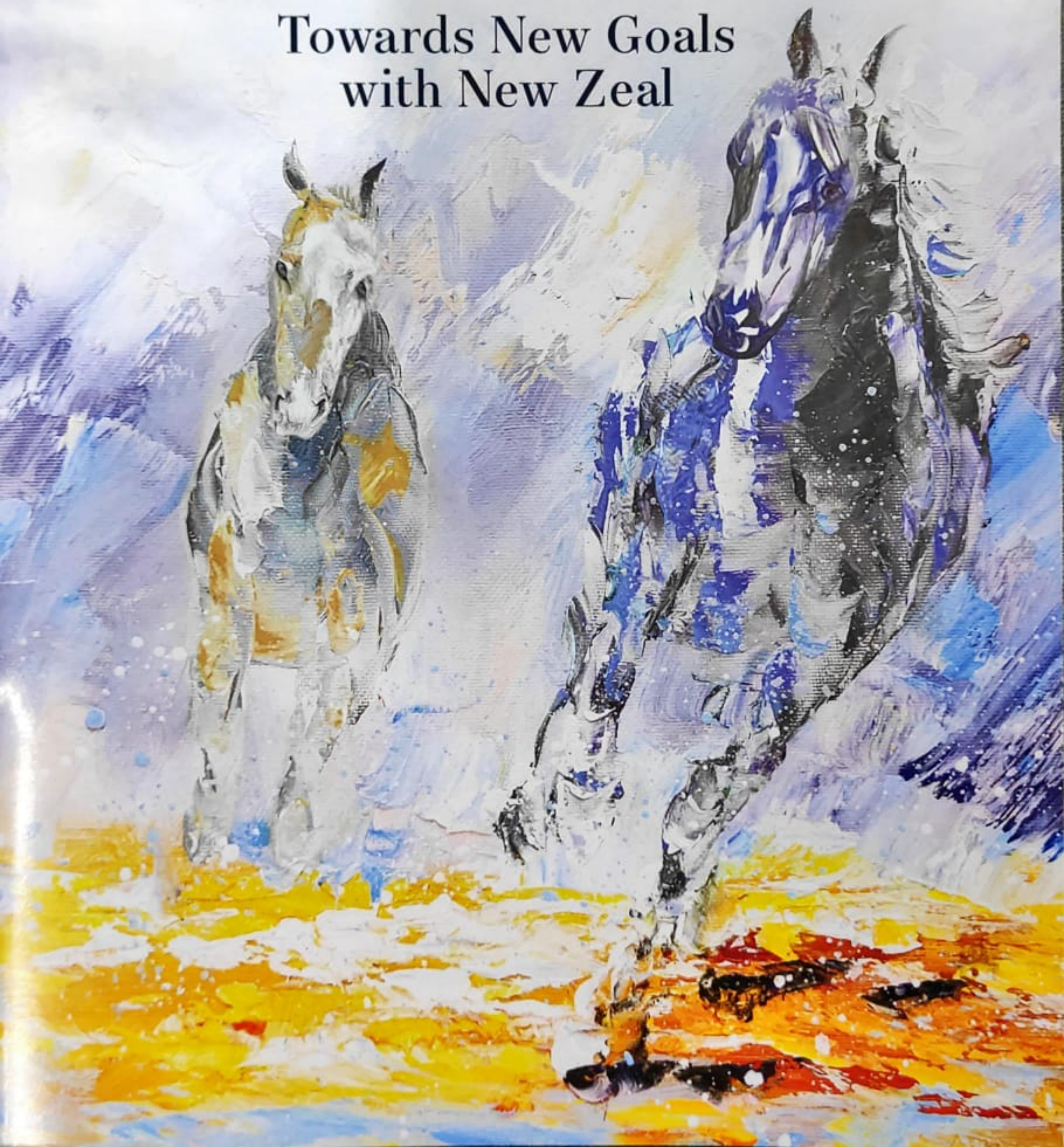




Sui Northern Gas Pipelines Limited

**1st Quarter Accounts (Un-Audited)
For the Period Ended September 30, 2021**

**Towards New Goals
with New Zeal**



Corporate Information

PRESENT BOARD OF DIRECTORS*

Ms. Roohi Raees Khan	Chairperson
Syed Ali J. Hamdani	Managing Director
Mr. Ahmad Aqeel	Director
Syed Akhtar Ali	Director
Mr. Hamed Yaqoob Sheikh	Director
Mr. Manzoor Ahmed	Director
Mr. Mohammad Haroon	Director
Mr. Muhammad Haroon-ur-Rafique	Director
Mr. Muhammad Sualeh Ahmed Faruqui	Director
Dr. Sohail Razi Khan	Director
Syed Zakria Ali Shah	Director

COMMITTEES OF THE BOARD OF DIRECTORS

BOARD AUDIT COMMITTEE

Syed Akhtar Ali	Chairman
Mr. Hamed Yaqoob Sheikh	Member
Mr. Manzoor Ahmed	Member
Mr. Mohammad Haroon	Member
Dr. Sohail Razi Khan	Member
Syed Zakria Ali Shah	Member

RISK MANAGEMENT & UFG-C COMMITTEE

Ms. Roohi Raees Khan	Chairperson
Syed Ali J. Hamdani	Managing Director
Syed Akhtar Ali	Member
Mr. Mohammad Haroon	Member
Mr. Mohammad Haroon-ur-Rafique	Member
Mr. Muhammad Sualeh Ahmed Faruqui	Member
Dr. Sohail Razi Khan	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Roohi Raees Khan	Chairperson
Syed Ali J. Hamdani	Managing Director
Mr. Manzoor Ahmed	Member
Mr. Mohammad Haroon	Member
Mr. Mohammad Haroon-ur-Rafique	Member
Dr. Sohail Razi Khan	Member

NOMINATION COMMITTEE

Syed Zakria Ali Shah	Chairman
Mr. Ahmad Aqeel**	Member
Syed Akhtar Ali	Member
Mr. Mohammad Haroon	Member
Mr. Muhammad Sualeh Ahmed Faruqui	Member

FINANCE & PROCUREMENT COMMITTEE

Mr. Manzoor Ahmed	Chairman
Mr. Ahmad Aqeel**	Member
Syed Akhtar Ali	Member
Mr. Hamed Yaqoob Sheikh	Member
Mr. Mohammad Haroon	Member
Dr. Sohail Razi Khan	Member
Syed Zakria Ali Shah	Member

CHIEF FINANCIAL OFFICER

Mr. Faisal Iqbal

COMPANY SECRETARY / SECRETARY TO COMMITTEES OF THE BOARD

Mr. Imtiaz Mehmood

AUDITORS

M/s Yousaf Adil,
Chartered Accountants

SHARE REGISTRAR

M/s. CDC Share Registrar Services Limited
Mezzanine Floor, South Tower, LSE Plaza
19-Khayaban-e-Aiwan-e-Iqbal,
Lahore-54000.
Tel:[+92-42] 36362061-66
Fax: [+92-42] 36300072
Website: www.cdcsrsl.com

LEGAL ADVISORS

M/s. Surrige & Beecheno

REGISTERED OFFICE

Gas House,
21-Kashmir Road,
P.O. Box No. 56, Lahore 54000, Pakistan
Tel:[+92-42] 99201451-60,99201490-99
Fax:[+92-42] 99201369, 99201302
Website: www.sngpl.com.pk

* One Casual Vacancy exists on the Board.

** The membership of worthy Director on the sub-committees of the Board was suspended till the conclusion of Related Party Transaction investigation.



DIRECTORS' REVIEW

We are pleased to present the un-audited financial statements for the 1st Quarter ended September 30, 2021. During the period under review, your Company has earned profit after tax amounting to Rs 3,032 million against a profit of Rs 3,181 million for the corresponding period. The earnings per share for the period was Rs 4.78 as against earnings per share of Rs. 5.01 for the period ended September 30, 2020.

OGRA in its decision of Estimated Revenue Requirement ('ERR') of the Company for FY 2021-22 dated August 17, 2021, in line with the tariff regime in vogue, has reworked the Rate of Return on Average Net Assets (ROA) for the year 2021-22 and for a further period of two years at 16.60% as compared to the previous ROA rate of 17.43% determined upto 2020-21. Through the same decision, OGRA has revised depreciation rates of various operating assets particularly transmission and distribution network and allied facilities of the Company from present rates of about 6% per annum to the rates ranging from 2.5% to 5% per annum.

Reduction in ROA coupled with certain adjustments which the regulator made in the treatment of certain revenues contributed adversely in the reduction of profit for the period under review.

The Company due to concerted efforts was able to reduce UFG in both percentage terms and volume. The UFG percentage decreased from 10.10% (10,192 MMCF) to 9.63% (8,674 MMCF) and accordingly UFG disallowance decreased from Rs 1,705 million in the corresponding period to Rs 1,292 million for the quarter under review.

Despite all the economic challenges and financial constraints, the Company has not only maintained its pace but is accelerating its pace and is confident of promising results in future. It is considered that the results have been achieved by timely completion of targets of infrastructure development and continuous focus of the Board of Directors on various initiatives taken by the Company. Management and staff of the Company are confident that performance of the Company will further enhance in the years ahead.

PROJECTS

Projects Department of your Company has completed/commissioned 47.73 KMs Transmission Lines with diameters ranging from 8" to 24". In addition to Transmission Lines, 110 KMs of Distribution mains were laid during 1st Quarter ended on September 30, 2021 for improving pressure and supplying gas to new towns which has enhanced customer satisfaction level.

