

## **SUI SOUTHERN GAS COMPANY LTD.**

### **ANNUAL REPORT 1998**

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#### **Company Information**

<b>Board of Directors</b>	Mr. Aitzaz Shahbaz	Chairman
	Mr. Aslam Farook	Managing Director
	Mr. Munir Ahmed	
	Mr. Abdus Sattar	
	Mr. Razi-ur-Rahman Khan	
	Mr. Jawaid Inam	
	Mr. Muhammad Saleem Khan	
	Mr. Ali Ahmed Baloch	
	Mr. Rasool Bakhsh Baloch	
	Mr. Ramzan Noor Mohammed	Merchant
	Mr. Behram Hasan	
	Mr. H. Masood Sohail	
	Mr. Muhammad Faruque	
	Mr. Ashiq Ali	
<b>Company Secretary</b>	Mr. M. Inam-us-Samad	

**Auditors** M/s. A. F. Ferguson & Co.  
Chartered Accountants

**Registered Office** State Life Building No. 3,  
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#### **Notice of Meeting**

Notice is hereby given that the 44th Annual General Meeting of Sui Southern Gas Company Limited will be held in the Auditorium of Finance & Trade Centre Building, Shahrah-e-Faisal, Karachi on Monday, 15 February 1999 at 10.00 a.m. to transact the following business:

#### **Ordinary Business**

1. To confirm the Minutes of the Extraordinary General Meeting of the Company held on 10 September 1998.
2. To receive and adopt the Report of the Directors and the Audited Accounts of the Company for the year ended 30 June 1998.
3. To appoint Auditors for the year 1998 - 99 and fix their remuneration.
4. Any other ordinary business with the permission of the Chair.

#### **Special Business**

##### **5. Bonus Issue**

To approve capitalisation of a sum of Rs. 461,367,470 set-aside out of the profit of the Company as on 30 June 1998 for issuance of bonus shares in the proportion of one share for every ten shares held (10%) and to consider and if thought fit, to pass the following Special Resolutions with or without amendment (s).

"That a sum of Rs. 461,367,470 out of profit as on 30 June 1998 be capitalised and applied to the issue of 46,136,747 ordinary shares of Rs. 10 each allotted as fully paid Bonus Shares to the members of the Company whose names appear on the register of Members as at close of business on 5 February, 1999 in the proportion of one share for every ten shares held (i.e. 10%)".

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

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

By Order of the Board

Karachi  
12 January 1999

**M. Inam-us-Samad**  
Secretary

#### **Notes:**

- i) The Share Transfer Books of the Company will remain closed from 6 February 1999 to 15 February, 1999 (both days inclusive). Transfers received in order at the Registered Office of the Company at the close of business hours on 5 February 1999 will be treated in time for the purpose of eligibility to Bonus Shares.
- ii) A member entitled to attend and vote at this meeting may appoint another member as his / her Proxy to attend, speak and vote on his/her behalf at the Meeting. Proxies, in order to be valid, must be received at the Registered Office of the Company not later than 48 hours before the Meeting. The Proxy must be a member of the Company, except that a Corporation being member of the Company may appoint as its proxy one of its directors, officers or authorised representative though not a member of the Company.
- iii) Shareholders are requested to notify the Company of any change in their address immediately.

#### **Statement under Section 160 of the Companies Ordinance, 1984**

The Directors feel that the reserves of the Company justify the capitalisation of a sum of Rs. 461,367,470 for issue of Bonus Shares.

#### **Board of Directors**

Mr. Aitzaz Shahbaz  
Chairman

Mr. Munir Ahmed

Mr. Razi-ur Rahman Khan

Mr. Muhammad Saleem Khan

Mr. Aslam Farook  
Chief Executive/Managing Director

Mr. Abdus Sattar

Mr. Jawaid Inam

Mr. Ali Ahmed Baloch

Mr. Rasool Bakhsh Baloch

Mr. Behram Hasan

Mr. Muhammad Faruque

Mr. M. Inamus Samad  
Company Secretary

Mr. Ramzan Noor Mahomed Merchant

Mr. H. Masood Sohail

Mr. Ashiq Ali

### **Chairman's Review**

I am pleased to present before you a review of your Company's operations together with the Audited Accounts for the year ended June 30, 1998 on the occasion of the 44th Annual General Meeting. The financial year 1997-98 proved to be daunting one in many respects and the Company management had to be more vigilant to achieve positive results, preserve liquidity, reduce costs and maintain standards of efficiency.

The sale of gas to power utilities during the year under review registered a decline as WAPDA and KESC cut down on their own generation to receive power from Independent Power Producers under their contractual obligations. Together with the decrease in sales volume the receivables from these two customers, namely KESC and WAPDA increased further as they preferred to divert more of their resources to purchase power from Independent Power Producers. The year just ended also finally brought into Company ownership the assets relating to the Quetta Transmission Pipeline which hitherto continued to be owned by the Government. The purchase consideration has been converted by the Government into a Cash Development Loan whereas the assets will yield return for the company under the existing price formula.

