



Sui Northern Gas Pipelines Limited

**3rd Quarter Accounts (Un-Audited)
For the Period Ended March 31, 2020**



**Growth
through Development**

Corporate Information

BOARD OF DIRECTORS

Ms. Roohi Raees Khan	Chairperson
Mr. Amer Tufail	Managing Director
Mr. Afan Aziz	Director
Mr. Ahmad Aqeel	Director
Syed Akhtar Ali	Director
Mr. Manzoor Ahmed	Director
Mr. Mohammad Haroon	Director
Mr. Muhammad Sualeh Ahmed Faruqi	Director
Mr. Naveed Kamran Baloch	Director
Mr. Sajid Mehmood Qazi	Director
Dr. Sohail Razi Khan	Director

COMMITTEES OF THE BOARD OF DIRECTORS

BOARD AUDIT COMMITTEE

Mr. Afan Aziz*	Chairman
Dr. Sohail Razi Khan*	Member
Syed Akhtar Ali	Member
Mr. Manzoor Ahmed	Member
Mr. Mohammad Haroon	Member
Mr. Naveed Kamran Baloch	Member
Mr. Sajid Mehmood Qazi	Member

*Mr. Afan Aziz was appointed as Chairman-Board Audit Committee in place of Mr. Sohail Razi Khan, at the Board Meeting held on October 15, 2020.

FINANCE & PROCUREMENT COMMITTEE

Mr. Manzoor Ahmed	Chairman
Mr. Afan Aziz	Member
Mr. Ahmad Aqeel	Member
Syed Akhtar Ali	Member
Mr. Naveed Kamran Baloch	Member
Dr. Sohail Razi Khan	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Roohi Raees Khan	Chairperson
Mr. Manzoor Ahmed	Member
Mr. Mohammad Haroon	Member
Dr. Sohail Razi Khan	Member

NOMINATION COMMITTEE

Mr. Sajid Mehmood Qazi	Chairman
Mr. Afan Aziz	Member
Mr. Ahmad Aqeel	Member
Syed Akhtar Ali	Member
Mr. Mohammad Haroon	Member
Mr. Muhammad Sualeh Ahmed Faruqi	Member

RISK MANAGEMENT & UFG-CONTROL COMMITTEE

Ms. Roohi Raees Khan	Chairperson
Syed Akhtar Ali	Member
Mr. Mohammad Haroon	Member
Mr. Muhammad Sualeh Ahmed Faruqi	Member
Mr. Sajid Mehmood Qazi	Member
Dr. Sohail Razi Khan	Member

CHIEF FINANCIAL OFFICER

Mr. Faisal Iqbal

COMPANY SECRETARY / SECRETARY TO COMMITTEES OF THE BOARD

Mr. Imtiaz Mehmood

AUDITORS

M/s Deloitte Yousuf Adil, Chartered Accountants

SHARE REGISTRAR

CDC Share Registrar Services Limited,
Mezzanine Floor, South Tower, LSE Plaza,
19-Kayaban-e-Aiwan-e-Iqbal,
Lahore-54000

Tel: [+92-42] 36362061-66

Fax: [+92-42] 36300072

Website: www.cdcsrsl.com

LEGAL ADVISORS

M/s. Surridge & Beecheno

M/s. Salim Baig and Associates

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



DIRECTORS' REVIEW

We feel immense pleasure to present un-audited financial statements for the nine months period ended March 31, 2020. Profit after tax earned by your Company during the period under review is Rs 5,779 million as compared to a profit of Rs. 7,819 million during the corresponding period of last year. Earnings per share for the period is Rs. 9.11 as against earnings per share of Rs. 12.33 for the corresponding period last year.

Profit for the year has witnessed a reduction primarily due to increased non-operating finance cost by Rs. 3.1 billion and increased UFG disallowance by Rs. 2.1 billion. While your company has been able to reduce UFG in volumetric terms during the period under review when compared with the UFG volume for the corresponding period last year, (Jul-19-Mar-20, 33,935 MMCF, Jul-18-Mar-19, 35,170 MMCF), the UFG disallowance in monetary terms, however, increased primarily due to increase in Gas Purchase price during the period under review. Your Company is fully cognizant of the matter and is taking all steps to further reduce UFG and is confident to address the situation.

International Financial Reporting Standards (IFRS 16) notified by the SECP to be applicable for the financial years starting on or after January 1, 2019 has been duly implemented during the period under review. Another reporting standard, IFRS 14 has also been notified by the SECP to be applicable during the period, the implementation of the same has, however, been deferred owing to pending clarification / guidance from SECP.

Despite the financial constraints and economic challenges, your Company is taking all steps to minimize the impediments in the consistent profitability of the Company. The Board of Directors, Management and staff of the Company are confident that with the concerted efforts, performance of the Company will further improve in the years ahead.

PROJECTS

Projects Department of your Company has completed/laid 35.85 KMs Transmission Lines with diameters ranging from 6" to 24" including the contract lines. In addition to Transmission Lines, 148.5 KMs of Distribution mains were commissioned during 3rd quarter of FY 2019-20 for enhancing system capacity, supplying gas and improving pressure to customers for achieving customer satisfaction. In view of acute energy crisis prevailing in the country, Government of Pakistan aggressively pursued the import of 1200 MMCFD LNG into the country to meet shortfall in gas supplies to domestic / commercial / industrial customers as well as three power generation plants by the Government in Punjab, detailed below. The Company was engaged to augment their system for the transportation of 1200 MMCFD additional gas. The Company has completed / commissioned the following:

- (i) Its system augmentation project from Sawan to Lahore for the transportation of 1200 MMCFD RLNG downstream Sawan.
- (ii) Spur lines laying jobs of three power plants at Bhikki, Haveli Bahadur Shah and Balloki of consolidated 3600 MW capacity for supplying 200 MMCFD RLNG to each power plant.
- (iii) Spur pipeline works for supplying 100 MMCFD gas to RLNG based Nandipur power plant.
- (iv) 24" dia x 93 KM spur line job for supply of 200 MMCFD RLNG to Punjab Power Plant near Trimmu Barrage, District Jhang, of 1400 MW capacity.

FUTURE PROJECTS

1-Special Economic Zones

The development of Economic Zones to support industrialization and business development is a priority of Government of Pakistan. Accordingly, Government of Khyber Pakhtunkhwa is developing Special Economic Zones (SEZ) at Rashakai & Hattar through Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC) and Government of Punjab is developing SEZ at Allama Iqbal Industrial Estate at Faisalabad through Faisalabad Industrial Estate Development and Management Company (FIEDMC) under China Pakistan Economic Corridor (CPEC). Moreover, Government of Punjab is also developing SEZs at Bhalwal, Vehari, Bahawalpur and Rahim Yar Khan through Punjab Industrial Estate Development and Management Company (PIEDMC).



In view of GOP's Plan for the development of infrastructure for boosting Industrialization under CPEC, the GOP has identified Rashakai SEZ and Allama Iqbal Industrial Estate as an early harvest projects and they intend to develop these SEZs on priority. SEZ Management Companies have demanded gas supply requirement of 30 MMCFD for Rashakai SEZ and 40 MMCFD for Allama Iqbal Industrial Estate SEZ.

In order to supply gas to above mentioned early harvest SEZ projects, following gas pipeline infrastructure has been planned by SNGPL:

- Transmission spur 16"dia x 29.2 Km starting from Ismail Kot to terminal point along with SMS cum CMS having Capacity of 30 MMCFD for Rashakai SEZ.
- Transmission spur 12"dia x 19.75 Km starting from Chiniot to terminal point along with SMS cum CMS having capacity of 40 MMCFD for Allama Iqbal SEZ.

Approval of Rashakai SEZ project has been granted by Departmental Development Working Party (DDWP) and BOD approval is being arranged accordingly. However, Allama Iqbal Industrial City SEZ project is at different stages of approval.

2-Augmentation / Bifurcation of Lahore Distribution Network

A comprehensive project for augmentation / bifurcation of gas network in Lahore city has been planned and approved in order to operate gas Distribution network of Lahore City optimally by adding new feed points (SMSs / New transmission spurs) & bifurcation of gas loads/ network of Lahore city. Project details are given below:

- a) 24" dia x 48 KM Transmission Mainlines from Phool nagar to Nabi Bakshwala (Ferozepur Road)
- b) 16" x 27 KM Transmission Mainlines from Ferozepur Road to Barki
- c) 8" x 16 KM Transmission Mainlines from Barki to Dial
- d) 16" x 6.6 KM from Manga Mandi to Sunder

Work on this project shall be started soon.