Company is working on the project of developing digital maps of Transmission and Distribution systems through utilization of Geographic Information System (GIS) technology. GIS maps are helping the management and users to visualize the pipeline network and customers related information through interactive Web-Apps and GIS Dashboards. So far, Distribution pipeline network (4"-24" dia) of five cities, whole Transmission pipeline network, all customer locations, customer complaints, leakage detection points and TBS service area boundaries are mapped and available through GIS portal across Company.

ONGOING/FUTURE PROJECTS

Special Economic Zones

The development of Special Economic Zones to support industrialization and business development is the priority of Government of Pakistan. Your Company is actively engaged in taking all necessary measures for smooth and timely supply of natural gas to SEZs.



Augmentation of Distribution Network

In order to improve the gas supply and network pressure specially at tail end, your Company has undertaken a comprehensive project for augmentation of gas network at various cities.

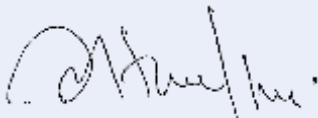
BUSINESS DEVELOPMENT

Your Company is engaged in various pipeline construction projects with national and multinational companies. In view of the credentials and performance of the Company, a number of organizations are reaching out to SNGPL to develop business relationship and entrustment of their work. Most of the jobs have been awarded to SNGPL on negotiations or single bid basis which shows trust in the high standards of construction maintained by us. The Company has proved its expertise and established that it is second to none in terms of fulfilling its commitment and work quality. The challenges in the market continue but we look at them as opportunity to make ourselves better. The Company is finalizing plans to diversify its business and wherever possible work on integration of related operational activity .

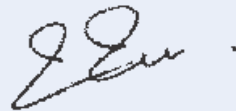
ACKNOWLEDGEMENTS

The Directors place on record their appreciation for the Government of Pakistan, Ministry of Energy (Petroleum Division), Oil & Gas Regulatory Authority, other Government and Non-Government Institutions related to the Company for their sustained support and the employees of the Company for their dedication and hard work during the period under review to meet the demands of its diversified customer base.

On behalf of the Board



(Ali J. Hamdani)
Managing Director/CEO



(ROOHI RAEES KHAN)
Chairperson-BOD

Islamabad.
July 02, 2022

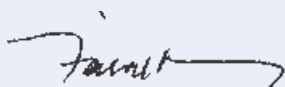


Condensed Interim Statement of Financial Position

As at September 30, 2021

		Un-audited September 30, 2021	Audited June 30, 2021
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,500,000,000 ordinary shares of Rs 10 each			
(June 30, 2021 1,500,000,000 ordinary share of Rs 10 each)		15,000,000	15,000,000
Issued, subscribed and paid up share capital 634,216,665 (June 30,2021: 634,216,665) ordinary shares of Rs 10 each		6,342,167	6,342,167
Revenue reserves		28,373,190	27,877,899
Shareholders' equity		34,715,357	34,220,066
NON-CURRENT LIABILITIES			
Long term financing:			
-Secured	4	27,361,828	27,455,663
-Unsecured	5	171,434	179,775
Lease liability against right of use assets		29,716,490	30,171,701
Security deposits		56,220,563	55,205,548
Deferred credit		54,813,886	54,873,962
Contract Liabilities	6	15,379,471	15,262,507
Deferred taxation		535,986	1,266,808
Employee benefits		11,733,089	11,387,322
		195,932,747	195,803,286
CURRENT LIABILITIES			
Trade and other payables	7	609,470,385	528,308,720
Contract Liabilities	6	3,916,088	3,069,917
Unclaimed Dividend		154,240	156,270
Unpaid Dividend		24,186	-
Interest and mark-up accrued on loans and other payables	8	120,568,039	111,748,560
Short term borrowing-secured	9	28,314,707	29,598,829
Current portion of lease liabilities		5,683,100	5,793,832
Current portion of long term financing	10	9,372,540	9,360,968
Income tax payable		1,006,402	-
		778,509,687	688,037,096
CONTINGENCIES AND COMMITMENTS	11	-	-
		1,009,157,791	918,060,448

The annexed Notes from 1 to 32 form an integral part of these condensed interim financial statements.

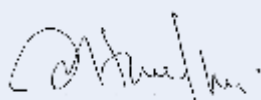

(Faisal Iqbal)
Chief Financial Officer



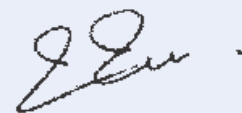
Condensed Interim Statement of Financial Position

As at September 30, 2021

		Un-audited September 30, 2021	Audited June 30, 2021
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	215,614,221	214,090,961
Intangible assets		337,400	384,441
Right of use assets		32,456,692	33,357,784
Long term loans		609,267	634,709
Employee benefits		4,352,747	4,228,901
Long term deposits and prepayments		34,752	33,250
		253,405,079	252,730,046
CURRENT ASSETS			
Stores and spare parts		6,110,397	6,586,057
Stock in trade	13	8,446,961	4,680,416
Trade debts	14	221,935,895	172,259,997
Loans and advances	15	3,418,679	2,121,511
Trade deposits and short term prepayments	16	465,461	98,576
Accrued interest		4,991	12,683
Other receivables	17	476,756,150	446,203,831
Contract assets		13,079	13,079
Sales tax recoverable		27,809,245	22,298,022
Income tax receivable		-	728,171
Cash and bank balances	18	10,791,854	10,328,059
		755,752,712	665,330,402
		1,009,157,791	918,060,448



(Ali J. Hamdani)
Managing Director/CEO



(Roohi Raees Khan)
Chairperson

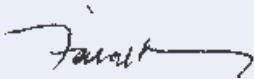


Condensed Interim Statement of Profit or Loss (Un-audited)

For the Period Ended September 30, 2021

	Note	Period Ended	
		September 30, 2021	September 30, 2020
(Rupees in thousand)			
Revenue from contracts with customers - Gas sales	19	260,718,200	141,969,230
Add: Tariff adjustment	20	30,554,182	24,145,923
		291,272,382	166,115,153
Less: Cost of gas sales	21	278,784,557	154,915,799
Gross profit		12,487,825	11,199,354
Add: Other operating income	22	6,373,135	5,889,311
		18,860,960	17,088,665
Less: Operating expenses:			
Selling cost		1,778,773	1,505,485
Administrative expenses		2,053,434	1,903,746
Other operating expenses	23	351,309	402,828
Expected credit loss		23,367	(118,297)
		4,206,883	3,693,762
Operating profit		14,654,077	13,394,903
Less: Finance cost	24	10,384,404	8,916,006
Profit before taxation		4,269,673	4,478,897
Taxation	25	1,237,515	1,298,367
Profit for the period		3,032,158	3,180,530
Earnings per share			
Basic and diluted (Rupees)		4.78	5.01

The annexed Notes from 1 to 32 form an integral part of these condensed interim financial statements.


(Faisal Iqbal)
 Chief Financial Officer


(Ali J. Hamdani)
 Managing Director/CEO

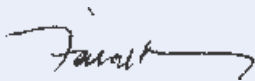

(Roohi Raees Khan)
 Chairperson



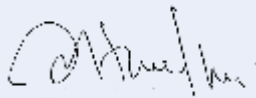
Condensed Interim Statement of Comprehensive Income (Un-audited) for the Period Ended September 30, 2021

	Quarter Ended	
	September 30, 2021	September 30, 2020
	(Rupees in thousand)	
Profit for the period	3,032,158	3,180,530
Other comprehensive income for the period		
Items that will not be reclassified to profit or loss in subsequent periods	-	-
Items to be reclassified to profit or loss in subsequent periods	-	-
	-	-
Total comprehensive income for the period	3,032,158	3,180,530

The annexed Notes from 1 to 32 form an integral part of these condensed interim financial statements.



(Faisal Iqbal)
Chief Financial Officer



(Ali J. Hamdani)
Managing Director/CEO



(Roohi Raees Khan)
Chairperson

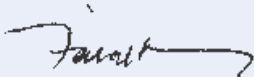


Condensed Interim Statement of Cash Flows (Un-audited)

for the Period Ended September 30, 2021

	Note	September 30, 2021	September 30, 2020
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	26	9,165,578	9,912,875
Finance cost paid		(502,447)	(746,558)
Income taxes paid		(233,764)	(122,677)
Employee benefits paid/contributions paid		(604,316)	(1,025,554)
Security deposits received		1,015,015	457,441
Receipts against government grants and consumer contributions		652,178	1,467,561
Long term loans to employees		41,373	33,404
Long term deposits and prepayments		(1,501)	(23,297)
Net cash inflow from operating activities		9,532,116	9,953,195
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(5,273,245)	(5,051,452)
Capital expenditure on Intangible assets		(3,647)	(164,020)
Proceeds from sale of property, plant and equipment		12,439	74,672
Proceeds from sale of short term investments		-	4,900
Return on bank deposits		98,363	80,649
Net cash used in investing activities		(5,166,090)	(5,055,251)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing- secured		-	271,000
Repayment of lease liability against right of use assets		(9,563)	(53,393)
Repayment of long term financing - secured		(93,835)	-
Dividend paid		(2,514,711)	(1,244,214)
Net cash outflow from financing activities		(2,618,109)	(1,026,607)
Net increase in cash and cash equivalents		1,747,917	3,871,337
Cash and cash equivalents at the beginning of the period		(19,270,770)	(22,211,343)
Cash and cash equivalents at the end of the period	26.2	(17,522,853)	(18,340,006)

The annexed Notes from 1 to 32 form an integral part of these condensed interim financial statements.