### **BOARD OF DIRECTORS**

The Government of Pakistan nominated me on the Board of your Company after which I was formally inducted on 28th April, 1998 and elected Chairman replacing Dr. Gulfraz Ahmed, Secretary to Ministry of Petroleum and Natural Resources. On the same date Mr. Munir Ahmed rejoined the Board, having been posted again as Director General Gas and also Mr. Jawaid Inam came on the Board in his capacity of Managing Director, Sui Northern Gas Pipelines Limited in place of Mr. M.T.K. Sherwani and Mr. Javeed Hameed respectively. Mr. Rasool Bux Baloch joined the Board on 17.07.1998 representing State Life, in place of Mr. Zafar Mehmood and Mr. Ali Ahmed Baloch

joined on 25.08.1998 as representative of the Government of Balochistan in place of Mr. Syed Abbas Hussain. The outgoing directors have to be thanked for their support and contribution, particularly of the outgoing Chairman.

All the directors retired on 10 September, 1998 and on the same date were re-elected to the Board for a period of three years in the Extra Ordinary General Body meeting held on that date. Subsequently Mr. Ashiq Ali joined the Board in place of Mr. Shahid Akbar and Mr. Hilal A. Raza. At the end of calendar year, the Managing Director, Mr. K.A. Ansari retired after attaining the age of superannuation. Mr. Aslam Farook, until then Deputy Managing Director (Marketing and Billing) has since been appointed Chief Executive and Managing Director. I wish to place on record my thanks and appreciation for the valuable contribution of the outgoing Managing Director and express full support to the new incumbent.

The Board of Directors has been meeting frequently and is spending considerable time to oversee the Company's affairs and matters referred to it by the management.

#### **FINANCE AND ACCOUNTS**

The audited Annual Accounts for the financial year 1997-98 together with the auditors' report on it follows. The Accounts incorporate changes in presentation of some items of income and expenditure which have been highlighted in the notes and agreed with the auditors.

The profit before tax has increased by about 20% due to the operation of the fixed formula of 17% return on net operating assets before taking into account financial charges and tax. After making necessary provision for current and deferred tax the Company made a net profit of Rs.651.672 million. The recommendations of the Directors regarding the appropriation of the profit are contained in the Directors' Report.

#### **GAS SALES**

Gas sales during the year registered a decline of 3% in volume but an increase of 9% in value. The value increase is attributed to full year impact of gas price increase, which was with effect from 1 January, 1997. The total sales volume for the year 1997-98 stood at 47,674,170 MMCF (169,214 MMCF) compared to 49,287,379 MMCF (174,940 MMCF) of the previous year. Sales to cement, general industries, commercial and domestic sectors increased by 20.70%, 6%, 0.97% and 4.64% respectively. Sale to Pakistan Steel declined marginally by 1.5% from 37.70 MMCFD to 37.14 MMCFD. The largest shortfall was registered in sales to power sector where offtakes by KESC declined by 14.6% and WAPDA by 23% resulting in a cumulative volume shortfall of 19.75% in the power sector.

The reduction in sales volume to power sector is a cause of concern, specially in the light of continued restriction on extending gas supply to various industries for in-house power generation. However gas pipeline has been laid for supply to a private power plant at Quetta which is likely to commence production after resolution of their IPP related outstanding issues with the Government. Another major customer added to the sales network is PFC Jordan Fertilizer Company which has commenced operation in October, 1998. The sale of gas to fertilizer industry is subsidised and the company is following up the matter with the Government for appropriate price adjustment to atleast cover its costs.

#### **RECOVERY CAMPAIGN**

I am particularly pleased to report that a very successful recovery campaign was launched by the Company from 12 June, 1998 which is continuing as of date. A total overdue balance of Rs. 588 million was identified as recoverable from 18 industrial consumers, 354 commercial consumers and 175,054 domestic consumers. The campaign included press advertisement, sending of notices, lodging of FIRs, raids and arrests. Certain Government establishments were also found using unauthorised and unmetered gas, which lines were duly disconnected. As a result of concerted efforts, and with the active support of the local administration in various towns of Sindh and Balochistan, a substantial amount has been recovered, most of which is subsequent to 30.6.1998.

The Company has always accorded highest priority to consumer service and urgent response to consumer calls for gas leaks, other emergencies and billing complaints. Nine Consumer Service

Centres are functioning in Company's franchise areas and other regional offices also render similar services. During the year a separate dedicated telephone line no.119 has been commissioned for gas emergencies and also reporting of gas theft. Gas theft is a crime and the law abiding consumers suffer on account of criminal activities of few. The Company is thankful to those citizens who have fulfilled their social obligation by reporting gas thefts for which the Company has been taking appropriate action.

**OPERATIONS**

The gas purification plant at the Sui Gas field operated normally during the year. Capacity achieved for purification was 83%. Of the purified gas 43 % was taken by the SSGC system. Additional purchases were made from Pirkoh, Badin, Kadanwari and Sari Hundi Gas Fields which flows into the southern gas grid. Small volumes of gas were also purchased from Mari and Kandhkot Gas fields for which a localised gas distribution network has been laid mainly for domestic sales. Two new purification banks at Sui Gas field were commissioned in the months of May and June, 1998 which have enabled higher offtakes from this field. Purchases from other gas fields have, therefore, been reduced.

The operating expenditure have also been reduced significantly with major savings accruing from relieving about 2700 management trainees and staff appointed on Project Term basis. Other economy measures include disposal of pool cars, closure of telephone lines, surrender of mobile phones and curbs on travel expenses. Concerted efforts have been made to reduce imports and bring down the inventory levels. All these have helped to keep the gross expenditure almost at same level as last year, i.e. Rs.2,272 million compared to Rs.2,256 million of the previous year.