3- Transmission Pipeline from A-5 to Bahawalpur, 16" dia x 50 KMs

In order to address the acute low gas pressure / no gas issues of Bahawalpur City, Lodhran city and adjoining localities, Company has planned the laying of 16" dia x 50 Km transmission gas pipeline from A-5 (Khairpur Dahanu) to Bahawalpur. Project has been approved by BOD and in principle by OGRA. Work on this project shall be started soon.

4- Pipeline from Charsadda-Khazana-Tangi, 10"dia x 72.55 KMs

In order to address the acute low gas pressure issues during winter season in Mardan and Peshawar regions in view of system capacity constraints, Company has planned to undertake the system augmentation in the following two phases:

Phase-I:

- 1- 10"dia x 27.75 Km Charsadda Offtake (Gulabad) - Charsadda transmission loopline
- 2- 10"dia x 20.80 KM Charsadda - Khazana transmission loopline

Phase-II:

- 1- 10"dia x 24 Km Charsadda -Tangi transmission loopline.

Work on this project is likely to be started soon as this project is at different stages of approval.

BUSINESS DEVELOPMENT

The Company is engaged in various pipeline construction project of national and multinational companies. SNGPL is undertaking pipeline engineering and construction jobs of MOL Pakistan's flow line / trunk lines and Fiber Optic Cable in District Kohat / Hangu for different gas fields of MOL Pakistan like Maramzai, Manzalai, Mamikhel, Makori Deep-1, Tolanj West and Makori for the last fifteen years. MOL Pakistan has played a very vital role in strengthening the gas input supplies. MOL Pakistan has awarded the project of 8" dia x 7.5 KM pipeline laying from Mardankhel-3 well to



Mardankhel-1 flow line for onward processing at CPF and 6" dia x 1.2 KM flowline for Makori Deep-2. SNGPL has completed / commissioned Mardankhel-3 well to Mardankhel-1 flow line and Makori Deep-2 line. The completion of Mardankhel-3 & Makori Deep-2 projects have resulted in injection of additional 20-25 MMCFD gas into SNGPL's system that is quite instrumental in reducing the energy deficiency in the country. Lately, SNGPL has also completed MOL Pakistan's pipeline construction jobs of 6"dia x 6 Km & 12"/10"dia x 22 KM pipeline for Mardankhel-2 & Mardankhel-1 wells respectively, which has resulted in injection of additional 40-50 MMCFD gas into SNGPL's system. MOL is also planning to award flow line works of their recently developed Mamikhel South-1 to SNGPL on single bid basis which shows the trust in high standards of construction services maintained by SNGPL. Pakarab Fertilizer (PFL) had awarded the construction services job of their 16"/12" dia x 27 KM pipelines on contract basis to be laid from Gas Processing Facility (GPF) at Mari Petroleum Field to tie in point near QV2 valve assembly of SNGPL. Pipeline project of PFL has been completed/ commissioned in all respect during 3rd Quarter of FY 2019-20. The completion of this job has yielded profitability for the Company.

DELAY IN ISSUANCE OF FINANCIAL STATEMENTS

The primary reason for delay in issuance of these financial statements is delay in finalization of Annual Accounts for the year ended June 30, 2019 due to implementation of new accounting regulations and clarifications required from ASB as well as SECP. Further delays were experienced due to late determination of final revenue requirements by the Regulator which is a requisite for finalization of Annual Accounts prior to approval of financial statements by the shareholders of the Company.

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 hard work during the period under review and for their dedication to try and meet the demands of its diversified customer base.

On behalf of the Board



(AMER TUFAIL)
Managing Director/CEO



(ROOHI RAEES KHAN)
Chairperson-BOD

Lahore.
October 15, 2020



ہم بمسرت 31 مارچ 2020ء کو ختم ہونے والی سال کی تیسری سہ ماہی کے لیے کمپنی کے غیر پڑتا شدہ مالیاتی گوشوارا جات پیش کر رہے ہیں۔ زیر جائزہ عرصہ کے دوران آپ کی کمپنی نے گزشتہ سال اسی عرصہ کے دوران ہونے والے 7,819 ملین روپے منافع کے مقابلے میں اس سال 5,779 ملین روپے بعد از حاصل منافع حاصل کیا۔ گزشتہ سال اسی عرصہ کے دوران حاصل ہونے والے 12.33 روپے فی حصہ منافع کے مقابلے میں اس سہ ماہی میں 9.11 روپے فی حصہ منافع حاصل ہوا۔

غیر فعال مالیاتی لاگت (Non-Operating Finance Cost) میں 3.1 ارب روپے اضافہ اور غیر محسوب گیس کی عدم اجازت میں 2.1 ارب روپے کے اضافہ کے باعث منافع میں کمی واقع ہوئی۔ مشکلات کے باوجود آپ کی کمپنی زیر جائزہ عرصہ کے دوران غیر محسوب گیس کے نقصانات کے حجم کو MMCF 35170 (جولائی 2018 - مارچ 2019) سے MMCF 33,935 (جولائی 2019 - مارچ 2020) تک کم کرنے میں کامیاب رہی۔ تاہم غیر محسوب گیس کی عدم اجازت کی مالی لاگت میں اضافہ بنیادی طور پر گیس خریداری کی قیمت میں اضافہ کے باعث ہوا۔ آپ کی کمپنی کو معاملے کا مکمل ادراک ہے۔ غیر محسوب گیس کے حجم کو کم کرنے کے لیے اقدامات اٹھائے جا رہے ہیں اور کمپنی پر اعتماد ہے کہ اس حجم کو اطمینان بخش درجے تک کم کرنے میں کامیابی ہوگی۔

SECP کی جانب سے نوٹیفائی کیے گئے IFRS 16، جس کا اطلاق 1 جنوری 2019ء کو یا اس کے بعد ہونا تھا، کا اطلاق زیر جائزہ عرصے میں کر دیا گیا ہے۔ SECP کی جانب سے نوٹیفائی کیے گئے IFRS 14، جس کا اطلاق بھی زیر جائزہ عرصے میں ہونا تھا، پر عمل درآمد SECP کی جانب سے زیر التواء وضاحت / رہنمائی کے باعث مؤخر کیا گیا۔

مالی اور معاشی چیلنجز کے باوجود آپ کی کمپنی کے منافع پر اثر انداز ہونے والے عوامل کے حل کے لیے پرعزم ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز انتظامیہ اور عملہ پُر اعتماد ہے کہ مربوط کوششوں سے آنے والے سالوں میں کمپنی کی کارکردگی میں مزید بہتری آئے گی۔

منصوبہ جات (Projects):

آپ کی کمپنی کے شعبہ منصوبہ جات نے 6 سے 24 انچ قطر کی 35.85 کلومیٹر ترسیلی لائنز مکمل اور فعال کیا، جس میں کنٹریکٹ لائنز بھی شامل ہیں۔ ترسیلی نظام کے علاوہ مالی سال 2019-20 کی تیسری سہ ماہی کے دوران نظام کی صلاحیت میں اضافہ، گیس کی فراہمی اور گیس پریشر میں بہتری کے ذریعے اطمینان صارفین کے حصول کے لیے 148.5 کلومیٹر تقسیمی لائنز کو فعال کیا گیا۔ ملک میں جاری توانائی کے شدید بحران کے تناظر میں حکومت پاکستان نے 1200 MMCFD قدرتی مائع گیس کی درآمد کے لیے بھرپور کوششیں کیں تاکہ گھر بلو / تجارتی / صنعتی صارفین کے ساتھ ساتھ حکومت پنجاب کی جانب سے قائم کردہ مندرجہ ذیل تین بجلی گھروں کو درپیش گیس فراہمی میں کمی کو پورا کیا جاسکے۔ MMCFD 1200 اضافی گیس کی نقل و حمل کے لیے نظام کی صلاحیت میں اضافہ کے لیے کمپنی مصروف عمل رہی۔ کمپنی نے درج ذیل امور مکمل اور فعال کر دیے ہیں:-

- 1200 MMCFD قدرتی مائع گیس کی نقل و حمل کے لیے سارون سے لاہور تک نظام کی صلاحیت میں اضافہ کا منصوبہ۔
- مجموعی طور پر 3600 میگا واٹ صلاحیت کے حامل بھکھی، جوہلی بہادر شاہ اور بلوکی میں موجود تین بجلی گھروں کو 200 MMCFD فی بجلی گھر قدرتی مائع گیس فراہمی کے لیے پائپ لائنز کی تنصیب۔
- قدرتی مائع گیس سے چلنے والے نمندی پور بجلی گھر کو 100 MMCFD گیس فراہمی کے لیے پائپ لائنز کی تنصیب۔
- تریہوں بیراج ضلع جھنگ کے نزدیک 1400 میگا واٹ صلاحیت کے حامل پنجاب بجلی گھر کو 200 MMCFD قدرتی مائع گیس کی فراہمی کے لیے 24 انچ قطر کی 93 کلومیٹر پائپ لائنز کی تنصیب۔