(Faisal Iqbal)
Chief Financial Officer


(Ali J. Hamdani)
Managing Director/CEO


(Roohi Raees Khan)
Chairperson

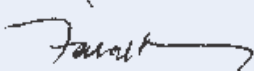


Condensed Interim Statement of Changes in Equity (Un-audited)

For the Period Ended September 30, 2021

	Share Capital	Revenue Reserves			Total	Total share holders' equity
		General Reserve	Dividend Equalization Reserve	Unappropriated Profit		
(Rupees in thousand)						
Balance as at July 01, 2020 (Audited)	6,342,167	4,127,682	480,000	14,187,010	18,794,692	25,136,859
Total transactions with owners, recognised directly in equity						-
Final dividend for the year ended June 30, 2019 @ Rupees 2 per share	-	-	-	(1,268,433)	(1,268,433)	(1,268,433)
	-	-	-	(1,268,433)	(1,268,433)	(1,268,433)
Total comprehensive income from July 01,2020 to Sep 30, 2020	-	-	-	3,180,530	3,180,530	3,180,530
Balance as at September 30, 2020 (Un-audited) restated	6,342,167	4,127,682	480,000	16,099,107	20,706,789	27,048,956
Total comprehensive income for the period from OCT 01, 2020 to June 30, 2021	-	-	-	7,171,110	7,171,110	7,171,110
Balance as at June 30, 2021 (Audited)	6,342,167	4,127,682	480,000	23,270,217	27,877,899	34,220,066
Total transactions with owners, recognised directly in equity						
Final dividend for the year ended June 30, 2020 @ Rupees 4 per share	-	-	-	(2,536,867)	(2,536,867)	(2,536,867)
Total comprehensive income from July 01, 2021 to September 30, 2021	-	-	-	3,032,158	3,032,158	3,032,158
Balance as at September 30, 2021 (Un-audited)	6,342,167	4,127,682	480,000	23,765,508	28,373,190	34,715,357

The annexed Notes from 1 to 32 form an integral part of these condensed interim financial statements.


(Faisal Iqbal)
 Chief Financial Officer


(Ali J. Hamdani)
 Managing Director/CEO


(Roohi Raees Khan)
 Chairperson



Selected Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the Period Ended September 30, 2021

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Sui Northern Gas Pipelines Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) and listed on the Pakistan Stock Exchange Limited. The principal activity of the Company is the purchase, transmission, distribution and supply of natural gas. The registered office of the Company is situated at 21 Kashmir Road, Lahore. The Company's pipe coating plant is situated at Uch Sharif, Bahawalpur. The addresses of other regional offices of the company are as follows:

Region	Address
Abbottabad	Jub Pul. PO Jhangi, Main Mansehra Road, Abbottabad.
Bahawalpur	6-A-D, Model Town-A, Bahawalpur.
Faisalabad	Sargodha Road, Faisalabad.
Gujranwala	M.A. Jinnah Road, Gujranwala.
Sialkot	Wahid Road, Malkay Kalan, Off. Marala Road, Sialkot.
Gujrat	State life building, 120 & 121. G.T. Road, Gujrat.
Islamabad	Plot No. 28-30, I-9 Industrial Area, Islamabad.
Rawalpindi	Al-Mansha Plaza, Opp. LESCO Office, Main G.T. Road, Rawalpindi.
Lahore (East and West)	21-Industrial Area, Gulberg-III, Lahore.
Multan	Piran Ghaib Road, Multan.
Peshawar	Plot No. 33, Sector B-2M, Hayatabad, Peshawar
Mardan	Riffat Mehal, Near Mardan Industrial Estate, Main Nowshera Road, Mardan.
Sahiwal	79-A and 79-B, Canal Colony, Sahiwal.
Sargodha	H. No. 15, Muslim Town, Sargodha.
Sheikhupura	Main Sargodha Road, Near Punjab College, Sheikhupura.
WAH	Gudwal Link Road, Wah Cantt

- 1.2 These condensed interim financial statements are presented in Pak Rupee, which is the company's functional and presentation currency.

2. BASIS OF PREPARATION

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

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

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

- 2.2 These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.
- 2.3 These condensed interim financial statements do not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2021.



ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the company for the year ended June 30, 2021:
- 3.2 The preparation of these condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense i.e. Workers' Profit Participation Fund and Taxation which are subject to final adjustments in the annual audited financial statements. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2021.
- 3.3 Property, plant and equipment except for freehold, leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold and leasehold land are stated at cost less impairment loss, if any. Depreciation is charged to the statement of profit or loss on straight line method so as to write off the cost of an asset over its estimated useful life. Depreciation on additions is charged from the month in which an asset is put to use while no depreciation is charged for the month in which an asset is disposed off. The Company has changed its estimates of the residual value and useful lives of its certain operating assets from July 01, 2021. Had there been no change in estimates, depreciation charge for the current period would had been increased by Rs.1,647,094 thousand and written down value of fixed asset would had been reduced by same amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged as expense during the period in which they are incurred.

Useful Life of property, plant and equipment

During the period, company has revised the useful life of the property, plant and equipment. The impact of change in useful life is taken prospectively from July 01, 2021. Pursuant to this change, depreciation has been provided at the rates based on following useful lives as estimated by management.

Category of asset	Useful life (in years)	
	Old	Revised
Buildings and civil construction on freehold land	17	20
Transmission system	10-17	10-40
Distribution system	17	20
Consumer meter and town border stations	10-17	10-20
Plant and machinery	5	10
Transport Vehicle	4	5



	Note	Un-audited September 30, 2021	Audited June 30, 2021
(Rupees in thousand)			
4. LONG TERM FINANCING - SECURED			
From banking companies			
Local currency - Syndicate term finance - I	4.1	2,340,000	2,340,000
Local currency - Syndicate term finance - II	4.2	17,633,185	17,633,185
Local currency- term finance	4.3	761,000	761,000
Local currency- term finance	4.4	5,280,000	5,280,000
		26,014,185	26,014,185
Other loans			
Islamic finance under musharaka arrangement	4.5.1	1,200,000	1,200,000
Islamic finance under lease arrangement for LNG Project Ph-II	4.5.2	9,241,815	9,241,815
Islamic finance under musharaka arrangement	4.5.3	190,346	285,519
		36,646,346	36,741,519
Less: Transaction cost		(52,339)	(53,677)
Less: Current portion shown under current liabilities	10	(9,232,179)	(9,232,179)
		27,361,828	27,455,663

4.1 Syndicate term finance-I

Lender	Mark-up rate	No. of instalments	Maturity date
Syndicate of banks	Six month KIBOR+ 0.70% p.a.	10 half yearly intallments	May 19, 2022

This loan of Rs. 11,700,000 thousand has been obtained from a syndicate of banks (with Bank Alfalah acting as the Agent and United Bank Limited acting as the Security Trustee) and is secured by a first pari passu created by way of hypothecation over all present and future movable fixed assets of the Company (excluding land and building) to the extent of Rs. 15,600,000 thousand (2021: Rs.15,600,000 thousand). The effective mark-up charged during the period is 8.34% per annum (2021: 8.05% to 8.79% per annum).

4.2 Syndicate term finance - II

Lender	Mark-up rate	No. of instalments	Maturity date
Syndicate of banks	Six month KIBOR+ 1.10% p.a.	16 Half yearly Instalments	June 8, 2026

This loan of Rs. 28,213,097 thousand has been obtained from a syndicate of banks (with Habib Bank Limited acting as the Agent) and is secured by a first pari passu charge created by way of hypothecation over all present and future movable fixed Regassified Liquefied Natural Gas (RLNG) assets of the Company to the extent of Rs. 35,870,000 thousand (2021: Rs. 35,870,000 thousand) relating to the project and a sovereign guarantee of the Government of Pakistan. The effective mark-up charged during the period is 8.80% per annum (2021: 8.44% to 9.07% per annum).



4.3 Term Finance

Lender	Mark-up rate	No. of instalments	Maturity date
Allied Bank Limited	Six month KIBOR+ 0.45% p.a.	6 Half yearly Instalments	August 06, 2024

This loan of Rs 271,000 thousand has been obtained from Allied Bank Limited out of total loan amounting to Rs 1,076,281 thousand. The loan is secured by a first pari passu charge created by way of hypothecation over all present and future movable fixed assets of the Company (Currently registered as ranking charge) excluding the assets of Regassified Liquefied Natural Gas (RLNG) project to the extent of Rs 1,435,041 thousand (2021: 1,435,041 thousand). The effective mark-up charged during the period ranges from 8.02% to 8.05% (2021: 7.66% to 8.01%) per annum.

4.4 Term Finance

Lender	Mark-up rate	No. of instalments	Maturity date
United Bank Limited	Six months KIBOR+ 0.65% per annum	16 half yearly installments	November 04, 2030

This loan facility of Rs 5,280,000 thousand has been obtained from syndicate of banks (with United Bank Limited acting as the agent) out of total loan facility of Rs 8,455,000 thousand. The loan is secured by a first pari passu charge created by way of hypothecation over all present and future movable fixed assets of the Company (Currently registered as ranking charge) excluding the assets of Regassified Liquefied Natural Gas (RLNG) project to the extent of Rs 11,273,333 thousand (2021: 11,273,333 thousand). The effective mark-up charged during the period is 8.3% (2021: 8% to 8.30%) per annum.

