECC-37/09/2018 کے تحت تھا جس میں اوگرا کو ہدایت کی گئی تھی کہ وہ سوئی سدرن کو RLNG کی ترسیل میں حجم کے لین دین کی بنیاد پر UFG اجازت دے، بورڈ نے اوگرا کی جانب سے RLNG آمدنی کے بارے میں تاخیری فیصلے کے پیش نظر حکومت پاکستان کو مطلع کیا پالیسی گائیڈ لائنز پر عمل درآمد نہ ہونے کی وجہ سے کمپنی کی مالیات صحت پر خاصہ اثر پڑا ہے، جس سے حکومت پاکستان کے سماجی اور معاشی پروگرام اور کمپنی کی ساکھ بھی متاثر ہوئی ہے۔

اس معاملے پر تازہ ترین پیش رفت یہ ہے کہ ای سی سی نے اپنی تین میٹنگز میں اس سمری پر غور وخوض کیا مگر کسی نتیجے پر نہیں پہنچ سکی، حال ہی میں معاملات کو حل کرنے کیلئے دورکنی سیکٹیریل کمپنی کا قیام عمل میں لایا گیا جو کہ حصہ داروں کے ساتھ مشاورت کرے گی۔ اس سلسلے میں پہلی میٹنگ 24 جون 2020ء کو منعقد ہوئی جس میں وزارت توانائی (پیٹرولیم ڈویژن)، اوگرا کے افسران سوئی سدرن، سوئی ناردن کی ٹیموں نے سوئی کمپنیوں کے چیئرپرسنز اور ڈائریکٹرز کے ہمراہ شرکت کی۔

سالانہ عام اجلاس برائے سال 2018ء کے وقت مقررہ پر نہ ہونے پر اپنی فکرمندی کا اظہار کرتے ہوئے بورڈ نے یہ فیصلہ کیا کہ زیادہ ریگولیٹری پیچیدگیوں میں اضافہ نہ ہونے پائے، اس لئے بورڈ نے مالیاتی گوشوارے برائے سال 18-2017 کو منظور کرلیا اور فیصلہ کیا کہ سالانہ عام اجلاس 5 اگست 2020ء کو منعقد کیا جائے گا۔ بیرونی آڈیٹرز نے اپنی رپورٹ پر دستخط کرنے کیلئے وزارت خزانہ کی طرف سے جاری کردہ خط کے درخواست کری جس میں حکومت پاکستان کی طرف سے کمپنی کی غیر مشروط طور پر حمایت کا اظہار ہو کہ کمپنی ایک کے طور پر کام کرتی رہے گی اور اپنی ذمہ داریاں معمول کے مطابق پوری کرتی رہے گی وزات خزانہ حکومت پاکستان نے یہ مطلوبہ خط 6 جون 2020ء کو جاری کردیا جس میں سرمایہ کاروں اور شراکت داروں کے اعتماد کے لیے اس امر کا اظہر کیا گیا ہے بورڈ آف ڈائریکٹرز، کمپنی کی انتظامیہ کی ان معاملات میں اصلاحات پر رہنمائی کرے گا۔

مزید براں، بورڈ نے انتظامیہ کو ہدایت کری ہے کہ کمپنی ایکٹ 2017 کے تعمیل کرتے ہوئے فوری طور پر سال 18-2017 کے مالیاتی گوشوارے اور سالانہ عام اجلاس کا قیام عمل میں لایا جائے، جو کہ اس سمت میں ایک قدم ہے، بورڈ نے یہ بھی فیصلہ کیا ہے کہ آنے والے مالیاتی سالوں کے گوشوارے کمپنی درخواست پر اوگرا کے حتمی آمدنی ضروریات (FRR) کے فیصلے کی روشنی میں تیار کیے جائیں گے، جبکہ اپیل اور نظر ثانی موشن کو متوازی طور پر جاری رکھا جائے گا تاکہ تاخیر نہ ہو۔

ڈائریکٹرز رپورٹ

(اردو ترجمے کے ساتھ)

NOTES

SUI SOUTHERN GAS COMPANY LIMITED

64th Annual General Meeting for the year ended 2017-18

FORM OF PROXY

I/We ________________________ of_____________________, holding CNIC No._______________ being a member of SUI SOUTHERN GAS COMPANY LIMITED and holder of_________________ ordinary shares vide Registered Folio / CDC Participant I.D. No._________________ hereby appoint Mr./Mrs./Miss._____________________ of ______________________ holding CNIC No._________________________ or failing whom Mr./Mrs./Miss.____________________ of __________________________ holding CNIC No.__________________________ as my/our proxy to vote for me /us and on my/our behalf at the Annual General Meeting of the Company to be held on **August 05, 2020 at 11:00 a.m. through video conferencing facility** and/or at any adjournment thereof.