مستقبل کے منصوبہ جات:

1۔ اسپیشل اکنامک زونز:

صنعت کاری اور کاروباری ترقی کے فروغ کے لیے اکنامک زونز کا قیام حکومت پاکستان کی اولین ترجیح ہے۔ اس سلسلے میں چائنہ پاکستان اکنامک کارپوریشن (CPEC) کے تحت حکومت خیبر پختونخواہ رشاکنی اور حصار کے مقام پر خیبر پختونخواہ اکنامک زونز ڈویلپمنٹ اینڈ مینجمنٹ کمپنی (KPEZDMC) کے ذریعے، اور حکومت پنجاب فیصل آباد میں علامہ اقبال انڈسٹریل اسٹیٹ میں فیصل آباد انڈسٹریل اسٹیٹ ڈویلپمنٹ اینڈ مینجمنٹ کمپنی (PIEDMC) کے ذریعے اسپیشل اکنامک زونز کا قیام عمل میں لاری ہے۔ اس کے علاوہ حکومت پنجاب بھاول، وہاڑی، بہاولپور اور رحیم یار خان میں بھی پنجاب انڈسٹریل اسٹیٹ ڈویلپمنٹ اینڈ مینجمنٹ کمپنی (PIEDMC) کے ذریعے اسپیشل اکنامک زونز کا قیام عمل میں لاری ہے۔

CPEC کے تحت صنعت کاری کے فروغ کے لیے بنیادی ڈھانچہ کی ترقی کے لیے حکومت پاکستان کے منصوبے کے تناظر میں حکومت پاکستان نے رشاکنی اسپیشل اکنامک زون اور علامہ اقبال انڈسٹریل اسٹیٹ کی نشاندہی جلد نئے دینے والے منصوبوں کے طور پر کی ہے۔ اور ان کا قیام ترجیحی بنیادوں پر کرنے کا ارادہ رکھتی ہے۔ اسپیشل اکنامک زونز مینجمنٹ کمپنیز

نئے رشاکئی اسپیشل اکناک زون کے لیے MMCFD 30 اور علامہ اقبال انڈسٹریل اسٹیٹ اسپیشل اکناک زون کے لیے MMCFD 40 گیس کی فراہمی کا مطالبہ کیا ہے۔ مندرجہ بالا جلد نتائج دینے والے اسپیشل اکناک زون کو گیس کی فراہمی کے لیے سوئی ناردرن گیس پائپ لائنز لمیٹڈ کی جانب سے درج ذیل پائپ لائنز کی تعمیر کا منصوبہ بنایا گیا ہے:

☆ رشاکئی اسپیشل اکناک زون کے لیے MMCFD 30 صلاحیت کے حامل، اسماعیل کوٹ سے ٹرمینل پوائنٹ تک 16 انچ قطر کے 29.2 کلومیٹر ترسیلی نظام معہ SMS cum CMS کا منصوبہ۔

☆ علامہ اقبال اسپیشل اکناک زون کے لیے MMCFD 40 صلاحیت کے حامل، چنیوٹ سے ٹرمینل پوائنٹ تک 12 انچ قطر کے 19.75 کلومیٹر ترسیلی نظام معہ SMS cum CMS کا منصوبہ۔

Departmental Development Working Party کی جانب سے رشاکئی اسپیشل اکناک زون کی منظوری دے دی گئی ہے جس کی روشنی میں بورڈ آف ڈائریکٹرز کی منظوری حاصل کی جارہی ہے۔ تاہم علامہ اقبال اسپیشل اکناک زون منصوبہ منظوری کے مختلف مراحل میں ہے۔

2۔ لاہور کے تقسیمی ٹریک ورک میں اضافہ / دو حصوں میں تقسیم:

لاہور میں گیس نیٹ ورک میں اضافہ اور دو حصوں میں تقسیم کا ایک جامع منصوبہ تشکیل دینے کے بعد منظور کیا گیا ہے جس کا مقصد نئے فیڈ پوائنٹس کی شمولیت اور گیس لوڈ / نیٹ ورک کی دو حصوں میں تقسیم کے ذریعے لاہور میں گیس کے تقسیمی ٹریک ورک کو بہترین انداز میں چلانا ہے۔ منصوبے کی تفصیلات درج ذیل ہیں:

(a) پھول نگر سے نبی بخش والا (فیروز پور روڈ) تک 24 انچ قطر کی 48 کلومیٹر ترسیلی لائنز

(b) فیروز پور روڈ سے برکی تک 16 انچ قطر کی 27 کلومیٹر ترسیلی لائنز

(c) برکی سے ڈیال تک 8 انچ قطر کی 16 کلومیٹر ترسیلی لائنز

(d) مانگا منڈی سے سندرتک 16 انچ قطر کی 6.6 کلومیٹر ترسیلی لائنز

اس منصوبے پر کام کا آغاز جلد کیا جائے گا۔

3۔ A5 سے بہاولپور تک 16 انچ قطر کی 50 کلومیٹر ترسیلی پائپ لائنز

بہاولپور، لودھراں اور ملحقہ علاقوں میں گیس کے دباؤ میں شدید کمی / غیر موجودگی کے حل کے لیے کمپنی نے A-5 (خیر پور ڈاھا) سے بہاولپور تک 16 انچ قطر کی 50 کلومیٹر ترسیلی پائپ لائنز بچھانے کا منصوبہ تشکیل دیا ہے۔ بورڈ آف ڈائریکٹرز کی منظوری کے بعد اوگرا (OGRA) کی جانب سے منصوبے کی اصولی منظوری دے دی گئی ہے۔ اس منصوبے پر کام کا آغاز جلد کیا جائے گا۔

4۔ 10 انچ قطر کی 72.55 کلومیٹر چار سدرہ - خزانہ - تنگی پائپ لائن

مردان اور پشاور کے علاقوں میں گیس کے دباؤ میں شدید کمی کے حل کی راہ میں حائل رکاوٹوں کے پیش نظر کمپنی نے دومرحلہ میں نظام کی صلاحیت میں اضافہ کا منصوبہ تشکیل دیا ہے۔

مرحلہ اول:-

1۔ چار سدرہ آف ٹیک (گل آباد) سے چار سدرہ تک 10 انچ قطر کی 27.75 کلومیٹر ترسیلی پائپ لائن۔

2۔ چار سدرہ سے خزانہ تک 10 انچ قطر کی 20.80 کلومیٹر ترسیلی پائپ لائن۔

مرحلہ دوم:-

1۔ چار سدرہ سے تنگی تک 10 انچ قطر کی 24 کلومیٹر ترسیلی پائپ لائن۔

یہ منصوبہ منظوری کے مختلف مراحل میں ہے اس لیے اس پر کام کا آغاز جلد متوقع ہے۔

کاروباری توسیع (Business Development)

آپ کی کمپنی ملکی اور کثیر الملکی کمپنیوں کے پائپ لائن بچھانے کے مختلف منصوبوں پر کام کر رہی ہے۔ آپ کی کمپنی MOL پاکستان کے لیے پائپ لائن کی تعمیر کے کام کے علاوہ فلو لائن / ٹرنک لائن اور آپنک فائبر بچھانے کا کام ضلع کوہاٹ / جہلم کے مختلف گیس کے کنوئیں جیسا کہ مرمری، منزلائی، مانی خیل، کوڑی ڈب، 1، مغربی توبلج اور کوڑی پر پچھلے 15 سال سے کام کر رہی ہے۔ MOL پاکستان نے مزید گیس مہیا کرنے کے حوالے سے، بہت اہم کردار ادا کیا ہے۔ MOL پاکستان نے مردان خیل-3 سے مردان خیل-1 تک 8" قطر کی 7.5 کلومیٹر پائپ لائن بچھانے کا کام تفویض کیا ہے۔ اسکے علاوہ کوڑی ڈب-2 کی 6" قطر کی 1.2 کلومیٹر فلو لائن کے اوپر کام جاری ہے۔ سوئی ناردرن گیس پائپ لائنز لمیٹڈ نے مردان خیل-3 کنوئیں سے مردان خیل-1 تک پائپ لائن اور کوڑی ڈب-2 لائن کی تعمیر مکمل اور فعال کر لی ہے۔ مردان خیل-3 اور کوڑی ڈب-2 منصوبوں کے مکمل ہونے سے SNGPL کے نظام میں MMCFD 20-25 اضافی گیس شامل ہوئی ہے جس سے ملک میں جاری توانائی بحران پر قابو پانے میں مدد ملی ہے۔ علاوہ ازیں SNGPL نے MOL پاکستان کے