4.5 Arrangements under Islamic financing

Lender	Mark-up rate	No. of instalments	Maturity date
Syndicate of banks	Six months KIBOR+ 0.70% per annum	10 half yearly installments	May 19, 2022

This loan of Rs. 6,000,000 thousand has been obtained from a syndicate of banks (with Bank Alfalah acting as the Investment Agent) and is secured by a first pari passu charge created by way of hypothecation over movable fixed assets of the Company (excluding land and building) to the extent of Rs. 8,000,000 thousand (2021: Rs. 8,000,000 thousand). The effective mark-up charged during the period is 8.34% per annum (2021: 8.05% to 8.79% per annum).

Lender	Mark-up rate	No. of instalments	Maturity date
Syndicate of banks	Six month KIBOR+ 1.10% p.a.	16 Half yearly Instalments	June 8, 2026

This loan of Rs. 14,786,903 thousand has been obtained from a syndicate of banks (with Habib Bank Limited acting as the Agent) and is secured by a first pari passu charge created by way of hypothecation over all present and future movable fixed RLNG assets of the Company to the extent of Rs. 18,800,000 thousand (2021: Rs. 18,800,000 thousand) relating to the project and the sovereign guarantee of GOP. The effective mark-up charged during the period is 8.80% per annum (2021: 8.44% to 9.07% per annum).

Lender	Mark-up rate	No. of instalments	Maturity date
Allied Bank Limited	Six month KIBOR+ 0.08% p.a.	4 Half yearly Instalments	September 29, 2022

This loan of Rs. 380,692 thousand has been obtained from Allied Bank Limited and is secured by a first pari passu charge created by way of hypothecation over all present and future movable fixed assets of the Company (excluding Assets of RLNG Project) to the extent of Rs. 3,094,667 thousand (2021: Rs. 3,094,667 thousand). The effective mark-up charged during the period ranges from 7.97% to 8.23% per annum (2021: 7.38% to 11.33% per annum).



	Note	Un-audited September 30, 2021	Audited June 30, 2021
5. LONG TERM FINANCING - UNSECURED		(Rupees in thousand)	
Other loans - Local currency:		311,795	308,564
Less: Current portion shown under current liabilities	10	(140,361)	(128,789)
		171,434	179,775

5.1 These loans carry effective mark-up at variable rates which ranges from 6.55% per annum to 14.25% per annum (June 30, 2021: 6.55% per annum to 14.47% per annum).

		Un-audited September 30, 2021	Audited June 30, 2021
6. CONTRACT LIABILITIES		(Rupees in thousand)	
Consumer contribution		15,379,471	15,262,507
Due to customers against construction contract		3,205,511	3,008,471
Advances from customers against gas bill and new connection		710,577	61,446
		19,295,559	18,332,424
Less: current portion shown under current liabilities		(3,916,088)	(3,069,917)
		15,379,471	15,262,507
6.1 Consumer contribution against:			
- Completed jobs		33,078,301	32,171,627
- Jobs-in-progress		7,416,197	8,011,993
		40,494,498	40,183,620
Less: Accumulated amortization:			
Opening balance		24,921,113	24,003,922
Amortization for the year/period		193,914	917,191
		25,115,027	24,921,113
		15,379,471	15,262,507
6.1.1 Current		3,916,088	3,069,917
Non-current		15,379,471	15,262,507

The Company has recognized the contract liabilities in respect of the amount received from the customers as contribution towards the cost of supplying and laying transmission, service and main lines. These contributions were being treated as deferred credit previously under IFRIC 18 from the year ended June 30, 2010 to June 30, 2018 and the revenue was being recognized when the lines were laid and commissioned based on the management's interpretation of IFRIC 18. However, the similar contributions from customers prior to the year ended June 30, 2010 are being amortized over 16 years (i.e. the useful lives of the assets).



	Note	Un-audited September 30, 2021	Audited June 30, 2021
(Rupees in thousand)			
7. TRADE AND OTHER PAYABLES			
Creditors for:			
Gas	7.1	593,759,798	511,078,790
Supplies		1,266,265	1,333,863
Accrued liabilities		11,870,312	12,678,347
Gas infrastructure development cess payable	7.2	1,112,759	922,152
Interest free deposits repayable on demand		957,600	855,467
Earnest money received from contractors		170,146	163,320
Workers' profit participation fund		333,505	1,276,781
		609,470,385	528,308,720

7.1 Included in trade payables is an amount of Rs. 112,458,015 thousand (2021: Rs. 96,176,222 thousand) and Rs. 124,253,329 thousand (2021: Rs. 82,458,299 thousand) due to Pakistan State Oil Company Limited (PSO) and Pakistan LNG Limited (PLL), respectively, representing payable against Liquefied Natural Gas (LNG) and/or Regassified Liquefied Natural Gas (RLNG) supplied by them. In this regard, the agreement for the supply of LNG/RLNG between the parties have not yet been finalized and is under negotiation. Additional liability or adjustment, if any, that may arise would be recorded accordingly on the finalization of the agreement.

7.2 The Honorable Islamabad High Court vide its decision dated January 31, 2013, declared Gas Infrastructure Development Cess (GIDC) Act, 2011 as ultra vires to the Constitution and directed the Company to adjust the amount already received on this account in the future bills of the petitioners. However, the honorable Islamabad High Court vide its decision dated March 18, 2013, directed that neither the appellant shall recover the disputed amount from the respondents, nor the amount which has become payable to the respondents on the basis of impugned judgment shall be paid back to the respondents.

An order on the subject matter was also passed by the Peshawar High Court vide its judgment dated June 13, 2013, whereby the Court declared the GIDC Act, 2011 as ultra vires to the Constitution. An appeal was filed in the Supreme Court of Pakistan, which by its order dated December 30, 2013 suspended the judgment of Peshawar High Court. On December 31, 2013, the OGRA issued a notification directing levy of GIDC at revised rates.

In September 2014, a GIDC Ordinance was issued by President of Pakistan, pursuant to which, on directions of the OGRA, the Company charged GIDC from its consumers with effect from September 2014. The Ordinance was superseded by GIDC Act 2015 passed by Parliament of Pakistan. The Act ratified the preceding GIDC Act, 2011 and GIDC Ordinance, 2014 and its provisions. However, a special committee was constituted by the Parliament to decide on previous arrears of GIDC due from customers and to make recommendations for removal of any anomalies in the GIDC Act. Based on the report of the sub-committee of the special committee requisite amendment in GIDC Act, 2015 had already been laid in the Senate through GIDC Amendment Bill and the same was referred to the Senate Standing Committee on Energy. However, a number of consumers of the Company contested and have obtained stay order from various courts against recovery of GIDC. Later, certain amendments were introduced in GIDC Act, 2015 through GIDC (Amendment) Act, 2018, which inter alia include change in effective date for applicability of mark-up on delayed payments of GIDC and a settlement option for CNG consumers for GIDC payable pertaining to the period January 1, 2012 to May 21, 2015, subject to agreement with the Company.

During the year ended June 30, 2021, the Honorable Supreme Court of Pakistan has ordered the recovery of previous year GIDC in 24 monthly installments and till the recovery of outstanding GIDC no further GIDC will be charged / recovered from the consumers.

Furthermore, principal amount of GIDC amounting to Rs. 142,394,442 thousand (2021: Rs. 143,665,397 thousand) is recoverable from consumers and payable to Government of Pakistan. These financial statements do not reflect the said amounts since the provisions of the GIDC Act require the Company to pay GIDC as and when the same is collected from consumers. Furthermore, some consumers have obtained stay orders against recovery of the same and consequently in view of the legal advisors of the Company, the Company is not liable to pay such amounts until the same are recovered. Both the principal amount and sales tax on GIDC shall be paid as and when these balances are collected from the consumers.