Signed under my/our hand this _______day of __________2020.

Signature on Revenue Stamp of appropriate Value

(Signature should agree with the specimen signature registered with the Company)

WITNESSES:

Signature: ____________________________	Signature: ____________________________
Name: _____________________________	Name: _______________________________
Address: _____________________________	Address: _____________________________
_____________________________________	____________________________________
CNIC / Passport No.: ___________________	CNIC / Passport No.: __________________

Dated: _____________________________

NOTES:

1. All members, entitled to attend and vote at the Annual General Meeting, are entitled to appoint any person in writing as their proxy to attend and vote on their behalf. A legal entity, being a member, may also appoint any person as proxy. However, in case of legal entities, a resolution of the Board of Directors' / Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the legal entity shall be submitted to the Company. **The proxy holders are required to produce their original CNIC or original Passport at the time of the meeting** (in case he/she is attending the meeting in person).

2. The proxy instrument must be completed in all respects and in order to be effective should be deposited at the Registered Office of the Company atleast 48 hours before the time of AGM. Scanned copy of Proxy Form may be emailed to the Company's Share Registrar at **cdcrta@cdcpak.com**

3. If any member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the Company, all such instruments of proxy shall be rendered invalid.

4. **Due to prevailing circumstances of COVID-19 across the Country and in line with the direction issued to listed companies by Securities and Exchange Commission of Pakistan, vide its Circular # 5 of 2020 dated March 17, 2020, the Company has decided to hold its AGM through electronic means. In this regard, special arrangements have been made for the AGM which are as under:**
   - AGM will be held through Zoom application – a video link facility.
   - Shareholders interested in attending the AGM through Zoom application will be requested to get themselves registered with the Company's Share Registrar at least 48 hours before the time of AGM at **cdcrta@cdcpak.com** by providing the following details:

S. No	Folio / CDC A/c No.	Name of Shareholder	CNIC Number	Cell Number	Email Address

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

- Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company Secretary office at least 48 hours before the time of AGM, at the given email address **AGM2018@ssgc.com.pk** or **WhatsApp / SMS on 0321-8200864**. Shareholders are required to mention their full name, CNIC # and Folio/CDS # for this purpose.

- Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

For CDC account holders / corporate entities:

In addition to the above the following requirements have to be met:-

1. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the requirements mentioned below,

   a. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

   b. Attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

   c. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting (in case he/she is attending the meeting in person).

2. In case of a legal entity, the Board of Directors' resolution duly certified by CEO/Company Secretary or power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

۴۔ ملک میں COVID-19 کی موجودہ صورتحال کے پیش نظر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات بذریعہ سرکلر نمبر 5 آف 2020 مورخہ 17 مارچ 2020 کمپنی نے اپنا سالانہ اجلاس عام الیکٹرونک ذریعہ سے منعقد کرنے کا فیصلہ کیا ہے۔ اس سلسلے میں کمپنی نے خصوصی انتظامات کیے ہیں جو درج ذیل ہیں:

- سالانہ اجلاس عام (AGM) زوم ایپلیکشن کے ذریعہ منعقد ہوگا جو ویڈیو لنک فیسلٹی ہے۔
- زوم ایپلیکشن کے ذریعہ اے جی ایم میں شرکت کے خواہشمند شیئر ہولڈرز سے درخواست ہے کہ AGM کے وقت سے کم از کم 48 گھنٹے قبل پہلے درج ذیل تفصیلات فراہم کر کے خود کو کمپنی کے شیئر رجسٹرار کے پاس cdcrta@cdcpak.com پر رجسٹر کروالیں۔

نمبر شمار	فولیو / سی ڈی سی اکاؤنٹ نمبر	شیئر ہولڈر کا نام	سی این آئی سی نمبر	سیل نمبر	ای میل کا پتہ

لاگ ان کی سہولت اجلاس کے آغاز کے وقت سے 30 منٹ پہلے کھولی جائے گی تاکہ شرکاء شناخت (identification) کے مراحل کے بعد اجلاس میں شامل ہوجائیں۔ شیئر ہولڈرز شناخت کی مطلوبہ شرائط پوری کر کے شیئر ہولڈرز کی تصدیق کے بعد اپنی ڈیوائس کے ذریعہ AGM کی کارروائی میں شرکت کر سکتے ہیں۔