لیے مردان خیل-2 اور مردان خیل-1 کنوؤں کی "6 قطر کی 6 کلومیٹر اور "10/12 قطر کی 22 کلومیٹر بالترتیب پائپ لائن بچھائی ہے جسکی وجہ سے 40-50 MMCFD کی اضافی گیس SNGPL کے نظام میں شامل کی جا چکی ہے۔ MOL پاکستان مائی خیل جنوبی-1 کنوئیں کی فلو لائن بچھانے کا کام بھی SNGPL کو واحد بولی کی بنیاد پر دینے کی منصوبہ بندی کر رہی ہے جو کہ MOL پاکستان کے سوئی گیس کے تئیراتی کام کے اعلیٰ معیار پر اعتماد کا مظہر ہے۔ پاک عرب فریڈلائز رنے "16/12 قطر کی 27 کلومیٹر لمبی پائپ لائن جو کہ ماڑی پیٹرولیم کی گیس پراسیسنگ کی جگہ سے سوئی گیس کی QV2 پوائنٹ تک ہے کا ٹھیکہ بھی سوئی گیس کو دیا ہے۔ پاک عرب فریڈلائز ر کا یہ منصوبہ مالی سال 20-2019ء کی تیسری سہ ماہی میں ہر لحاظ سے مکمل / فعال کیا جا چکا ہے۔ اس کام کی تکمیل سے کمپنی کے منافع میں اضافہ ہوگا۔

مالیاتی گوشواراجات کے اجراء میں تاخیر:

ان مالیاتی گوشواراجات کے اجراء میں تاخیر کی بنیادی وجہ نئے اکاؤنٹنگ ریگولیشنز کا اطلاق اور ASB اور SECP سے درکار وضاحتیں ہیں۔ کمپنی کے حصص داران کی جانب سے مالیاتی گوشواروں کی منظوری سے قبل ریگولیشنز کی جانب سے سالانہ اکاؤنٹس کی بنیاد بننے والے حتمی مالی ضروریات کے تعین میں تاخیر بھی ان مالیاتی گوشواراجات کے اجراء میں تاخیر کی وجہ بنا۔

انتہا تشکر:

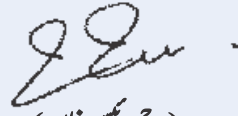
ڈائریکٹرز، حکومت پاکستان، وزارت توانائی (پیٹرولیم ڈویژن)، ماگرا اور متعلقہ سرکاری وغیرہ سرکاری اداروں کی مسلسل حمایت اور دورانِ عرصہ کمپنی کے تمام ملازمین کی ان تھک محنت، لگن اور صارفین کو خدمات کی فراہمی کے لیے کی گئی کوششوں پر مشکور و ممنون ہیں۔

منجانب بورڈ



(عامر فاضل)

مینجنگ ڈائریکٹر انتظام اعلیٰ



(روحی رئیس خان)

چیئر پرسن۔ بورڈ آف ڈائریکٹرز

لاہور

تاریخ: 15 اکتوبر، 2020

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




Sui Northern Gas Pipelines Limited

Condensed Interim Statement of Financial Position

As at March 31, 2020

		Un-audited March 31, 2020	Audited June 30, 2019
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 1,500,000,000 ordinary shares of Rs 10 each (June 30, 2019 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 30,2019: 634,216,665) ordinary shares of Rs 10 each		6,342,167	6,342,167
Revenue reserves		19,210,314	14,700,046
Shareholders' equity		25,552,481	21,042,213
NON-CURRENT LIABILITIES			
Long term financing:			
-Secured	4	35,158,019	39,330,000
-Unsecured	5	262,271	303,229
Lease liability against right of use assets		32,136,226	-
Security deposits		52,238,266	48,578,096
Deferred credit		48,877,896	51,390,541
Contract Liabilities	6	12,425,478	11,066,804
Deferred taxation		3,199,840	4,503,422
Employee benefits		8,014,955	7,640,091
		192,312,951	162,812,183
CURRENT LIABILITIES			
Trade and other payables	7	462,492,259	354,171,851
Contract Liabilities	6	383,775	263,349
Unclaimed Dividend		157,756	109,039
Unpaid Dividend		1,268,433	731,995
Interest and mark-up accrued on loans and other payables	8	76,334,414	50,469,354
Short term borrowing-secured	9	25,701,083	28,486,666
Current portion of lease Liabilities		6,420,512	-
Current portion of long term financing	10	9,932,787	11,294,872
		582,691,019	445,527,126
CONTINGENCIES AND COMMITMENTS			
	11	-	-
		800,556,451	629,381,522

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 March 31, 2020

		Un-audited March 31, 2020	Audited June 30, 2019
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	203,177,042	200,837,557
Intangible assets		118,644	185,727
Right of use assets		37,797,352	-
Long term loans		842,859	828,757
Employee benefits		3,304,407	2,883,659
Long term deposits and prepayments		22,657	15,202
		245,262,961	204,750,902
CURRENT ASSETS			
Stores and spare parts		5,015,143	5,004,896
Stock in trade	13	10,763,498	9,007,232
Trade debts	14	194,392,104	157,573,161
Loans and advances	15	3,376,081	2,119,986
Trade deposits and short term prepayments	16	324,412	241,025
Accrued interest		18,675	31,798
Other receivables	17	296,520,325	203,279,967
Contract assets		1,438	72,758
Short term investment		4,900	4,900
Sales tax recoverable		35,533,345	37,933,065
Income tax receivable		1,694,018	3,209,280
Cash and bank balances	18	7,649,551	6,152,552
		555,293,490	424,630,620
		800,556,451	629,381,522



(Amer Tufail)
Managing Director/CEO




(Roohi Raees Khan)
Chairperson



Condensed Interim Statement of Profit or Loss (Un-audited) for the Period Ended March 31, 2020

	Note	Quarter ended		Nine Months ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		(Rupees in thousand)			
Revenue from contracts with customers - Gas sales	19	135,904,526	137,921,959	507,909,842	489,244,370
Add: Differential margin / Tariff adjustment	20	21,417,222	21,525,798	60,069,992	53,559,206
		157,321,748	159,447,757	567,979,834	542,803,576
Less: Cost of gas sales	21	145,911,261	151,085,432	527,453,081	514,688,135
Gross profit		11,410,487	8,362,325	40,526,753	28,115,441
Add: Other operating income	22	5,193,006	4,750,039	15,776,841	12,799,001
		16,603,493	13,112,364	56,303,594	40,914,442
Less: Operating expenses:					
Selling cost		1,549,043	1,243,335	4,580,145	3,807,625
Administrative expenses		1,839,189	1,596,986	5,349,640	5,151,193
Other operating expenses	23	112,207	518,759	669,741	2,219,423
Expected credit loss		229,131	(276,944)	1,798,819	932,089
		3,729,570	3,082,136	12,398,345	12,110,330
Operating profit		12,873,923	10,030,228	43,905,249	28,804,112
Less: Finance cost	24	11,349,283	7,052,961	35,798,153	17,422,058
Profit before taxation		1,524,640	2,977,267	8,107,096	11,382,054
Taxation	25	441,986	871,580	2,328,395	3,562,602
Profit for the period		1,082,654	2,105,687	5,778,701	7,819,452
Earnings per share					
Basic and diluted (Rupees)		1.71	3.32	9.11	12.33

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


(Faisal Iqbal)
Chief Financial Officer


(Amer Tufail)
Managing Director/CEO


(Roohi Raees Khan)
Chairperson



Condensed Interim Statement of Comprehensive Income (Un-audited) for the Period Ended March 31, 2020

	Quarter ended		Nine months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in thousand)			
Profit for the period	1,082,654	2,105,687	5,778,701	7,819,452
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	1,082,654	2,105,687	5,778,701	7,819,452