	Note	Un-audited September 30, 2021	Audited June 30, 2021
(Rupees in thousand)			
8. INTEREST AND MARK-UP ACCRUED ON LOANS AND OTHER PAYABLES			
Accrued mark-up / interest on:			
Long term financing - secured		1,029,184	253,057
Long term financing - unsecured		197,405	193,940
Short term borrowing - secured		504,097	476,085
Deposits from customers		2,559,770	2,200,756
Late payment of gas creditors and gas development surcharge		116,277,583	108,624,722
		120,568,039	111,748,560
9. SHORT TERM BORROWING - SECURED			
Allied Bank Limited	9.1	5,861,516	4,390,220
Bank Alfalah Limited	9.2	1,955,488	3,708,688
Askari Bank Limited	9.3	-	1,999,921
Habib Bank Limited	9.4	5,022,643	6,499,140
National Bank of Pakistan	9.5	6,000,000	6,000,000
Bank Islami Pakistan Limited	9.6	84	884
Faysal Bank Limited	9.7	9,474,976	6,999,976
		28,314,707	29,598,829

- 9.1 This represents short term running finance facility of Rs. 4,000,000 thousand (2021: Rs. 4,000,000 thousand) which carries mark-up at the rate of 3 months KIBOR + 0.12% (2021: 3 months KIBOR + 0.12%) on the balance outstanding and the short term running finance facility of Rs. 5,000,000 thousand (2021: Rs. 5,000,000 thousand) which carries mark-up at the rate of 3 months KIBOR + 0.12% per annum (2021: 3 months KIBOR + 0.12%) on the balance outstanding. These are secured by way of first pari passu charge over current assets of the Company to the extent of Rs. 12,000,000 thousand (2021: Rs. 12,000,000 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period is 7.57% per annum (2021: 7.42% to 7.79%) per annum.
- 9.2 This is a short term running finance facility from Bank Alfalah Limited amounting to Rs. 4,000,000 thousand (2021: Rs. 4,000,000 thousand). This facility carries mark-up at the rate of 1 month KIBOR + 0.12% per annum (2021: 1 month KIBOR + 0.12% per annum) on the outstanding balance, payable quarterly. This is secured by way of ranking charge over current assets of the Company to the extent of Rs. 5,333,334 thousand (2021: Rs. 5,333,334 thousand). The effective interest rate charged during the period is 7.63% per annum (2021: 7.55% to 7.88% per annum).
- 9.3 This is a short term running finance facility of Rs. 2,500,000 thousand (2021: Rs. 2,500,000 thousand) from Askari Bank Limited. This facility carries mark-up at the rate of 3 months KIBOR + 0.12% per annum (2021: 3 months KIBOR + 0.12% per annum) on the balance outstanding. This is secured by way of ranking charge over current assets of the Company to the extent of Rs. 3,333,334 thousand (2021: Rs. 3,333,334 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period is 7.57% per annum (2021: 7.39% to 7.76% per annum).
- 9.4 This is a short term running finance facility of Rs. 6,500,000 thousand (2021: Rs. 6,500,000 thousand) from Habib Bank Limited. This facility carries mark-up at the rate of 1 month KIBOR + 0.12% per annum (2021: 1 month KIBOR + 0.12% per annum) on the balance outstanding. This is secured by way of First Pari Passu charge over current assets of the Company to the extent of Rs. 8,666,667 thousand (2021: Rs. 8,666,667 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period ranges from 7.62% to 7.64% per annum (2021: 7.54% to 7.94% per annum).
- 9.5 This is a short term running finance facility of Rs. 6,000,000 thousand (2021: Rs. 6,000,000 thousand) from National Bank of Pakistan. This facility carries mark-up at the rate of 3 months KIBOR + 0.10% per



annum (2021: 3 months KIBOR + 0.10% per annum) on the balance outstanding. This is secured by way of First Pari Passu charge over current assets of the Company to the extent of Rs. 8,000,000 thousand (2021: Rs. 8,000,000 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period is 7.55% per annum (2021: 7.55% to 7.76% per annum).

- 9.6 This is a short term running finance facility of Rs. 2,000,000 thousand (2021: Rs. 2,000,000 thousand) from Bank Islami Pakistan Limited. This facility carries mark-up at the rate of 3 months KIBOR + 0.25% per annum (2021: 3 months KIBOR + 0.25% per annum) on the balance outstanding. This is secured by way of First Pari Passu charge over current assets of the Company to the extent of Rs. 2,666,667 thousand (2021: Rs. 2,666,667 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period is 7.70% per annum (2021: 7.50% to 7.84% per annum).
- 9.7 This is a short term running finance facility of Rs. 7,000,000 thousand (2021: Rs. 7,000,000 thousand) from Faysal Bank Limited. This facility carries mark-up at the rate of 3 months KIBOR + 0.12% (2021: KIBOR + 0.12%) per annum on the balance outstanding. This is secured by way of ranking charge over current assets of the Company to the extent of Rs. 9,333,333 thousand (2021: Rs. 9,333,333 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period ranges from 7.50 to 7.70% (2021: Rs. 7.42% to 7.71%) per annum.

	Note	Un-audited September 30, 2021	Audited June 30, 2021
(Rupees in thousand)			
10. CURRENT PORTION OF LONG TERM FINANCING			
Long term financing - secured	4	9,232,179	9,232,179
Long term financing - unsecured	5	140,361	128,789
		9,372,540	9,360,968

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no significant change in contingencies from the preceding audited financial statements of the Company for the year ended June 30, 2021.

	Un-audited September 30, 2021	Audited June 30, 2021
(Rupees in thousand)		
11.2 Commitments:		
a) Capital Commitments		
Property, plant and equipment	235,380	433,899
Intangible assets	41,050	38,034
Stores and spares	4,823,436	6,742,460
	5,099,866	7,214,393
b) Other Commitments	351,554	862,796



	Note	Un-audited September 30, 2021	Audited June 30, 2021
(Rupees in thousand)			
12. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Tangible			
Opening book value		185,387,584	182,674,503
Additions during the period/year	12.1	3,828,596	23,429,368
		189,216,180	206,103,871
Book value of property, plant and equipment disposed off during the period/year	12.2	(2,380)	(7,991)
Depreciation charged during the period/year		(3,881,946)	(20,708,296)
		(3,884,326)	(20,716,287)
Closing book value		185,331,854	185,387,584
Capital work-in-progress	12.3	30,282,367	28,703,377
		215,614,221	214,090,961
12.1 Additions during the period / year			
Freehold land		-	33,016
Buildings and civil construction on freehold land		-	35,266
Transmission system		1,856,683	1,422,771
Distribution systems		841,116	15,437,262
Consumer meter and town border stations		745,139	5,083,162
Telecommunication system and facilities		4,629	67,471
Compressor stations and equipment		246,298	202,162
Plant and machinery		48,094	547,912
Furniture and equipment		23,382	105,916
Tools and accessories		711	10,608
Transport vehicles		55,160	169,901
Computers and ancillary equipment		7,384	313,921
		3,828,596	23,429,368
12.2 Disposals during the period / year			
Buildings on freehold land		2	-
Transport vehicles		2,378	7,991
		2,380	7,991
12.3 Capital work-in-progress			
Transmission system		7,136,700	8,181,468
Distribution system		14,128,146	12,232,521
Stores and spares including in transit			
Rs 166,877 thousand (June 30, 2021:			
Rs 131,123 thousand)		8,338,971	7,748,280
Advances for land and other capital expenditure		678,550	541,108
		30,282,367	28,703,377



	Note	Un-audited September 30, 2021	Audited June 30, 2021
(Rupees in thousand)			
13. STOCK-IN-TRADE			
- Gas in pipelines		6,334,364	4,304,885
- Gas in floating storage regassification unit (FSRU)	13.1	2,112,597	375,531
		8,446,961	4,680,416

13.1 This represents gas purchased by the Company that is yet to be delivered by Engro Elengy Terminal (Private) Limited ('EETL').

	Note	Un-audited September 30, 2021	Audited June 30, 2021
(Rupees in thousand)			
14. TRADE DEBTS			
Considered good:			
Secured		85,317,552	77,206,508
Unsecured	14.1	162,570,721	120,905,260
Accrued gas sales		(659,537)	(582,297)
		247,228,736	197,529,471
Less: Provision for doubtful debts		(25,292,841)	(25,269,474)
		221,935,895	172,259,997

14.1 Included in trade debts are amounts receivable from Government owned power generation companies, independent power producers and Sui Southern Gas Company Limited (SSGCL) of Rs. 124,816,216 thousand (2020: Rs. 100,641,087 thousand) along with interest thereon of Rs. 28,993,544 thousand (2021: Rs. 27,641,952 thousand) due to delayed payments. While trade and other payables as referred to in note 7 include an amount of Rs. 573,952,058 thousand (2021: Rs.496,296,793 thousand) due to Pakistan Petroleum Limited, SSGCL, Oil and Gas Development Company Limited, Pakistan State Oil, Pakistan LNG Limited and Government Holding (Private) Limited on account of gas purchases along with interest accrued on delayed payments of Rs. 110,832,848 thousand (2021: Rs. 103,235,784 thousand) referred to in note 8 and interest accrued on delayed payment of Gas Development Surcharge of Rs. 4,101,732 thousand (2021: Rs. 4,101,732 thousand) payable to Government of Pakistan referred to in note 8. OGRA while deciding FRR of the Company for the years 2018-19, 2019-20 and 2020-21 have though acknowledged these liabilities but has not included aforesaid accrued interest in the determined shortfall and has pended unpaid Rs. 78,742,849 thousand (2021:Rs. 78,742,849 thousand) being the interest on delayed payments payable to Government owned entities till the eventual payment / settlement of circular debt by Government of Pakistan. The settlement of principal and interest on delayed payments is dependent upon the resolution of inter-corporate circular debt by the Government of Pakistan. Furthermore, recoverability of amounts of Rs. 340,935,237 thousand (2021: Rs. 322,049,427 thousand) and Rs135,753,263 thousand (2021: Rs. 124,084,891 thousand) as referred to in note 17 is dependent upon settlement by the Government of Pakistan directly or indirectly inter alia including increase in future gas prices and / or subsidy or through some alternate mechanism.