**LPG OPERATION**

The LPG operations during the year made further progress and yielded a profit of Rs.59 million this year compared to Rs. 19 million of the previous year. A volume of 18,622 M. tons of LPG was bottled and sold from 3 bottling plants of the Company compared to 16,596 M. tons of the previous year of which import source LPG was just 724 M. tons. The availability of LPG from local sources helped to curtail the need to purchase imported stock and improve Company profitability. Economy was also achieved in operating cost, mainly in the head of salaries.

**METER PLANT OPERATION**

In view of lesser connections the production of the two categories of domestic gas meters was restricted at 231800 as against 336000 in 1996-97. Meters used for self consumption numbered 109550 against 154500 units of the previous year which have been transferred to stores/ capitalized at cost price + sales tax which tax is paid on a higher notional price. Sale to Sui Northern and others stood at 122184 units in the current year compared to 181347 meters of the previous year. The Company earned a profit of Rs. 52.7 million on this sales.

**PROJECTS & NETWORK EXTENSION**

The Sui Southern Gas System Rehabilitation and Expansion Project financed by the Asian Development Bank comes to an end with the formal closing of the ADB loan on 30.06.1998. Some left over works are continuing while few outstanding payments will also be honoured by the ADB. The Company surrendered an undrawn loan amount of US\$ 9 million in April, 1998. The various components of this project together with completion dates are reproduced below:

A	Installation of 120 MMCFD purification bank at the Sui gas fields with auxiliary facilities.	June, 1998
B	61 km IRBP Shikarpur - Larkana loop line	June, 1994
C	120 km IRBP Dadu - Karchat loop line	August, 1997
D	Compressor stations revamping at Dadu and Shikarpur	in progress
E	399 km Kadanwari- Nawabshah - Karachi pipeline	May, 1996
F	Telecom system installation and upgrade	March, 1996
G	Rehabilitation of old leaking gas pipelines in selected	in progress

	areas in the interior of Sindh.	
H	Additional gas connections in the Karachi Region in 4 years period from 1992-96.	June, 1996
I	218 km Quetta pipeline expansion.	in progress
J	Procurement of gas meters and computers, training etc.	Complete

The Company could not commence work on a proposed training institute under the project which can now be handled through our own funding.

Two purification banks financed one each by the World Bank and the ADB were commissioned in May 1998 and June 1998. This constituted essential replacement and is now expected to last for the life time of the Sui gas field.

The work on the Dadu-Karchat IRBP Pipeline loop for 120 KM was completed during the year. This has now provided two parallel pipelines on the Indus Right Bank with appropriate pigging facilities. It is a valuable technical flexibility added to the system to ensure normal supplies of gas to Karachi. With the completion of the second IRBP pipeline the utilisation of the Indus Left Bank Pipeline, which is more than 40 years old is being derated. Transmission pipelines of 105 km were constructed under the Quetta pipeline expansion project. Work is progressing on the last segment of 82 km and will be completed in the financial year 1998-99.

The gas distribution network extension activity covered 716 km of mains and 334 km services lines which were laid during the year compared to 1933 km of mains and services lines of the previous year. New connections provided during the year were 95,629 comprising of 140 industrial, 1657 commercial and 93832 domestic consumers. The new connection activity is expected to continue at a pace of about 80,000 consumers in the current year.

Negotiations on a gas purchase agreement with the operator of the Miano gas field are in an advance stage. The delivery point of gas will be the Kadanwari field and the producers will lay the pipeline to bring gas from Miano to Kadanwari. The Company will utilise its existing Kadanwari transmission line to transport the Miano gas. Another project under negotiation is the LPG extraction plant from Badin gas. The gas import proposals are still in the planning stage.

#### **INTERCORPORATE DEBT**

The position of intercorporate dues deteriorated further during the year 1997-98. KESC & WAPDA could pay only Rs. 1034 million and Rs. 1052 million during the year against gas bills of Rs. 2173 million and Rs. 3395 million falling due in the same period. We understand that the severe financial crunch in these two utilities has been aggravated as a result of the power they are required to purchase from the Independent Power Producers at significantly higher rates. For the same reason the offtakes by both the major customers of your Company have also declined. In July, 1998 the power companies were directed by the Government to be regular in their payments of current monthly bills which is now being received almost in full. The issue of intercorporate dues has afflicted the entire energy sector companies which can be resolved only through Government's involvement, which is being done. Meanwhile the Company continues to hold back Government sector gas producers' bills and debt servicing liabilities due to the Government to balance the cash flows.

#### **GDRs & TFCs**

It was reported by the Board last year that your Company has planned to issue GDRs to raise US\$ 50 million from the international market. The consortium of M/s. Jardine Fleming International and Muslim Commercial Bank Ltd., was given the financial advisorship mandate to issue the GDRs. The consortium started its work in earnest and made considerable progress. However the lapse of legislation on Gas Regulatory Authority proved a difficult hurdle, as also the current economic environment as a result of which the issue is pending.

Credit rating of "AA" was maintained for the Company by M/s. Pakistan Credit Rating Agency (Pvt.) Limited in June 1998 for the Company's outstanding TFC issue. It was emphasised to PACRA that by holding back bills of Government and Government owned gas producers, the cash shortfall caused by default of KESC and WAPDA has been kept in balance.

The Company intends to issue its second series of TFC for Rs. 1000 million mainly for financial restructuring. I am confident that our valued share holders would also like to invest in the TFCs of the Company which is likely to carry an attractive return.