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



(Faisal Iqbal)
Chief Financial Officer



(Amer Tufail)
Managing Director/CEO



(Roohi Raees Khan)
Chairperson



Condensed Interim Statement of Cash Flows (Un-audited)


for the Period Ended March 31,2020

	Note	March 31, 2020	March 31, 2019
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	26	32,951,374	1,236,331
Finance cost paid		(5,987,606)	(2,813,851)
Income taxes paid		(2,116,716)	(2,527,880)
Employee benefits paid/contributions paid		(2,095,471)	(1,599,699)
Security deposits received		3,660,170	3,481,625
Receipts against government grants and consumer contributions		991,239	4,857,409
Long term loans to employees		(74,089)	(25,877)
Long term deposits and prepayments		(7,454)	(14,301)
Net cash inflow from operating activities		27,321,447	2,593,757
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(17,093,520)	(16,802,465)
Capital expenditure on Intangible assets		(4,455)	(101,969)
Proceeds from sale of property, plant and equipment		49,960	48,580
Return on bank deposits		419,345	227,642
Net cash used in investing activities		(16,628,670)	(16,628,212)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing - unsecured		(26,344)	(274,073)
Proceeds from long term financing- secured		380,692	-
Repayment of lease liability against right of use assets		(136,265)	-
Repayment of long term financing- secured		(5,945,000)	(5,945,000)
Dividend paid		(683,278)	(6,281)
Net cash outflow from financing activities		(6,410,195)	(6,225,354)
Net increase in cash and cash equivalents		4,282,582	(20,259,809)
Cash and cash equivalents at the beginning of the period		(22,334,114)	3,088,487
Cash and cash equivalents at the end of the period	26.2	(18,051,532)	(17,171,322)

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



(Faisal Iqbal)
Chief Financial Officer



(Amer Tufail)
Managing Director/CEO




(Roohi Raees Khan)
Chairperson

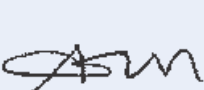


Condensed Interim Statement of Changes in Equity (Un-audited) for the Period Ended March 31, 2020

	Share Capital	Revenue Reserves			Total share holders' equity	
		General Reserve	Dividend Equalization Reserve	Unappropriated Profit	Total	
	(Rupees in thousand)					
Balance as at 01 July 2018 (Audited)-Restated	6,342,167	4,127,682	480,000	7,487,757	12,095,439	18,437,606
Total transactions with owners, recognised directly in equity						
Final dividend for the year ended June 30, 2018 @ rupees 5.55 per share	-	-	-	(3,519,902)	(3,519,902)	(3,519,902)
Interim dividend for the first quarter ended September 30, 2018 @ rupees 1.50 per share	-	-	-	(951,325)	(951,325)	(951,325)
	-	-	-	(4,471,227)	(4,471,227)	(4,471,227)
Total comprehensive income from July 01,2018 to Mar 31, 2019	-	-	-	7,819,452	7,819,452	7,819,452
Balance as at 31 March 2019 (Un-audited)	6,342,167	4,127,682	480,000	10,835,982	15,443,664	21,785,831
Total comprehensive income for the period from Apr 01,2019 to June 30,2019	-	-	-	(743,618)	(743,618)	(743,618)
Balance as at 30 June 2019 (Audited)	6,342,167	4,127,682	480,000	10,092,364	14,700,046	21,042,213
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)
Total comprehensive income from July 01,2019 to Mar 31, 2020	-	-	-	5,778,701	5,778,701	5,778,701
Balance as at 31 March 2020 (Un-audited)	6,342,167	4,127,682	480,000	14,602,632	19,210,314	25,552,481

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


(Faisal Iqbal)
Chief Financial Officer


(Amer Tufail)
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 March 31, 2020

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	House No. 15, Muslim Town, Sargodha.
Sheikupura	Main Sargodha Road, Near Punjab College, Sheikupura.
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 2019.

3. 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, 2019 except for the followings:

i) IFRS 16 Leases

The Company has adopted IFRS 16, 'Leases' with effect from July 01, 2019, which replaces IAS 17



'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases - Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'.

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities have been measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 13.21%.

The Company has adopted IFRS 16 retrospectively from July 1, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

The following summary reconciles the Company's operating lease commitments at June 30, 2019 as previously disclosed in the company's annual financial statements as at June 30, 2019 to the lease liabilities recognized on initial application of IFRS 16 at July 1, 2019.

(Rupees in thousand)

Operating lease commitments as at June 30, 2019	-
Discounted using the lessee's incremental borrowing rate at the date of initial application	36,134,618
Lease liabilities recognized as at July 1, 2019	36,134,618

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at June 30, 2019.

Un-audited
July 01, 2019

(Rupees in thousand)

Impact on the statement of financial position

Increase in right-of-use assets	36,211,727
Decrease in prepayments - prepaid rent	(77,109)
Increase in total assets	36,134,618
Increase in lease liability	(36,134,618)
Decrease in net assets	-

Impact on profit or loss

Company operates under fixed tariff regime, therefore, adoption of IFRS has no impact on the Company's profitability as the impact is a pass through item.



Key changes in accounting policies resulting from application of IFRS 16

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From July 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the expected lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

Except as detailed above, the Company has elected to apply the practical expedient of not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term

ii) IFRS 14 Regulatory Deferral Account

The Securities and Exchange Commission of Pakistan (SECP) through SRO 1480(I)/2019 Dated 27-09-2019 has notified IFRS 14 'Regulatory Deferral Account' and advised all classes of companies, that are required to follow IFRSs as notified by the Commission, to follow IFRS 14 for the preparation of financial statements for the annual reporting periods beginning on or after from July 1, 2019. However, while implementing IFRS 14, certain practical impediments have been encountered including scope/application of the IFRS to the company which require further clarification / guidance from SECP. Accordingly, the Company has sought guidance from SECP regarding implementation of the standard, therefore, this has not been followed for these financial information.

- 3.2 The preparation of this 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 2019.



	Note	Un-audited March 31, 2020	Audited June 30, 2019
		(Rupees in thousand)	
4. LONG TERM FINANCING - SECURED			
From banking companies			
Local currency - Syndicate term finance - I	4.1	5,850,000	7,020,000
Local currency - Syndicate term finance - II	4.2	22,923,141	24,686,460
		28,773,141	31,706,460
Other loans			
Islamic finance under musharaka arrangement	4.3.1	687,500	1,375,000
Islamic finance under musharaka arrangement	4.3.2	3,000,000	3,600,000
Islamic finance under lease arrangement for LNG Project Ph-II	4.3.3	12,014,359	12,938,540
Islamic finance under musharaka arrangement	4.3.4	-	800,000
Islamic finance under musharaka arrangement	4.3.5	380,692	-
		44,855,692	50,420,000
Less: Current portion shown under current liabilities	10	(9,697,673)	(11,090,000)
		35,158,019	39,330,000

4.1 Syndicate term finance-I

Lender	Mark-up rate	No. of installments	Maturity date
Syndicate of banks	Six month KIBOR+ 0.70% per annum	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 (June 30, 2019: Rs 15,600,000 thousand). The effective mark-up charged during the period ranges from 12.77% to 14.23% per annum (June 30, 2019: 7.21% to 12.77% per annum).

4.2 Syndicate term finance - II

Lender	Mark-up rate	No. of installments	Maturity date
Syndicate of banks	Six month KIBOR+ 1.10% per annum	16 Half yearly Installments	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 (June 30, 2019: 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 ranges from 14.13% to 14.60% per annum (June 30, 2019: 8.04 % to 14.13% per annum).



4.3 Arrangements under Islamic financing

4.3.1	Lender	Mark-up rate	No. of installments	Maturity date
	Syndicate of banks	Six month KIBOR+ 0.55% per annum	8 Half yearly Installments	June 30, 2020

This loan of Rs 5,500,000 thousand has been obtained from a syndicate of banks (with Al Baraka Bank Limited 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 7,333,333 thousand (June 30, 2019: Rs 7,333,333 thousand). The effective mark-up charged during the period from 13.66% to 14.03% per annum (June 30, 2019: 7.59% to 13.66% per annum).

4.3.2	Lender	Mark-up rate	No. of installments	Maturity date
	Syndicate of banks	Six month 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 (June 30, 2019: Rs 8,000,000 thousand). The effective mark-up charged during the period ranges from 12.77% to 14.23% per annum (June 30, 2019: 7.21% to 12.77% per annum).

4.3.3	Lender	Mark-up rate	No. of installments	Maturity date
	Syndicate of banks	Six month KIBOR+ 1.10% per annum	16 Half yearly Installments	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 (June 30, 2019: Rs 18,800,000 thousand) relating to the project and the sovereign guarantee of Government of Pakistan. The effective mark-up charged during the period ranges from 14.13% to 14.60% per annum (June 30, 2019: 8.04 % to 14.13% per annum).

4.3.4	Lender	Mark-up rate	No. of installments	Maturity date
	Allied Bank Limited	Six month KIBOR - 0.12% per annum	4 Half yearly Installments	September 28, 2019

This loan of Rs 1,600,000 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 (June 30, 2019: Rs 3,094,667 thousand). The effective mark-up charged during the period is 10.89% per annum (June 30, 2019: 6.44 % to 10.89% per annum).