	Note	Un-audited September 30, 2021	Audited June 30, 2021
(Rupees in thousand)			
15. LOANS AND ADVANCES			
Loans to employees - considered good		196,690	196,265
Advances - considered good:			
- Employees		1,836,281	1,820,279
- Suppliers and Contractor		1,385,708	104,967
Advances to suppliers and contractors			
- considered doubtful		3,227	3,227
Less: Provision for doubtful advances		3,227	3,227
		-	-
		3,418,679	2,121,511
16. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits and short term prepayments		487,751	120,866
Less: Provision for doubtful deposits		(22,290)	(22,290)
		465,461	98,576
17. OTHER RECEIVABLES			
Excise duty recoverable		108,945	108,945
Less: Provision for doubtful recoverable		108,945	108,945
		-	-
Tariff adjustment (indigenous)	17.1	340,935,237	322,049,427
Tariff adjustment (RLNG)	17.3	135,753,263	124,084,891
Current account with SSGCL		21,610	21,610
Others		46,040	47,903
		476,756,150	446,203,831
17.1 Tariff adjustment (indigenous)			
Opening balance		322,049,427	267,598,642
Recognised for the period/year		18,885,810	54,131,335
Recognized in OCI		-	319,450
		340,935,237	322,049,427
17.2	This includes an amount as mentioned below, consisting of various expenses which have either been deferred or disallowed by the OGRA on various grounds, however, the Company has recognized tariff adjustment on such deferments / disallowances in these financial statements as the Company believes that the OGRA in its various determinations in the past years has consistently allowed such expenses and or pending such expenses till amicable solution with Federal Government. Accordingly, the Company is in the process of filing a review appeal against the Final Revenue Requirements (FRR) decision by the OGRA and is confident of favourable outcome. Detailed break up of the deferred and / or disallowed expenses is as follows:		



	Note	Un-audited September 30, 2021	Audited June 30, 2020
		(Rupees in thousand)	
Late payment surcharge to gas creditors	17.2.1	86,339,913	78,742,849
Other operating cost	17.2.2	(564,000)	(564,000)
		85,775,913	78,178,849

17.2.1 This represents late payment surcharge payable to various gas suppliers deferred by the OGRA till actual payment. The Company is of the view that this amount has not been disallowed instead has been pending till amicable solution with Federal Government.

17.2.2 This represents certain operating costs either disallowed / excess allowed by the OGRA for various reasons which have been consistently disallowed / allowed by the OGRA in past years and hence, the Company is confident that the same will be allowed upon the review of appeal to be filed with the OGRA.

	Un-audited September 30, 2021	Audited June 30, 2021
		(Rupees in thousand)
17.3 Tariff adjustment (RLNG)		
Opening balance	124,084,891	65,093,590
Recognised for the period/year	11,668,372	58,991,301
Closing balance	135,753,263	124,084,891

17.3.1 The balance of RLNG tariff adjustment represents the aggregate difference between the margin earned by the Company from the purchase and sale of RLNG based on the notified rates and the RLNG margin guaranteed to the Company till September 30, 2021. The settlement of this amount is expected to materialize in the shape of adjustment to future sale price of RLNG by OGRA or through direct subsidy from Federal Government.

17.3.2 A gas swapping mechanism was allowed by the Economic Coordination Committee ("ECC") of the Cabinet Division vide its decision dated May 11, 2018, which was endorsed by the OGRA vide Final Revenue Requirement decision of the Company for financial year 2017-18 dated January 15, 2019 (FRR 17-18), for swapping of natural gas and RLNG for the purpose of gas load management. However, subsequent to the year end, Federal Cabinet has approved the adjustment mechanism in respect of cost of diversion through future RLNG price adjustments. The necessary volumetric adjustments and financial impact is to be made on a cost neutral basis in the sale price of RLNG. The balance of gas swapping / RLNG diversion deferral account represents the difference of average cost of RLNG and the average sale price of system gas of the diverted volumes. During the period, 3,440,607 MMBTUs of RLNG were diverted and sold as system gas. The tariff adjustment receivable resulting from RLNG sold as system gas will be adjusted upon directional changes in tariff adjustments in future periods to be determined by the OGRA or through direct subsidy from Federal Government.

17.4 Included in above, are amounts as mentioned below, consisting of various expenses which have either been deferred or disallowed by the OGRA on various grounds, however, the Company has recognized tariff adjustment on such deferrals / disallowances in these financial statements. Accordingly, the Company is in the process of filing a review appeal against the Final Revenue Requirements (FRR) decision by the OGRA and is confident of favourable outcome. Detailed break up of the deferred and / or disallowed expenses is as follows:



	Note	Un-audited September 30, 2021	Audited June 30, 2021
(Rupees in thousand)			
Capacity based cost of supply	17.4.1	2,698,000	2,698,000
Gas internally consumed / transportation	17.4.2	289,000	289,000
Late payment surcharge on gas bills and Finance cost	17.4.3	1,780,032	1,464,810
		4,767,032	4,451,810

17.4.1 This represents amounts partially disallowed by the OGRA, by diverting from the earlier consistent practice of allowing such expenses in full i.e. by dividing the total cost on the actual throughput instead of gross throughput, principle has been acknowledge and amounts of two years has already been adjusted.

17.4.2 This represents net amounts not allowed by the OGRA relating to transportation / cost of gas internally consumed by SSGC. The Company is in the process of filing appeal and is confident of favourable outcome.

17.4.3 This represents the late payment surcharge on gas bills of Rs. 3,179,534 thousand (2021: Rs. 3,179,534 thousand) pertaining to prior years being treated as operating income on similar treatment adopted in recent decisions by OGRA for FY 19-20 and FY 20-21. In system gas both LPS income and expenditure are treated as operating income and expenditure (pass through item). It is considered that OGRA's partial treatment of similar items is not in line with prevailing regulatory practice. Accordingly, LPS expenditure on working capital of current and prior years of Rs. 4,959,566 thousand (2021: Rs. 4,644,344 thousand) is also treated as operating expense. The Company is in process of filing review appeal and is confident of favourable outcome.

	Note	Un-audited September 30, 2021	Audited June 30, 2021
(Rupees in thousand)			
18. CASH AND BANK BALANCES			
Deposit accounts	18.1	10,067,200	8,655,769
Current accounts		716,789	1,670,583
		10,783,989	10,326,352
Cash in hand		7,865	1,707
		10,791,854	10,328,059

18.1 Included in deposit accounts are amounts deposited by the Company in separate bank account(s) for funds released by the Government as grant to finance distribution development projects being the Government share of cost. Withdrawal from this account(s) is made on periodic basis to the extent of projects approved and sanctioned there from and until then, these funds amounting to Rs. 8,438,222 thousand (2021: Rs.8,254,209 thousand) are not used for the normal treasury operations of the Company. Any profit earned thereon is credited to the funds instead of accounting for as Company's income.



	Un-audited September 30, 2021	Un-audited September 30, 2020
19. REVENUE FROM CONTRACTS WITH CUSTOMERS - GAS SALES	(Rupees in thousand)	
Gross sales - Indigenous gas	46,329,558	46,361,168
Gross sales - RLNG	256,547,682	118,449,995
	302,877,240	164,811,163
Sales tax - Indigenous gas	(5,661,071)	(6,214,057)
Sales tax - RLNG	(36,497,969)	(16,627,876)
	(42,159,040)	(22,841,933)
	260,718,200	141,969,230

19.1 In aggregate, the Company has recognized revenue of Rs. 25,530 million (2021: Rs. 25,530 million) under Take or Pay ("ToP") arrangements from July 01, 2017. This comprises of Rs. 10,367 million (2021: Rs. 10,367 million) from M/s Quaid-e-Azam Thermal Power (Private) Limited ("QATPL") and Rs. 15,163 million (2021: Rs. 15,163 million) from M/s National Power Parks Management Company Limited ("NPPMCL") (collectively referred to as Government Power Producers ("GPPs")).

The Company entered into Gas Supply Agreements ("GSAs") for supply of RLNG to GPPs. Under clause 3.6 of the respective GSAs, the GPPs shall take and if not taken, pay for the unutilized gas on account of Take or Pay ("ToP") arrangements. If the GPPs do not fully utilize the ToP quantity, they can request the Company to divert any unutilized quantity to other power plants, after seeking their consent. In case the power plants refuse or the Company, due to technical constraints or other reasons, is unable to supply the unutilized quantity to the power plants, it can divert that quantity to any of its consumers. The amounts recovered from these consumers, after deduction of any additional charges incurred by the Company in arranging the sale is required to be paid to the GPPs. The revenue of Rs. 25,530 million is recorded net of amounts billed by the Company to such other consumers.

The Company has also partially recovered the ToP amounts by encashment of standby letter of credit of NPPMCL for a net amount of Rs. 10,384 million and withdrawal of Rs. 3,265 million from the escrow account of QATPL against the invoices raised under ToP arrangement. The net receivable balance as at period end amounts to Rs. 11,881 million (2021: Rs. 11,881 million). The GPPs tried to debar the Company from encashing the security provided under the GSA by initiating proceedings in Civil Court. This attempt of GPPs failed and resulted in filing of a writ petition with the Honorable Lahore High Court ("LHC"). The order of the LHC dated June 22, 2018 provides that the dispute should be dealt with in accordance with the dispute resolution mechanism available in the GSAs. In light of section 18.1 of the GSAs, various attempts were made to settle this dispute by mutual discussions but the matter remained unresolved. As required under section 18.2 of the GSAs, the dispute has thereafter been referred to an expert, after mutual agreement of the parties involved, on October 09, 2018.