**PERSONNEL AND INDUSTRIAL RELATIONS**

The personnel and industrial relations remained cordial during the year and your Board is pleased to record its appreciation for the dedicated efforts of all levels of staff. The Agreement with the CBA for the two years period upto 31 December, 1999 is in final stages of negotiation.

**ACKNOWLEDGMENT**

Last, but not the least, I have to thank the Minister, Secretary and officials of Ministry of Petroleum and Natural Resources, Governments of Sindh and Balochistan for their continued help and support. All banks and financial institutions who have shown their confidence in the Company and extended various financial facilities also deserve our grateful thanks. The management and staff of the Company have put in good performance despite the adverse economic conditions. The Directors acknowledge their contribution and assure them of their full support.

Karachi  
12 January 1999

(Aitzaz Shahbaz)  
Chairman

**Report of the Directors**

The Directors are pleased to present this 44th Annual Report of the Company together with audited accounts for the year ended on 30 June, 1998. With persistent perseverance the Company has managed to improve upon its profit before tax. After the incidence of corporate tax the profit after tax is at about same level as of last year. The profit earned during the year and appropriation thereof recommended by the directors is as follows:

	(Rupees in thousand)
<b>Accounts</b>	
Profit before tax	
As shown in Profit and Loss Account	1,026,368
Less: Provision for taxation	
Current	31,307
Deferred	343,389
	-----
	374,696
Profit after taxation	651,672
Add: Unappropriated profit brought forward	61
	-----
Profit available for appropriation	651,733
<b>Appropriations</b>	
Transfer to:	
General Reserve	190,000
Reserve for issue of Bonus shares	461,367
	-----
	651,367
	-----
Un-appropriated profit carried forward	366
	=====

**Earning per Share**

The after tax earning per share for the year 1997-98 works out to Rs. 1.41 per share on the outstanding shares at year end. The earning has declined over the previous year by Rs. 0.27 due to bonus shares issue and higher incidence of tax.

**Directors**

Since the date of last Annual General Meeting the following changes have taken place on the Company's Board.

a) Mr. Aitzaz Shahbaz joined the board on 28 April, 1998 and was elected Chairman vice Dr. Gulfraz Ahmed, Secretary Ministry of Petroleum and Natural Resources who relinquished the Directorship in the Company due to change of policy. On the same date Mr. Munir Ahmed, Director General (Gas) Ministry of Petroleum and Natural Resources and Mr. Jawaid Inam Managing Director, Sui Northern Gas Pipelines Limited joined the Board vice Mr. M.T.K. Sherwani and Mr. Javeed Hameed.

b) Mr. Zafar Mehmood representing State Life resigned and was replaced by Mr. Rasool Bakhsh Baloch on 17.07.1998.

c) Syed Abbas Hussain representing Government of Balochistan resigned and was replaced by Mr. Ali Ahmed Baloch on 25.08.1998.

d) The Term of Office of all Directors expired on 10 September, 1998 on which date Extra Ordinary General Body Meeting was held to elect new Directors. A total of 14 nominations were received and all the nominees were declared elected for a term of 3 years. On this date Mr. Hilal A. Raza, representing OGDC was nominated in place of Mr. Shahid Akbar. Subsequently Mr. Ashiq Ali was nominated vice Mr. Hilal A. Raza on 22.09.1998.

(e) The Managing Director Mr. K. A. Ansari retired from Company's service on 2nd January, 1999 after attaining the age of superannuation and the undersigned took over the charge of the office of MD on the same date.

#### **Auditors**

The present auditors M/s. A.F. Ferguson & Co., Chartered Accountants, retire and being eligible, have offered themselves for reappointment for next year.

#### **Pattern of Shares Holding**

The statement showing the pattern of share holding in the Company as on 30 June, 1998 is annexed to this report.

#### **Computer and Y2K**

The Company has already updated its Billing Department Computer setup and no difficulties are envisaged in crossing over the second millennium. The Finance Department Computer setup is in process of revamping to be ready in time by June, 1999 to overcome the millennium bug.

On behalf of the Board

Karachi  
12 January 1999

**Aslam Farook**  
Managing Director

#### **Auditors' Report to the Members**

We have audited the annexed Balance Sheet of SUI SOUTHERN GAS COMPANY LIMITED as at June 30, 1998 and the related Profit and Loss Account and Cash Flow Statement, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

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

b) in our opinion:

i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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



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

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1998 and of the profit and the cash flows for the year then ended; and

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

The accounts of Sui Southern Gas Company Limited for the year ended June 30, 1997 were audited by another firm of Chartered Accountants, who have expressed an unqualified opinion thereon.