4.3.5	Lender	Mark-up rate	No. of installments	Maturity date
	Allied Bank Limited	Six months KIBOR+ 0.08% per annum	6 half yearly installments	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. The effective mark-up charged during the period ranges from 11.33% 13.98% per annum.



	Note	Un-audited March 31, 2020	Audited June 30, 2019
(Rupees in thousand)			
5. LONG TERM FINANCING - UNSECURED			
Other loans - Local currency:		497,385	508,101
Less: Current portion shown under current liabilities	10	(235,114)	(204,872)
		262,271	303,229

5.1 These loans carry effective mark-up at variable rates which ranges from 6.55% per annum to 14.47% per annum (June 30, 2019: 6.55% per annum to 14.47% per annum).

	Note	Un-audited March 31, 2020	Audited June 30, 2019
(Rupees in thousand)			
6. CONTRACT LIABILITIES			
Consumer contribution	6.1	12,425,478	11,066,804
Due to customers against construction contract		24,697	6,563
Advances from customers against gas bill and new connection		359,078	256,786
		12,809,253	11,330,153
6.1 Consumer contribution against:			
- Completed jobs		30,693,602	29,581,569
- Jobs-in-progress		5,432,299	4,549,923
		36,125,901	34,131,492
Less: Accumulated amortization:			
Opening balance		23,064,688	22,330,057
Amortization for the year/period		635,735	734,631
		23,700,423	23,064,688
		12,425,478	11,066,804
6.1.1 Current		383,775	263,349
Non-current		12,425,478	11,066,804

6.1.2 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 March 31, 2020	Audited June 30, 2019
(Rupees in thousand)			
7. TRADE AND OTHER PAYABLES			
Creditors for:			
Gas	7.1	445,257,491	336,526,966
Supplies		1,755,730	1,173,968
Accrued liabilities		8,852,892	10,608,718
Provident fund		96,973	114,968
Gas infrastructure development cess payable	7.2	-	-
Interest free deposits repayable on demand		656,272	369,155
Earnest money received from contractors		144,987	157,081
Mobilization and other advances		2,656,365	2,741,586
Workers' profit participation fund		2,906,099	2,479,409
Workers' welfare fund		165,450	-
		462,492,259	354,171,851

7.1 Included in trade payables is an amount of Rs 96,677,771 thousand (June 30, 2019: Rs 61,883,087 thousand) and Rs 36,605,766 thousand (June 30, 2019: Rs 32,030,048 thousand) due to Pakistan State Oil (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 has been 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. During the year ended June 30, 2018, 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.

Subsequent to the period ended March 31, 2020 the Honourable 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 150,716,275 thousand (June 30, 2019: Rs 138,303,671 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 will be shown as payable as and when these balances are collected from consumers.



	Note	Un-audited March 31, 2020	Audited June 30, 2019
(Rupees in thousand)			
8. INTEREST AND MARK-UP ACCRUED ON LOANS AND OTHER PAYABLES			
Accrued mark-up / interest on:			
Long term financing - secured		2,089,613	518,204
Long term financing - unsecured		235,364	212,708
Short term borrowing - secured		857,865	693,895
Deposits from customers		2,721,207	1,725,277
Late payment of gas creditors and gas development surcharge		70,430,365	47,319,270
		76,334,414	50,469,354
9. SHORT TERM BORROWING - SECURED			
Allied Bank Limited	9.1	7,830,768	8,242,365
Bank Alfalah Limited	9.2	3,074,244	2,255,234
Standard Chartered Bank (Pakistan) Limited		-	2,990,000
Askari Bank Limited	9.3	2,499,988	2,500,000
Habib Bank Limited	9.4	6,499,222	6,499,918
National Bank of Pakistan	9.5	5,796,861	5,999,149
		25,701,083	28,486,666

- 9.1 This represents short term running finance facility of Rs 4,000,000 thousand (June 30, 2019: Rs 4,000,000 thousand) which carries mark-up at the rate of 3 months KIBOR (June 30, 2019: 3 months KIBOR) on the balance outstanding and the short term running finance facility of Rs. 5,000,000 thousand which carries mark-up at the rate of 3 months KIBOR + 0.50% per annum 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 1,333,330 thousand (June 30, 2019: Rs 1,333,330 thousand) and ranking charge over current assets of the Company to the extent of Rs 10,666,667 thousand (June 30, 2019: Rs 10,666,667 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period ranges from 12.97% to 14.35% per annum (June 30, 2019: 6.92% to 11.49%) per annum.
- 9.2 This is a short term running finance facility from Bank Alfalah Limited amounting to Rs 2,500,000 thousand (June 30, 2019: Rs 2,500,000 thousand). This facility carries mark-up at the rate of 3 months KIBOR per annum (June 30, 2019: 3 months KIBOR 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 3,333,334 thousand (June 30, 2019: Rs 3,333,334 thousand). The effective interest rate charged during the period ranges from 12.97% to 14.26% per annum (June 30, 2019: 6.93% to 11.13% per annum).
- 9.3 This is a short term running finance facility of Rs 2,500,000 thousand (June 30, 2019: Rs 2,500,000 thousand) from Askari Bank Limited. This facility carries mark-up at the rate of 3 months KIBOR + 0.50% per annum (June 30, 2019: 3 months KIBOR + 0.50% 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 (June 30, 2019: Rs 3,333,334 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period ranges from 13.47% to 14.35% per annum (June 30, 2019: 11.25% to 11.49% per annum).
- 9.4 This is a short term running finance facility of Rs 6,500,000 thousand (June 30, 2019: Rs 6,500,000 thousand) from Habib Bank Limited. This facility carries mark-up at the rate of 1 months KIBOR + 0.50% per annum (June 30, 2019: 1 months KIBOR + 0.50% 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 8,666,667 thousand (June 30, 2019: Rs 8,666,667 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period ranges from 13.37% to 14.31% per annum (June 30, 2019: 11.21% to 13.29% per annum).
- 9.5 This is a short term running finance facility of Rs 6,000,000 thousand (June 30, 2019: Rs 6,000,000 thousand) from National Bank of Pakistan. This facility carries mark-up at the rate of 3 months KIBOR + 0.50% per annum (June 30, 2019: 3 months KIBOR + 0.50% 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 8,000,000 thousand (June 30, 2019: Rs 8,000,000 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period ranges from 13.47% to 14.35% per annum (June 30, 2019: 11.23% to 11.49% per annum).

	Note	Un-audited March 31, 2020	Audited June 30, 2019
(Rupees in thousand)			
10. CURRENT PORTION OF LONG TERM FINANCING			
Long term financing - secured	4	9,697,673	11,090,000
Long term financing - unsecured	5	235,114	204,872
		9,932,787	11,294,872

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, 2019, except for the following.

Subsequent to the period end, Income Tax Authorities raised a demand of Rs 3,389,112 thousand for tax year 2019 by disallowing tax credit under section 65B, tax deposited under section 147 and tax deducted under section 148 of Income Tax Ordinance, 2001. The Company has filed an appeal with CIR (Appeals), which is pending adjudication except for disallowance of tax credit under section 65B of Rs. 2,187,287 thousand, no provision has been made in these financial statements as Company's management is confident of favorable outcome of the appeals.

	Un-audited March 31, 2020	Audited June 30, 2019
(Rupees in thousand)		
11.2 Commitments:		
a) Capital Commitments		
Property, plant and equipment	329,130	1,240,142
Intangible assets	30,912	29,634
Stores and spares	7,651,332	17,845,953
	8,011,374	19,115,729
b) Other Commitments	619,048	641,473



	Note	Un-audited March 31, 2020	Audited June 30, 2019
		(Rupees in thousand)	
12. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Tangible			
Opening book value		175,465,092	171,406,578
Additions during the period/year	12.1	16,016,630	23,093,021
		191,481,722	194,499,599
Book value of PPE disposed off during the period / year	12.2	(3,479)	(1,932)
Depreciation charged during the period/year		(14,841,897)	(19,032,575)
		(14,845,376)	(19,034,507)
Closing book value		176,636,346	175,465,092
Capital work-in-progress	12.3	26,540,696	25,372,465
		203,177,042	200,837,557
12.1 Additions during the period / year			
Freehold land		-	493,616
Buildings and civil construction on freehold land		20,624	114,066
Transmission system		4,864,188	1,751,275
Distribution systems		6,801,972	13,953,832
Consumer meter and town border stations		3,072,326	5,241,802
Telecommunication system and facilities		13,663	55,613
Plant and machinery & Compressor stations and equipment		917,336	870,347
Furniture and equipment		29,365	68,417
Transport vehicles		192,707	271,366
Tools and accessories		3,326	28,351
Computers and ancillary equipment		101,123	244,336
		16,016,630	23,093,021
12.2 Disposals during the period / year			
Transport vehicles		3,479	1,918
Plant and machinery		-	14
		3,479	1,932
12.3 Capital work-in-progress			
Transmission system		5,337,222	6,169,476
Distribution system		13,488,101	9,895,328
Stores and spares including in transit			
Rs 171,877 thousand			
(June 30, 2019: Rs 1,114,170 thousand)		7,473,628	8,980,006
Advances for land and other capital expenditure		241,745	327,655
		26,540,696	25,372,465