- شیئر ہولڈرز AGM کے ایجنڈا آئٹمز سے متعلق اپنی رائے اور تجاویز اجلاس سے کم از کم 48 گھنٹے قبل کمپنی سیکرٹری کو اس ای میل پتہ پر: AGM2018@ssgc.com.pk یا 0321-8200864 پر واٹس ایپ / ایس ایم ایس کر کے بھیج سکتے ہیں۔
- شیئر ہولڈرز کو اجلاس میں حاضری کیلئے اور پراکسی کے ذریعہ شرکت کیلئے حوصلہ افزائی کی جاتی ہے۔

سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کیلئے:

درج بالا کے علاوہ مندرجہ ذیل شرائط پوری کرنا بھی ضروری ہے:

1. انفرادی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا جس شخص کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور اس کی رجسٹریشن ضابطے کے مطابق اپ لوڈ ہیں، اس کو اپنا پراکسی فارم درج ذیل شرائط کے مطابق جمع کرانا ہوگا:

a پراکسی فارم پر دو گواہان کے دستخط ہوں اور فارم پر ان کے نام، پتہ اور سی این آئی سی نمبر درج ہونا لازمی ہے۔

b بینیفیشل اونرز اور پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ منسلک ہونا چاہئیں۔

c پراکسی کو اجلاس میں شرکت کے وقت اپنا اصل سی این آئی سی یا پاسپورٹ پیش کرنا ہوگا۔ (اگر وہ اجلاس میں ذاتی طور پر شرکت کر رہا / کر رہی ہو)۔

2. قانونی ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد جو سی ای او / کمپنی سیکرٹری سے تصدیق شدہ ہو یا پاور آف اٹارنی مع کے دستخط کے نمونے اور پراکسی فارم (اگر پہلے سے جمع نہ کرایا گیا ہو) کمپنی کے پاس جمع کرانا ہوگا۔

سوئی سدرن گیس کمپنی لمیٹڈ

سال مختتمہ 18-2017 کے لیے چوسٹھویں سالانہ اجلاس عام

پراکسی فارم

میں/ہم..................جو کہ..................جو سوئی سدرن گیس کمپنی لمیٹڈ کا/ کے ممبر ہوں/ ہیں، جس/ جن کی ملکیت میں رجسٹر فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر..................کے مطابق..................عام شیئر (شیئرز) ہیں،.................. فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر..................،کو اپنا پراکسی (نمائندہ) مقرر کرتا/ کرتے ہیں جو کہ سوئی سدرن گیس کمپنی لمیٹڈ کے ممبر بھی ہیں، تا کہ میری/ ہماری غیر موجودگی میں 5 اگست، 2020 کو منعقد ہونے والے، سالانہ اجلاس عام میں میری / ہماری جانب سے شرکت کر سکیں اور میری/ ہماری طرف سے ووٹ کریں اور کسی اختتام کی صورت میں 2020 کے..................ون، میری/ ہماری جانب سے دستخط کریں۔

پانچ روپے کا ریوینیو اسٹامپ

دستخط کمپنی کے شیئر رجسٹرار کے ساتھ رجسٹر شدہ نمونے کے دستخط کے مطابق ہونا ضروری ہے

گواہ کے دستخط:..................

نام:..................

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:..................

پتا:..................

تاریخ:..................

گواہ کے دستخط:..................

نام:..................

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:..................

پتا:..................