Karachi  
12 January 1999

**A.F. Ferguson & Co.**  
Chartered Accountants

### Balance Sheet as at 30 June 1998

	Notes	1998	1997
		(Rupees in thousand)	
<b>Share capital and reserves</b>			
Share capital - Authorised			
1,000,000,000 ordinary shares of Rs. 10 each		10,000,000	5,000,000
		=====	=====
Issued, subscribed and paid-up capital			
		461,367,473	4,011,891
Reserves	4	2,065,725	2,016,142
Unappropriated profit		3661	61
		-----	-----
		6,679,766	6,028,094
<b>Redeemable capital</b>	5	2,384,031	805,287
<b>Long term loans</b>	6	5,600,009	5,463,989
<b>Liabilities against assets subject to finance lease</b>	7	746,883	671,191
<b>Deferred credit</b>	8	1,273,712	1,183,210
<b>Deferred liabilities</b>	9	2,623,956	2,301,275
<b>Long term deposits</b>	10	981,019	871,093
<b>Current liabilities</b>			
Current portion of - redeemable capital	5	469,518	1,237,839
- long term loans	6	1,205,775	990,367
- liabilities against assets subject to finance lease	7	643,244	641,831
Short term loans	11	1,384,940	1,332,745
Creditors, accrued and other liabilities	13	12,370,374	7,076,241
		-----	-----
		16,073,851	11,279,023
<b>Contingencies and commitments</b>	14	-----	-----
		36,363,227	28,603,162
		=====	=====
<b>Quetta natural gas transmission project</b>			
Unspent balance of the project fund	40	-	21,975
<b>Government owned assets held on trust by the Company</b>		=====	=====
	41	105,965	331,298
		=====	=====
<b>AUDITORS REPORT ANNEXED</b>			

**Tangible fixed assets**

Operating assets	15	18,693,746	14,647,185
Capital work-in-progress	16	3,231,064	4,988,568
		-----	-----
		21,924,810	19,635,753
<b>Long term investments</b>	17	73,891	73,835
<b>Long term deposits</b>	18	120,761	72,941
<b>Long term loans and advances</b>	19	130,280	103,320
<b>Current assets</b>			
Stores, spares and loose tools	20	660,070	667,383
Stock-in-trade	21	204,443	231,936
Consumers' installation work-in-progress	22	24,477	28,794
Trade debts	23	530,270	5,596,810
Loans and advances	19	90,689	67,044
Trade deposits and short term prepayments	24	46,871	255,921
Note receivable	25	1,000,000	1,000,000
Other receivables	26	619,467	591,945
Taxation recoverable		171,579	76,466
Cash and bank balances	27	765,619	201,014
		-----	-----
		14,113,485	8,717,313
		-----	-----
		36,363,227	28,603,162
		=====	=====

The annexed notes form an integral part of these accounts.

**Aslam Farook**  
Chief Executive

**H. Masood Sohail**  
Director

**Profit and Loss Account**  
**for the year ended 30 June 1998**

	Notes	1998	1997
		(Rupees in thousand)	
Sales		15,623,084	14,790,290
Differential margin (GDS) - prior years		420,741	-
		-----	-----
		16,043,825	14,790,290
Less: Gas development surcharge - prior years		210,000	214,071
		-----	-----
Net sales		15,833,825	14,576,219
Cost of gas	28	10,097,969	10,007,375
		-----	-----
Gross profit		5,735,856	4,568,844
Meter rentals		173,233	160,642
Late payment surcharge		156,228	143,153
Recognition of income against deferred credit	8	94,598	85,378
Sale of gas condensate		104,762	96,758
		-----	-----
		6,264,677	5,054,775
		-----	-----
Transmission and distribution cost	30	1,928,955	1,700,393
Depreciation	15.1	1,753,537	1,366,186
		-----	-----
		3,682,492	3,066,579

		2,582,185	1,988,196
LPG bottling division profit	31	59,521	18,616
Meter manufacturing division profit	32	52,709	184,731
Operating profit		2,694,415	2,191,543
Other income	33	1,165,916	288,090
Other Charges	34	3,860,331	2,479,633
		54,650	45,795
Financial charges	35	3,805,681	2,433,838
		2,779,313	1,576,902
Profit before taxation		1,026,368	856,936
Taxation	36	374,696	181,541
Profit after taxation		651,672	675,395
Unappropriated profit brought forward		61	450
Profit available for appropriation		651,733	675,845
Appropriations			
Transferred to: General Reserves		190,000	74,000
Reserve for issue of Bonus Shares		461,367	601,784
		651,367	675,784
Unappropriated profit carried forward		366	61
		=====	=====

The annexed notes form an integral part of these accounts.

**Aslam Farook**  
Chief Executive

**H. Masood Sohail**  
Director

### Cash Flow Statement for the year ended 30 June 1998

	1998	1997
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	1,026,368	856,936
Add/(less): Adjustments for non cash items		
Depreciation	1,836,937	1,426,547
Financial charges	2,779,313	1,576,902
Provision for doubtful debts	267,765	58,491
Provision for stores and spares	30,373	-
Recognition of income against deferred credit	(94,598)	(85,378)
Dividend income	(600)	(600)
Interest income from KESC & WAPDA	(812,908)	-
Provision against investment - net	(56)	128
Profit on disposal of fixed assets	(9,975)	(17,870)
Net cash generated from operations	5,022,619	3,815,156
Service charges received from new consumers	185,100	210,553
Security deposits received	109,926	136,620
Long term loans and advances	(26,960)	(31,422)
Long term deposits	(47,820)	(10,325)
Changes in working capital		