The Company filed claims against GPPs before the Expert on March 15, 2019 and the proceedings before this forum were completed during September 2019. The recommendation of the Expert was issued in favour of the Company and the GPPs approached the London Court of International Arbitration (LCIA) for the resolution of the matter. The London Court of International Arbitration (LCIA) with respect to NPPMCL has decided the matter against the Company however, the decision of QATPL is still pending adjudication with the LCIA. The Company aggrieved with the decision of LCIA in NPPMCL case has filed an appeal against the decision of LCIA with High Court of London, the matter is still pending adjudication. NPPMCL has nonetheless set off the amounts awarded by LCIA against the invoices of the Company. The Company is in process of exploring the options available to it against this set off.

Besides the above proceedings, the Company, under the terms of the license granted to it by the OGRA, the guidelines issued by the Federal Government vide decision of the Economic Coordination Committee of the Cabinet ("ECC") dated May 11, 2018, and as per determination of Final Revenue Requirement of the Company for FY 2017-18 ("FRR 2017-18") dated January 15, 2019, operates under a fixed rate of return regime. The management believes that in case the decision of the Arbitrator is not set aside in favour of the Company or is partially in favour of the Company in the legal proceedings in London against NPPMCL, and the Company has exhausted its legal remedies available under the law, the matter will be taken up with the OGRA for determining the matter in Revenue Requirement of the Company in line with the tariff regime and OGRA earlier decisions, therefore, it is considered that the Company is not exposed to any significant loss upon the conclusion of this matter.



	Un-audited September 30, 2021	Un-audited September 30, 2020
(Rupees in thousand)		
20. TARIFF ADJUSTMENT		
Indigenous gas	18,885,810	17,378,459
RLNG	11,668,372	6,767,464
	30,554,182	24,145,923
21. COST OF GAS SALES		
Opening stock of gas in pipelines	4,680,416	6,824,823
Gas purchases:		
- Southern system	19,195,493	15,785,873
- Northern system	23,914,999	26,971,667
- RLNG	232,032,698	102,456,970
	275,143,190	145,214,510
	279,823,606	152,039,333
Less: Gas internally consumed	1,832,426	789,202
Closing stock of gas in pipelines	8,446,961	5,466,211
	10,279,387	6,255,413
Distribution Cost	9,240,338	9,131,879
	278,784,557	154,915,799
22. OTHER OPERATING INCOME		
Income from financial assets		
Interest income on late payment of gas bills	3,641,525	3,538,359
Gain on initial recognition of financial liabilities at fair value	1,184	1,559
Interest on staff loans and advances	23,451	18,981
Return on bank deposits	90,671	64,781
	3,756,831	3,623,680
Income from assets other than financial assets		
Net gain on sale of fixed assets	10,059	72,901
Meter Rentals and service income	1,434,743	595,255
Amortization of deferred credit and contract liabilities	594,106	760,831
Insurance claims	262	2,193
	2,039,170	1,431,180
Others		
Sale of tender documents	1,663	2,034
Sale of scrap	244,046	71,422
Liquidated damages recovered	6,454	47,850
Bad debt recoveries	3,579	628
Urgent Fee for new meter connections	47,980	206,509
Transportation Income	269,861	504,199
Miscellaneous	3,551	1,809
	577,134	834,451
	6,373,135	5,889,311



	Un-audited September 30, 2021	Un-audited September 30, 2020
	(Rupees in thousand)	
23. OTHER OPERATING EXPENSES		
Workers' Profit Participation Fund	224,720	235,731
Workers' Welfare Fund	-	91,410
Exchange loss on gas purchases	126,589	75,659
Loss on initial recognition of financial assets at fair value	-	28
	351,309	402,828

24. Included in finance cost is an amount of Rs 7,652,860 thousand (September 30, 2020: Rs 5,951,983 thousand) in respect of late payment surcharge on account of overdue payables for gas purchases.

	Note	Quarter ended	
		Un-audited September 30, 2021	Un-audited September 30, 2020
		(Rupees in thousand)	
25. TAXATION			
Current tax		1,968,337	1,071,318
Deferred tax		(730,822)	227,049
		1,237,515	1,298,367

26. CASH GENERATED FROM OPERATIONS

Profit before taxation		4,269,673	4,478,897
Adjustment for non-cash charges and other items			
Depreciation - Owned assets		3,881,946	5,094,204
Depreciation - Right of use assets		904,068	914,163
Amortization of intangible assets		50,687	33,400
Employee benefits		794,192	667,688
Amortization of deferred credit and contract liabilities		(594,106)	(760,831)
Finance cost		10,384,404	8,916,006
Return on bank deposits		(90,671)	(64,781)
Gain on sale of fixed assets		(10,059)	(72,901)
Allowance for expected credit losses		23,367	-
Reversal of allowance for expected credit losses		-	(118,297)
Loss on initial recognition of financial assets at fair value		-	28
Gain on initial recognition of financial liabilities at fair value		(1,184)	(1,559)
Amortization of difference between initial and maturity amount		(16,356)	(12,316)
Working capital changes	26.1	(10,430,383)	(9,160,826)
		9,165,578	9,912,875



Note	Quarter ended	
	Un-audited September 30, 2021	Un-audited September 30, 2020
	(Rupees in thousand)	
26.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spares parts	475,660	242,309
Stock-in-trade	(3,766,545)	1,358,612
Trade debts	(51,420,163)	(3,341,432)
Loans and advances	(1,296,743)	(1,389,447)
Trade deposits and prepayments	(366,885)	(281,921)
Other receivables	(36,063,543)	(22,299,619)
	(92,438,219)	(25,711,498)
Increase in current liabilities		
Trade and other payables	82,007,836	16,550,672
	(10,430,383)	(9,160,826)
26.2 Cash and cash equivalents		
Cash and bank balances	10,791,854	8,852,482
Short term running finance	(28,314,707)	(27,192,488)
	(17,522,853)	(18,340,006)

27. INCORPORATION OF TARIFF REQUIREMENTS

- 27.1 OGRA vide its decision dated June 21, 2018 on the Estimated Revenue Requirement ('ERR') of the Company for the year 2018-19 decided in consultation with the Federal Government and other licensees in the natural gas sector to revise the tariff regime including the rate of return which is to be based on Weighted Average Cost of Capital ('WACC') from the financial year 2018-19. Weighted Average Cost of Capital ('WACC') was computed at 17.43% for financial year 2018-19 till 2020-21.

Oil and Gas Regulatory Authority (OGRA), in its decision dated August 17, 2021 has in line with the tariff regime in vogue, reworked the Rate of Return on Average Net Assets (ROA) for the year 2021-22 and onwards at 16.60% as compared to the previous ROA rate of 17.43% determined up to 2020-21, however, the same will automatically reset if the reference figure changes by $\pm 2\%$.

As per the revised tariff regime, the Company is required to earn an annual return of not less than Weighted Average Cost of Capital ('WACC') on the value of its average fixed assets in operation (net of deferred credit), before corporate income taxes, interest and other charges on debt and after excluding interest, dividends and other non operating income and before incorporating the effect of efficiency benchmarks prescribed by OGRA.

- 27.2 During the period, the Company could not meet the benchmarks prescribed by Oil and Gas Regulatory Authority (OGRA) and as a result the return for the period on the aforesaid basis works out to be 13.30% (September 30, 2020: 12.99%). Among other disallowances, the Company has also incorporated the effect of Unaccounted for Gas (UFG), which represents the volume difference of gas purchases and sales, amounting to Rs 1,292,345 thousand (September 30, 2020: Rs 1,705,332 thousand), which is in excess of the UFG benchmark of 6.98% (September 30, 2020: 6.98%) as determined by OGRA in Final Revenue Requirements (FRR) for FY 2020-21.



	Un-audited September 30, 2021	Un-audited September 30, 2020
(Rupees in thousand)		
28. TRANSACTIONS WITH ASSOCIATES AND RELATED PARTIES		
28.1 Transactions during the period		
Gas sales	118,312,877	51,982,171
Purchase of materials	10,395	27,469
Purchase of gas, regasification & transportation services	269,654,721	136,261,206
Service charges	31,048	7,710
Profit received on bank deposits	4,968	4,672
Finance cost	7,747,604	6,077,328
Transmission charges	1,328	1,601
Insurance expenses	227,897	177,303
Insurance claims received	49,514	9,920
Contributions to defined contribution plans	202,632	141,557
Contributions to defined benefit plans	847,747	695,685
Dividend paid	120,891	27,651
Honorarium / fee paid to director	9,100	13,677
Remuneration and benefits paid to key management personnel	24,568	21,623
	Un-audited September 30, 2021	Audited June 30, 2021
	(Rupees in thousand)	
28.2 Period end balances		
Receivable from related parties	129,565,727	121,564,250
Payable to related parties	688,361,815	601,088,661

28.3 The review report submitted by Internal Audit department to BAC/BOD on the investigation of related party transactions of Mr. Ahmad Aqeel has been submitted to SECP/ External Agency. Earlier the External Agency had referred the matter back to the Company for internal investigation. On the directions of SECP, while comments of Mr. Ahmad Aqeel have been sought on the observations raised in the report, Company is addressing other matters raised by SECP. Further necessary action/ impact, if any, will be accounted for once the matter is concluded.