	Note	Un-audited March 31, 2020	Audited June 30, 2019
		(Rupees in thousand)	
13. STOCK-IN-TRADE			
- Gas in pipelines		4,703,873	4,616,328
- Gas in FSRU	13.1	6,059,625	4,390,904
		10,763,498	9,007,232

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 March 31, 2020	Audited June 30, 2019
		(Rupees in thousand)	
14. TRADE DEBTS			
Considered good			
Secured		54,954,439	62,142,912
Unsecured	14.1	139,994,623	95,645,371
Accrued gas sales		(556,958)	(215,122)
		194,392,104	157,573,161
Considered doubtful		24,844,274	23,045,455
		219,236,378	180,618,616
Less: Provision for doubtful debts		(24,844,274)	(23,045,455)
		194,392,104	157,573,161

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 97,762,431 thousand (June 30, 2019: Rs 93,892,862 thousand) along with interest thereon of Rs 22,508,613 thousand (June 30, 2019: Rs 17,482,640 thousand) due to delayed payments. While trade and other payables as referred to in Note 7 include an amount of Rs 428,854,412 thousand (June 30, 2019: Rs 317,681,475 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 on delayed payments of Rs 65,332,785 thousand (June 30, 2019: Rs 42,370,242 thousand) and interest on delayed payment of Gas Development Surcharge of Rs 4,101,732 thousand (June 30, 2019: Rs 4,101,732 thousand) payable to Government of Pakistan. The settlement of these amounts is dependent upon the resolution of inter-corporate circular debt by the Government of Pakistan. Furthermore, amounts of Rs 242,128,228 thousand (June 30, 2019: Rs 185,376,149 thousand) and Rs 54,339,833 thousand (June 30, 2019: Rs 17,777,161 thousand) as referred to in Note 19 is receivable from Government of Pakistan on account of differential margins/deferral account. The recoverability of these amounts is dependent upon settlement by the Government of Pakistan directly or indirectly inter alia including increase in future gas prices.

14.2 In aggregate, the Company has recognized revenue of Rs. 22,161 million under Take or Pay ("ToP") arrangements from July 01, 2017 to March 31, 2020. This comprises of Rs. 8,536 million from M/s Quaid-e-Azam Thermal Power (Private) Limited ("QATPL") and Rs. 13,625 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 22,161 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. 8,512 million (June 30, 2019: Rs. 6,571 million). The GPPs disputed the invoices under ToP arrangements on various grounds and filed a writ petition with the Honorable Lahore High Court ("LHC"). The LHC on June 22, 2018 directed that the disputed invoices 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 legal advisor of the Company filed claims against GPPs to the Expert on March 15, 2019 and the proceedings before this forum were completed during September 2019. The determination of the Expert was issued in favor of the Company and the GPPs have approached the London Court of International Arbitration (LCIA) for the resolution of the matter. The matter is still pending adjudication with the LCIA and no proceedings have yet been initiated. Based upon the advice of the Company's legal counsel on this matter, the Company believes that it has reasonably good arguments in its favor and it expects a favorable outcome.

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 in favor of the Company or is partially in favor of the Company, and the Company has exhausted its legal remedies available under the law, the matter will be taken up with the OGRA for determining the cost of the same to the Company in its revenue requirement decision, therefore, the Company is not exposed to any significant loss upon the conclusion of this matter.

	Un-audited March 31, 2020	Audited June 30, 2019
	(Rupees in thousand)	
15. LOANS AND ADVANCES		
Loans to employees - considered good	204,175	188,413
Advances - considered good:		
- Employees	2,117,581	1,706,144
- Suppliers and Contractor	1,054,325	225,429
Advances to suppliers and contractors		
- considered doubtful	3,227	3,227
Less: Provision for doubtful advances	(3,227)	(3,227)
	-	-
	3,376,081	2,119,986
16. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Trade deposits and short term prepayments	346,702	158,788
Less: Provision for doubtful deposits	(22,290)	(22,290)
	324,412	136,498
Add: Current portion of long term prepayments	-	104,527
	324,412	241,025



	Note	Un-audited March 31, 2020	Audited June 30, 2019
17. OTHER RECEIVABLES		(Rupees in thousand)	
Excise duty recoverable		108,945	108,945
Less: Provision for doubtful recoverable		(108,945)	(108,945)
		-	-
Differential margin / tariff adjustment recoverable	17.1	242,128,229	185,376,149
RLNG Differential margin / Tariff adjustment	17.2	54,339,833	17,777,161
Current account with SSGCL		20,129	17,893
Others		32,135	108,764
		296,520,325	203,279,967
17.1 Differential margin/Tariff adjustment recoverable			
Opening balance		185,376,149	122,176,517
Recognised for the period/year		56,752,079	63,848,368
Recognized in OCI		-	(648,736)
		242,128,228	185,376,149
17.2 RLNG differential margin / tariff adjustment			
Opening balance		17,777,161	(6,653,574)
Recognised for the period/year		37,258,998	33,425,715
		55,036,159	26,772,141
RLNG margin on sale of stock to SSGCL		(696,326)	(8,994,980)
Closing balance		54,339,833	17,777,161

17.2.1 The balance of RLNG differential margin 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 march 31, 2020. The settlement of this amount is expected to materialize in the shape of adjustment to future sale price of RLNG by the OGRA.

17.2.2 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. 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 deferral account represents the difference of average cost of RLNG and the average sale price of system gas (June 30, 2019: average sale price) (used by the OGRA in determination of deferral account) of the swapped volumes. During the period, 36,366,726 MMBTUs of RLNG were sold as Indigenous gas. The differential margin receivable resulting from RLNG sold as indigenous gas will be adjusted upon directional changes in gas swapping and / or tariff adjustments in future periods to be determined by the OGRA.

During the year ended June 30, 2019, the OGRA vide its decision dated November 20, 2018 which was further clarified by the OGRA dated February 04, 2019, has directed that the stock of RLNG held with SSGCL to be sold to SSGCL on historical weighted average cost. Thereafter, SSGCL shall record sales as per relevant applicable OGRA notified rates. The gain / loss owing to the difference between the current and historical rates shall be passed on to the Company within a month of sale of RLNG stock by the SSGCL and is to be realized / adjusted in the OGRA's determined future price adjustments to the Company's RLNG consumers.



	Note	Un-audited March 31, 2020	Audited June 30, 2019
		(Rupees in thousand)	
18. CASH AND BANK BALANCES			
Deposit accounts	18.1	6,791,950	5,921,385
Current accounts		845,741	229,543
		7,637,691	6,150,928
Cash in hand		11,860	1,624
		7,649,551	6,152,552

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 5,242,495 thousand (June 30, 2019: Rs 4,877,457 thousand) are not used for the normal treasury operations of the Company. Any profit earned there on is credited to the funds instead of accounting for as Company's income.