Stores and spares	17,298	314,637
Stock-in-trade	27,493	(38,731)
Consumers installation work-in-progress	4,317	3,656
Trade debts	(4,388,317)	(3,237,272)
Loans and advances	(23,645)	(3,019)
Trade deposits and prepayments	209,050	6,664
Other receivables - net	97,741	(71,807)
Creditors, accrued and other liabilities - net	3,595,789	3,090,199
	-----	-----
	(460,274)	64,327
Gratuity paid	(20,708)	(14,087)
Taxes paid	(126,420)	(116,755)
	-----	-----
Net cash generated from operating activities	4,635,463	4,054,067
<b>Cash Flow from investing activities</b>		
Fixed capital expenditure	(2,696,690)	(3,538,937)
Investment made	-	(1)
Proceeds from sale of fixed assets	12,453	15,344
	-----	-----
Net cash outflow from investing activities	(2,684,237)	(3,523,594)
<b>Cash flow from Financing Activities</b>		
Redeemable capital less repayments	(1,186,322)	(499,847)
Long term loans less repayments	334,499	263,684
Proceeds from sale and lease back transactions	736,422	63,258
Payment of liabilities against assets subject to finance le	(659,317)	(583,027)
Short term loans less repayments	52,195	1,332,745
Financial charges paid	(1,305,857)	(1,355,032)
Dividend received	600	600
Dividend paid	-	(10)
	-----	-----
Net cash outflow from financing activities	(2,027,780)	(777,629)
	-----	-----
Net decrease in cash and cash equivalents	(76,554)	(247,156)
Cash and cash equivalents at the beginning of the year	201,014	448,170
Cash and bank balances received on acquisition of GOP asset	641,159	-
	-----	-----
Cash and cash equivalents at the end of the year	765,619	201,014
	=====	=====

**Aslam Farook**  
Chief Executive

**H. Masood Sohail**  
Director

## Notes to the Accounts for the year ended 30 June 1998

### 1. The Company and its operations

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

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

#### 1.1 Transfer of Government finance projects to the Company

During the year the Quetta Pipeline Project alongwith the QNGDP assets was transferred to the Company by the Government of Pakistan (GOP). These assets were previously held on trust on behalf of the GOP. The purchase consideration approved by the GOP amounting to Rs. 1,996.745 million has been treated as Cash Development Loan repayable over a period of 15 years.

## **2. Summary of significant accounting policies**

### **2.1 Accounting convention**

These accounts have been prepared under the historical cost convention except that certain exchange elements referred to in notes 2.4 and 2.8 have been incorporated in the cost of the relevant assets.

### **2.2 Staff retirement benefits**

The company operates:

a) approved funded pension and gratuity schemes for all employees. Brief particulars of these schemes are as follows:

#### **for executives:**

Monthly contributions are to be made to these schemes on the basis of actuarial recommendations at the rate 10.08 per cent per annum of basic salaries for pension and 8.33 per cent per annum of basic salaries for gratuity. Actuarial valuation of the schemes is carried out once in every three years and the latest valuations were carried out as at 30 June 1998. The fair value of the schemes' assets and liabilities for past services of the employees at the latest valuation date were Rs. 178.449 million and Rs. 9.124 million respectively for the pension scheme and Rs. 286.003 million and Rs. 462.332 million respectively for the gratuity scheme. The future contribution rates of these schemes include an allowance for the deficit and surplus. Attained Age Method, using the following significant assumptions, is used for valuation of these schemes:

Expected rate of increase in salary level 11 per cent per annum

Expected rate of return 18.04 per cent per annum

#### **for non-executives:**

Monthly contributions are to be made to these schemes on the basis of actuarial recommendations at the rate of 10.93 per cent per annum of basic salaries for pension and 8.33 per cent per annum of basic salaries for gratuity. Actuarial valuation of the schemes is carried out once in every three years and the latest valuations were carried out as at 30 June 1998. The fair value of the schemes' assets and liabilities for the past services of the employees at the latest valuation date were Rs. 90.701 million and Rs. 4.640 million respectively for the pension scheme and Rs. 275.170 million and Rs. 447.290 million respectively for the gratuity scheme. The future contribution rates of these schemes include an allowance for the deficit and surplus. Attained Age Method, using the following significant assumptions, is used for valuation of these schemes:

- Expected rate of increase in salary level 12 per cent per annum

- Expected rate of return 18.04 per cent per annum

#### **b) approved contributory provident funds for all employees:**

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes. During the year an amount of Rs. 86.568 million (1997: Rs. 72.630 million) has been charged in respect of staff retirement benefits.

### **2.3 Taxation**

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account tax credits and rebates available, if any, or one-half percent of turnover, whichever is higher.

The company accounts for deferred taxation, on all material timing differences using the liability method. However, deferred tax is not provided if it can be established with reasonable probability that these timing differences will not reverse in the foreseeable future.

#### **2.4 Tangible fixed assets**

##### **a) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation except freehold and leasehold land and capital work-in-progress which are stated at cost. Cost in relation to certain fixed assets signifies historical cost, net exchange differences referred to in note 2.8 and cost of borrowings during construction period in respect of loans taken for specific projects.

##### **b) Depreciation**

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

##### **i) Purification plant, compressors and transmission lines**

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

##### **ii) Other assets**

Depreciation on remaining assets is also calculated using the straight-line method with the exception of assets of meter manufacturing division which are depreciated on reducing balance method.

Full year's depreciation is charged in the year of addition while no depreciation is charged in the year the asset is disposed of except that depreciation on purification, compression and transmission pipeline projects is charged from the dates these projects are commissioned.

##### **c) Repairs and maintenance**

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets are taken to profit and loss account.

#### **2.5 Investments**

Long-term investments are stated at cost less provision for diminution in value. In arriving at the provision in respect of any diminution in the value of long-term investment consideration is given only if there is a permanent impairment in the value of any investment.

#### **2.6 Stores, spares and loose tools**

These are valued at moving average cost. Stock of medicines, stationery and goods in transit are valued at cost to balance sheet date. Stores of LPG are valued at average cost.