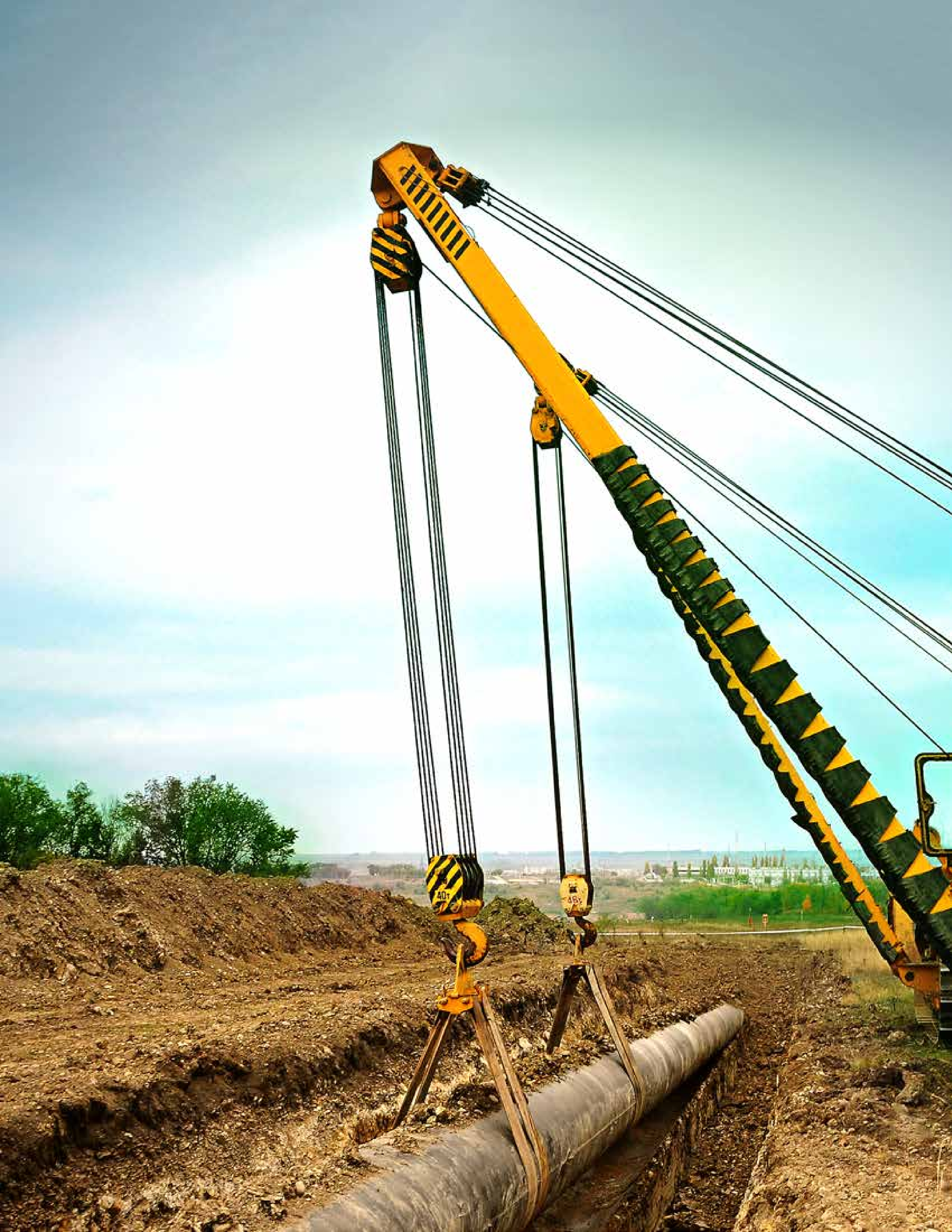
نوٹس:

۱۔ تمام ممبرز جو سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کے اہل ہیں، وہ اپنی جگہ کسی دوسرے شخص کو اپنی جگہ شرکت کرنے اور ووٹ دینے کیلئے تحریری طور پر اپنا پراکسی مقرر کر سکتے ہیں۔ ایک قانونی ادارہ بھی ممبر ہونے کی صورت میں پراکسی مقرر کر سکتا ہے۔ تاہم قانونی ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمع قانونی ادارے کی جانب سے نمائندگی کرنے اور ووٹ دینے کیلئے نامزد کردہ شخص کے دستخط کے نمونے کمپنی کے پاس جمع کرائے جائیں۔ پراکسی ہولڈرز اپنا اصلی قومی شناختی کارڈ یا پاسپورٹ دوران میٹنگ دکھانے کے پابند ہونگے اگر وہ میٹنگ میں خود موجود ہونگے۔

۲۔ پراکسی کی دستاویز جو ہر لحاظ سے مکمل ہوں اور موثر ہوں، اجلاس کے منعقد ہونے کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع کرادی جائیں۔ پراکسی فارم اسکین کر کے کمپنی کے شئیر رجسٹرار کو cdcrta@cdcpak.com پر ای میل کردی جائیں۔

۳۔ اگر کوئی ممبر ایک میٹنگ کے لئے ایک سے زیادہ پراکسی مقرر کرتا ہے اور اس سلسلے میں ایک سے زیادہ دستاویز کمپنی کے پاس جمع کراتا ہے تو تمام دستاویزات غیر موثر ہونگے۔

NOTES




The future may not be ours to see but as a Company we will continue to deliver on our promises, pioneer new opportunities and approaches and add value to our stakeholders' lives.
Sui Southern Gas Company Limited
SSGC

Sui Southern Gas Company Limited

If undelivered, please return to Shares Department:
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