29. EVENTS AFTER THE BALANCE SHEET DATE

- 29.1 The Board of Directors of the Company in its meeting held on July 02, 2022 has proposed an interim cash dividend of Rs Nil per share (September 30, 2020: Rs Nil per share), amounting to Rs Nil (September 30, 2020: Rs Nil) for the year ended June 30, 2022.
- 29.2 The Board of Directors of the Company in its meeting held on July 02, 2022 has proposed a final cash dividend of Rs 5 per share, aggregating to Rs. 3,171,083,325 for the year ended June 30, 2021. These financial statements of the Company for the period ended Sep 30, 2021 do not include the effect of these appropriations which will be accounted for subsequent to the period end.
- 29.3 The Board of Directors of the Company in its meeting held on October 02, 2021 has proposed an interim cash dividend for the half year ended December 31, 2020 of Rs. 2.00 per share amounting to Rs 1,268,433,330. These financial statements of the Company for the period ended Sep 30, 2021 do not include the effect of these appropriations which will be accounted for subsequent to the period end.



30. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceeding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

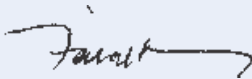
Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions.

31. GENERAL

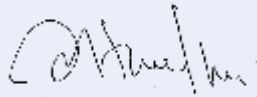
Figures have been rounded off to nearest thousand of rupees, unless otherwise stated.

32. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on July 02, 2022 by the Board of Directors of the Company.



(Faisal Iqbal)
Chief Financial Officer



(Ali J. Hamdani)
Managing Director/CEO



(Roohi Raees Khan)
Chairperson



تفصیلی نیٹ ورک میں اضافہ:

گیس کی خاص طور پر آخری مقامات پر فراہمی اور دباؤ کو بہتر بنانے کے لئے، آپ کی کمپنی نے مختلف شہروں میں گیس نیٹ ورک کو بڑھانے کے لئے ایک جامع منصوبہ شروع کیا ہے۔

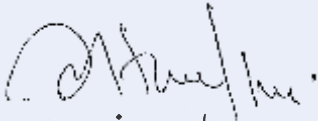
کاروباری ترقی:


آپ کی کمپنی قومی اور کثیر القومی کمپنیوں کے ساتھ پائپ لائن کی تعمیر کے مختلف منصوبوں میں مصروف عمل ہے۔ کمپنی کی سیکورٹی اور کارکردگی کے پیش نظر، متعدد اداروں نے اپنے منصوبہ جات کے لیے آپ کی کمپنی سے بہتر و پائیدار کاروباری تعلقات کے لیے رابطہ کیا ہے۔ بیشتر منصوبہ جات، ہمارے اعلیٰ تعمیراتی معیارات پر اعتماد کرتے ہوئے، آپ کی کمپنی کو مزاحمت یا واحد بولی کی بنیاد پر تفویض کیے گئے۔ کمپنی نے اپنی مہارت کا لوہا منواتے ہوئے ثابت کیا ہے کہ وہ اپنے عزم اور کام کے معیار کو پورا کرنے کے لحاظ سے کسی سے کم نہیں ہے۔ کاروباری دنیا میں بے شمار چیلنجز موجود ہیں لیکن ہم انہیں اپنے آپ کو بہتر بنانے کے موقع کے طور پر دیکھتے ہیں۔ کمپنی اپنے کاروباری منصوبہ جات کو متنوع بنانے کے لیے حتمی شکل دے رہی ہے اور جہاں ممکن ہو وہاں اپنی متعلقہ آپریشنل سرگرمیوں کو آپس میں ملانے کے لیے سرگرمیوں میں مصروف ہے۔

اظہار تشکر:

ڈائریکٹرز، حکومت پاکستان، وزارت توانائی (پٹرولیم ڈویژن)، اوگرا اور متعلقہ سرکاری وغیر سرکاری اداروں کی مسلسل حمایت اور دورانِ عرصہ صارفین کی ضروریات کو پورا کرنے کیلئے کمپنی کے تمام ملازمین کی لگن اور محنت پر مشکور و ممنون ہیں۔

مجاہد بورڈ


(علی جاوید ہمدانی)
مینجنگ ڈائریکٹر انتظامی


(روحی رئیس خان)
چیئر پرسن - بورڈ آف ڈائریکٹرز

اسلام آباد
مورخہ: 2 جولائی 2022ء

(نوٹ: اردو متن میں کسی ابہام کی صورت میں انگریزی متن کو ترجیح دی جائے۔)



ڈائریکٹرز جائزہ (Directors' Review):

ہمیں 30 ستمبر 2021 کو ختم ہونے والی پہلی سہ ماہی کے لئے غیر پڑتال شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی ہو رہی ہے۔ زیر جائزہ مدت کے دوران، آپ کی کمپنی نے گزشتہ سال اسی مدت کیلئے 3,181 ملین روپے کے منافع کے مقابلے میں 3,032 ملین روپے منافع بعد از محاصل حاصل کیا۔ اس عرصے کے لئے فی حصص آمدنی 4.78 روپے رہی جبکہ 30 ستمبر 2020 کو ختم ہونے والی مدت کے دوران فی حصص آمدنی 5.01 روپے تھی۔

اگر انے مالی سال 2021-22ء کے لیے مالیاتی ضروریات کے تخمینے (ERR) کے حوالے سے 17 اگست 2021ء کو دیے گئے اپنے فیصلے میں محاصل کے رائج الوقت نظام کے مطابق اوسط خالص اثاثہ جات پر ملنے والی شرح میں تبدیلی کی ہے اور سال 2020-21ء تک متعین کردہ 17.43 فیصد کے مقابلے میں سال 2021-22ء اور اس کے بعد مزید دو سال کے لیے 16.60 فیصد متعین کی ہے۔ اس کے ساتھ ساتھ اور گرانے فعال اثاثہ جات خاص طور پر کمپنی کے تریسیلی اور تقسیمی نظام پر فرسودگی کی موجودہ شرح 6 فیصد سے نظر ثانی کر کے 2.5 سے 5 فیصد تک متعین کی ہے۔

اثاثہ جات پر ملنے والی شرح میں کمی مع ریگریٹریٹیوں کی طرف سے کچھ ذرائع آمدن کی پیمائش میں چند تبدیلیوں کی وجہ سے زیر جائزہ عرصے کے لیے منافع پر منفی اثرات مرتب ہوئے ہیں۔

ثبت اقدام کی وجہ سے کمپنی شرح و حجم دونوں میں غیر محسوب گیس کو کم کرنے میں کامیاب رہی، غیر محسوب گیس 10.10 فیصد (110,192 ایم سی ایف) سے کم ہو کر 9.63 فیصد (8,674 ایم ایم سی ایف) اور اس کے مطابق غیر محسوب گیس کی مد میں عدم اجازت گزشتہ اسی مدت میں 1,705 ملین روپے سے کم ہو کر زیر جائزہ سہ ماہی کے لئے 1,292 ملین روپے رہی۔

تمام معاشی چیلنجوں اور مالی مشکلات کے باوجود کمپنی نے نہ صرف اپنی رفتار کو برقرار رکھا، بلکہ اپنی رفتار میں مزید اضافہ کے لیے کوشاں ہے اور مستقبل میں امید افزا نتائج کا یقین رکھتی ہے۔ بورڈ آف ڈائریکٹرز کی مسلسل توجہ سے بنیادی ڈھانچے کی ترقی کے اہداف کی بروقت تکمیل اور کمپنی کے مختلف اقدامات پر بہتر نتائج حاصل ہوئے ہیں۔ کمپنی کی انتظامیہ اور عملہ پُر امید ہے کہ آنے والے سالوں میں کمپنی کی کارکردگی میں مزید اضافہ ہوگا۔

منصوبہ جات (Projects):

آپ کی کمپنی نے 8 سے 24 انچ قطر کی 47.73 کلومیٹر تریسیلی لائنز کو مکمل اور فعال کیا۔ تریسیلی لائنز کے علاوہ 30 ستمبر 2021ء کو ختم ہونے والے سال کی پہلی سہ ماہی کے دوران دباؤ میں اضافہ اور نئی آبادیوں کو گیس مہیا کرنے کے لیے 110 کلومیٹر تقسیمی لائنز بھی بچھائی گئیں جو کہ صارفین کے اطمینان میں اضافہ کا باعث بنی۔

کمپنی جغرافیائی معلوماتی نظام (GIS) کی تکنیک کے استعمال کے ذریعے تریسیلی اور تقسیمی نظام کے ڈیجیٹل نقشہ جات بنانے کے منصوبے پر کام کر رہی ہے۔ GIS نقشہ جات انتظامیہ اور استعمال کنندگان کو انٹرنیٹ پر مبنی ایپلیکیشنز اور GIS ڈیش بورڈ کے ذریعے پائپ لائنز کا جال اور صارفین سے متعلق معلومات کے حصول میں مدد کر رہے ہیں۔ ابھی تک پانچ شہروں کے 4 سے 24 انچ قطر کے تقسیمی نظام، تریسیلی پائپ لائنز کا مکمل نظام، صارفین کے تمام مقامات، صارفین کی شکایات، رساؤ کی نشاندہی کے مقامات اور TBS سروس ایریا کی حدود کو نقشہ پر منتقل کیا جا چکا ہے اور پوری کمپنی میں GIS پورٹل کے ذریعے میسر ہے۔

جاری مستقبل کے منصوبے:

خصوصی اقتصادی زون:

صنعتکاری اور کاروباری ترقی میں معاونت کے لیے خصوصی اقتصادی زون کی ترقی حکومت پاکستان کی ترجیح ہے۔ آپ کی کمپنی خصوصی اقتصادی زونز کو قدرتی گیس کی ہموار اور بروقت فراہمی کے لئے تمام ضروری اقدامات کرنے میں سرگرم عمل ہے۔