#### **2.7 Stock-in-trade**

##### **Meter manufacturing division**

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

##### **LPG bottling division**

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

duty thereon.

**Gas in pipelines**

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

**2.8 Foreign currencies**

Transactions in foreign currencies are accounted for in rupees at the rates prevailing on the date of transaction. Assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange prevailing on the balance sheet date, except where loans are covered under exchange risk coverage scheme of the Government of Pakistan in which case the rates contracted for are used. All other exchange differences are included in income currently.

**2.9 Trade debts**

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

**2.10 Liabilities against assets subject to finance lease**

Finance charge under the lease agreement is allocated to periods during the lease term so as to produce a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

**2.11 Revenue recognition**

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

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

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

d) Revenue from sale of meters is recognized upon despatch to customers which generally coincides with physical delivery and acceptance.

e) Recognition of income against deferred credit is computed over the useful life of the related assets i.e. service connections and gas mains.

f) Dividend. income on equity investments is recognized on receipt basis.

g) Profit on investments in securities and term deposits is recognized on accrual basis.

h) The company is operating on a guaranteed minimum return before taxation of 17% of net average operating fixed assets for the year exclusive of financial charges and other non operating income, under the provision of Asian Development Bank loans. As a result any deficit on account of this is recoverable from Government of Pakistan and is accounted for against the revenue for the year.

1998            1997  
(Rupees in thousand)

**3. Issued, subscribed and paid-up capital**

219,566,554 Ordinary shares of Rs. 10 each fully paid in cash	2,195,666	2,195,666
--	-----------	-----------

241,800,919 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	2,418,009	1,816,225
-----	-----	-----
461,367,473	4,613,675	4,011,891
=====	=====	=====

**1998                      1997**  
**(Rupees in thousand)**

**4. Reserves****Capital**

Restructuring of share capital due to merger	146,868	146,868
Fixed assets replacement	88,000	88,000
Reserve for issue of bonus shares		
Balance at 1 July	601,784	523,290
Transferred during the year	461,367	601,784
Utilized during the year	(601,784)	(523,290)
-----	-----	-----
Balance at 30 June	461,367	601,784
-----	-----	-----
	696,235	836,652
Revenue		
Dividend equalization	36,000	36,000
General	917,349	727,349
Special reserve (Note 4.1)	416,141	416,141
-----	-----	-----
	1,369,490	1,179,490
-----	-----	-----
	2,065,725	2,016,142
=====	=====	=====

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

**5. Redeemable Capital - (Non-participatory)****Long term finances utilised under mark-up arrangements**

Financier	Installment payable	Repayment period	Mark-up not due	1998	1997	
						(Rupees in thousand)
<b>Secured</b>						
5.1 Muslim Commercial Bank Ltd.	half-yearly	1993-2001		2,279	9,414	11,834
5.2 Muslim Commercial Bank Ltd.	half-yearly	1994-2002		28,184	81,494	95,771
5.3 Muslim Commercial Bank Ltd.	half-yearly	1997-2004		93,844	162,500	187,500
5.4 United Bank Ltd.	half-yearly	1991-2001		979	4,500	6,000
5.5 ABN - Amro Bank N.V.	at maturity	1998		-	-	120,000
5.6 ANZ Grindlays Bank Ltd.	half-yearly	1995-1998		-	-	80,000
5.7 Standard Chartered Bank	half-yearly	1996-1998		-	-	104,000
5.8 Emirates Bank International PJSC	yearly	1995-1997		-	-	57,000
5.9 Askari Commercial Bank Ltd.	quarterly	1996-1998		-	-	12,501
5.10 Pak Kuwait Investment Co. (Pvt.) Ltd.	at maturity	1997		-	-	664,810
					-----	-----
					257,908	1,339,416
<b>Unsecured</b>						



5.11 Consumer Financing	monthly	1998-2001	677	2,195	-
5.12 GOP Loan on Acquisition of Assets	yearly	1998-2012		11,996,745	-
5.13 Cash Development Loans	half-yearly			263,100	306,213
				-----	-----
				2,262,040	306,213
<b>Term Finance Certificates - Secured</b>					
5.14 Term Finance Certificates	half-yearly	1996-2000	166,449	333,601	397,497
				-----	-----
				2,853,549	2,043,126
Less: Current portion - shown under current liabilities					
Long-term finance utilised under mark-up arrang	- Secured			46,230	1,029,508
	- Unsecured			295,484	41,932
Term Finance Certificates				127,804	166,399
				-----	-----
				469,518	1,237,839
				-----	-----
				2,384,031	805,287
				=====	=====

Long term finances mentioned under notes 5.1 to 5.4 are secured by the hypothecation of the Company's stores and spares, stock-in-trade, and book debts. Finance mentioned under note 5.3 is further secured by first pari passu charge on specified items of plant and machinery.

#### **GOP loan on acquisition of assets**

This represents the purchase consideration payable to the Government of Pakistan (GOP) on transfer of Quetta Pipeline Transmission Project during the year. The loan is repayable in 15 yearly installments by the year 2012. It carries a mark-up of 17.51 percent per annum which is subject to revision by the GOP on a yearly basis.