	Quarter ended		Nine months ended	
	Un-audited March 31, 2020	Un-audited March 31, 2019	Un-audited March 31, 20120	Un-audited March 31, 2019
	(Rupees in thousand)		(Rupees in thousand)	
19. REVENUE FROM CONTRACTS WITH CUSTOMERS - GAS SALES				
Gross sales - Indigenous gas	63,783,538	58,759,051	175,286,002	160,040,549
Gross sales - RLNG	91,879,449	97,259,930	409,313,924	396,050,015
	155,662,987	156,018,980	584,599,926	556,090,564
Sales tax - Indigenous gas	(7,298,192)	(8,079,416)	(22,495,985)	(22,457,343)
Sales tax - RLNG	(12,460,269)	(10,017,605)	(54,194,099)	(44,388,851)
	(19,758,461)	(18,097,021)	(76,690,084)	(66,846,194)
	135,904,526	137,921,958	507,909,842	489,244,370
20. DIFFERENTIAL MARGINS / TARIFF ADJUSTMENT				
Indigenous gas	19,306,323	19,878,773	56,752,079	48,500,038
RLNG	2,110,899	1,647,025	3,317,913	5,059,168
	21,417,222	21,525,798	60,069,992	53,559,206



Note	Quarter ended		Nine months ended	
	Un-audited March 31, 2020	Un-audited March 31, 2019	Un-audited March 31, 2020	Un-audited March 31, 2019
	(Rupees in thousand)		(Rupees in thousand)	
21. COST OF GAS SALES				
Opening stock of gas in pipelines	9,440,961	8,064,206	9,007,232	31,404,569
Gas purchases:				
- Southern system	35,304,789	36,123,218	84,184,053	82,812,828
- Northern system	25,728,493	22,185,901	74,726,258	63,338,634
- RLNG	102,422,589	102,600,531	378,428,962	346,694,016
	163,455,871	160,909,650	537,339,273	492,845,478
- Gas swapping account	(24,928,121)	(18,293,503)	(33,941,085)	(24,234,038)
	147,968,711	150,680,353	512,405,420	500,016,009
Less: Gas internally consumed	1,494,499	1,852,041	4,523,762	4,089,851
Closing stock of gas in pipelines 13	10,763,498	6,727,847	10,763,498	6,727,847
	12,257,997	8,579,888	15,287,260	10,817,698
Distribution Cost	10,200,547	8,984,967	30,334,921	25,489,824
	145,911,261	151,085,432	527,453,081	514,688,135
22. OTHER OPERATING INCOME				
Income from financial assets				
- Interest income on late payment of gas bills	3,153,379	3,104,034	9,456,836	7,865,658
Gain on initial recognition of financial liabilities at fair value	1,816	1,254	5,448	3,762
Interest on staff loans and advances	21,133	19,638	63,366	58,415
Return on bank	126,499	64,580	406,222	220,811
	3,302,827	3,189,506	9,931,872	8,148,646
Income from assets other than financial assets				
Net gain on sale of fixed assets	577	171	46,481	47,558
Meter Rentals and service income	560,307	520,230	1,553,853	1,419,236
Amortization of deferred credit and contract liabilities	741,316	744,984	2,139,764	1,984,438
Insurance claims	2,345	710	4,279	4,333
	1,304,545	1,266,095	3,744,377	3,455,565
Others				
Sale of tender documents	1,611	2,596	6,103	6,022
Sale of scrap	-	-	124,812	78,493
Liquidated damages recovered	27,972	69,712	127,078	374,873
Gain on construction contracts	-	37,940	37,024	48,715
Non delivery charges recovered	-	-	-	237,503
Bad debt recoveries	1,430	1,096	3,219	2,365
Exchange gains	46,394	-	562,840	-
Urgent Fee for new meter connections	372,091	176,104	1,090,428	425,971
Transportation income	135,004	-	135,004	-
Miscellaneous	1,132	6,990	14,084	20,848
	585,634	294,438	2,100,592	1,194,790
	5,193,006	4,750,039	15,776,841	12,799,001



	Quarter ended		Nine months ended	
	Un-audited March 31, 2020	Un-audited March 31, 2019	Un-audited March 31, 2020	Un-audited March 31, 2019
	(Rupees in thousand)		(Rupees in thousand)	
23. OTHER OPERATING EXPENSES				
Workers' Profit Participation Fund	80,245	156,699	426,690	599,056
Workers' Welfare Fund	31,120	-	165,450	-
Exchange loss on gas purchases	-	349,043	-	1,589,258
Loss on initial recognition of financial assets at fair value	842	13,017	77,601	31,109
	112,207	518,759	669,741	2,219,423

24. Included in finance cost is an amount of Rs 21,111,095 thousand (March 31, 2019: Rs 12,194,261 thousand) in respect of late payment surcharge on account of overdue payables for gas purchases.

	Note	Quarter ended		Nine months ended	
		Un-audited March 31, 2020	Un-audited March 31, 2019	Un-audited March 31, 2020	Un-audited March 31, 2019
		(Rupees in thousand)		(Rupees in thousand)	
25. TAXATION					
Current tax		1,026,279	740,890	3,830,092	2,625,208
Deferred tax		(584,293)	130,690	(1,303,583)	937,394
		441,986	871,580	2,526,509	3,562,602
Prior period - current tax		-	-	(198,114)	-
		441,986	871,580	2,328,395	3,562,602

26. CASH GENERATED FROM OPERATIONS

Profit before taxation		8,107,096	11,382,054
Adjustment for non-cash charges and other items			
Depreciation - Owned assets		14,841,897	14,164,475
Depreciation - Right of use assets		2,741,353	-
Amortization of intangible assets		71,537	69,057
Employee benefits		1,958,246	1,524,717
Amortization of deferred credit and contract liabilities		(2,139,764)	(1,984,438)
Finance cost		35,798,153	17,422,058
Return on bank deposits		(406,222)	(220,811)
Gain on sale of fixed assets		(46,481)	(47,558)
Provision for doubtful debts		1,798,819	932,089
Loss on initial recognition of financial assets at fair value		77,601	31,109
Gain on initial recognition of financial liabilities at fair value		(5,448)	(3,762)
Amortization of difference between initial and maturity amount		(33,375)	(31,797)
Working capital changes 26.1		(29,812,038)	(42,000,862)
		32,951,374	1,236,331



		Nine Months ended	
		Un-audited March 31, 2020	Un-audited March 31, 2019
		(Rupees in thousand)	
26.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares parts		(10,246)	(903,484)
Stock-in-trade		(1,756,266)	24,676,722
Trade debts		(44,316,214)	(63,704,832)
Loans and advances		(1,240,333)	(1,603,529)
Trade deposits and prepayments		(160,496)	(206,070)
Other receivables		(90,769,317)	(66,968,662)
		(138,252,872)	(108,709,855)
Increase in current liabilities			
Trade and other payables		108,440,834	66,708,993
		(29,812,038)	(42,000,862)
26.2 Cash and cash equivalents			
Cash and bank balances		7,649,551	6,733,492
Short term running finance		(25,701,083)	(23,904,814)
		(18,051,532)	(17,171,322)

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 and onwards, 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 11.53% (March 31, 2019: 13.22%). 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 6,472,761 thousand (March 31, 2019: Rs 4,387,325 thousand), which is in excess of the UFG benchmark of 6.9238% (March 31, 2019: 6.991%) as determined by OGRA in Final Revenue Requirements (FRR) for FY 2018-19.



	Un-audited March 31, 2020	Un-audited March 31, 2019
	(Rupees in thousand)	
28. TRANSACTIONS WITH ASSOCIATES AND RELATED PARTIES		
28.1 Transactions during the period		
Gas sales	168,250,124	186,974,450
Purchase of materials	14,688	2,771,843
Purchase of gas, regasification & transportation services	378,090,078	350,766,004
Service charges	23,939	29,811
Profit received on bank deposits	41,355	27,110
Finance cost	770,545	387,188
Transmission charges	3,822	3,999
Insurance expenses	313,311	200,182
Insurance claims received	13,801	18,694
Contributions to defined contribution plans	424,548	351,611
Contributions to defined benefit plans	2,049,588	1,600,074
Honorarium paid to chairman/chairperson	997	900
Fee paid to directors	50,097	37,000
Remuneration and benefits paid to key management personnel	72,300	73,903
	Un-audited March 31, 2020	Audited June 30, 2019
	(Rupees in thousand)	
28.2 Period end balances		
Receivable from related parties	98,875,749	74,519,011
Payable to related parties	458,569,772	329,291,674

29. EVENTS AFTER THE BALANCE SHEET DATE

29.1 The Board of Directors of the Company in its meeting held on October 15, 2020 has proposed an interim cash dividend of Rs Nil per share (Mar 31, 2019: Rs Nil per share), amounting to Rs Nil (Mar 31, 2019: Rs Nil) for the year ended June 30, 2020.

29.2 On 11 March 2020, the World Health Organization made an assessment that the outbreak of a corona virus (COVID-19) can be characterized as a pandemic. In addition, oil prices significantly dropped during January to March 2020 due to the effect of COVID-19 and a number of other political and economic factors. These factors have negatively affected the economies and the businesses of the country where the Company operates. To alleviate the negative impact of the COVID-19 pandemic, the various governments including the Government of Pakistan, other independent jurisdictions and regulators have taken measures and issued directives to support businesses at large, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity.

These conditions are considered subsequent, non-adjusting events, and impacted the economic and risk environment in which the Company operates.

The situation, including the Government and public response to the challenges, continue to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of authorization of these financial statements.



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 preceding 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 October 15, 2020 by the Board of Directors of the Company.



(Faisal Iqbal)
Chief Financial Officer



(Amer Tufail)
Managing Director/CEO



(Roohi Raees Khan)
Chairperson



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Sui Northern Gas Pipelines Limited

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