#### **Cash Development Loan**

This loan has been made available to the Company by the Government of Pakistan (GOP) for supply of gas to new towns through Peoples Programme and Annual Development Programme. The loans made available through Peoples Programme amounting to Rs. 198.171 million (1997: Rs. 236.131 million) carry mark-up at 10 per cent per annum and are repayable over a period of 12 years with a grace period of 2 years. Loans provided through Annual Development Programme amounting to Rs. 64.929 million (1997: Rs. 70.082 million) carry mark-up at 17.51 per cent per annum which is subject to revision by the GOP on a yearly basis. These loans are repayable in 20 annual equal installments with a grace period of 5 years.

#### **Term Finance Certificates**

Liability against term finance certificates is secured by a pari passu charge on all present and future moveable assets at specified locations, construction spread camps and gas pipelines except for stock-in-trade and stores and spares.

#### **6. Long term loans**

Installment payable	Interest rate per annum (%)	Repayment period	1998	1997
(Rupees in thousand)				

#### **Foreign currency loans - unsecured**

#### **Loans from Asian Development Bank**

181 - Pak	half-yearly	8.5	1979-1998	209,100	209,316
187 - Pak	half-yearly	8.5	1979-1999	95,841	107,151
470 - Pak	half-yearly	10.0	1984-2000	358,723	402,217
565 - Pak	half-yearly	10.1	1984-2001	337,268	366,406
653 - Pak	half-yearly	14.0	1990-1999	41,270	65,468

836 - Pak	half-yearly	14.5	1994-2005	443,177	485,221
1138 - Pak	half-yearly	14.5	1996-2005	4,745,619	4,163,722
				-----	-----
				6,230,998	5,799,501
<b>Loans from International Bank for Reconstruction and Development</b>					
2552 - Pak	half-yearly	14.0	1991-2005	44,206	52,494
3107- Pak	half-yearly	14.0	1995-2009	93,914	102,080
3107 - Pak - Supplementary	half-yearly	14.0	1995-2009	255,456	277,670
				-----	-----
				393,576	432,244
<b>Export Import Bank of Japan</b>	half-yearly	14.0	1995-2009	181,210	222,611
				-----	-----
				6,805,784	6,454,356
Less: Current portion shown under current liabilities				1,205,775	990,367
				-----	-----
				5,600,009	5,463,989
				=====	=====

**7. Liabilities against assets subject to finance lease**

These represent gas distribution systems, equipment and vehicles leased from various leasing companies. Finance charge for these leases range from 17 per cent to 21.56 per cent per annum. An additional charge of Re. 1 per Rs. 1,000 is also leviable on overdue rentals for certain leases.

The company intends to exercise its option to purchase the leased assets for Rs. 113.138 million (1997: Rs. 66.277 million) upon completion of respective lease periods.

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

	1998	1997
	(Rupees in thousand)	
<b>Year to:</b>		
30 June 1998	-	818,917
30 June 1999	823,930	633,891
30 June 2000	291,991	78,974
30 June 2001	250,992	38,017
30 June 2002	218,960	1,855
30 June 2003	281,419	-
	-----	-----
	1,867,292	1,571,654
Less: Financial charge not due	477,165	258,632
	-----	-----
	1,390,127	1,313,022
Less: Current portion shown under current liabilities	643,244	641,831
	-----	-----
	746,883	671,191
	=====	=====

**8. Deferred credit**

Balance at 1 July		1,183,210	1,058,035
Additions during the year	(Note 8.1)	185,100	210,553
		-----	-----
		1,368,310	1,268,588
Transferred to profit and loss account		(94,598)	(85,378)
		-----	-----
Balance at 30 June		1,273,712	1,183,210

=====

8.1 This represents amounts received from consumers towards the cost of service lines and gas mains.

	1998	1997
	(Rupees in thousand)	
<b>9. Deferred liabilities</b>		
<b>Provision for deferred taxation</b>		
Deferred liability arising due to accelerated tax depreciation allowances	2,261,319	2,610,037
Deferred debit arising in respect of:		
Provision for doubtful debts	(81,337)	(69,174)
Provision for staff gratuity	(46,916)	(53,750)
	-----	-----
	(128,253)	(122,924)
	-----	-----
Provision for staff gratuity	2,481,784	2,138,395
	142,172	162,880
	-----	-----
	2,623,956	2,301,275
	=====	=====

**10. Long-term deposits**

Deposits from:

Gas consumers	(Note 10.1)	752,181	644,730
Gas contractors	(Note 10.2)	7,784	7,944
LPG dealers	(Note 10.2)	221,054	218,419
		-----	-----
		981,019	871,093
		=====	=====

10.1 Consumers' deposits represent gas supply deposits based on an estimate of 3 months consumption of gas sales to industrial and commercial consumers while deposits from domestic consumers are based on the rates fixed by the Government of Pakistan. These deposits are repayable/adjustable on disconnection of gas supply. Interest at the rate of 5 per cent per annum is payable by the Company on deposits from industrial and commercial consumers. No interest is payable on deposits received from domestic consumers.

10.2 These represent security deposits received from contractors and LPG dealers on their appointment as approved contractors and dealers of LPG cylinders and ancillary equipment respectively. These deposits are interest free and are refundable on cancellation of appointment or return of cylinders and ancillary equipment.

**11. Short term loans**

The Company has obtained facilities for short term loans from Pak Kuwait Investment Company (Pvt.) Ltd., AI-Meezan Investment Bank Ltd., Pak Libya Holding Company (Pvt.) Ltd. and AI-Faysal Investment Bank Ltd. These facilities carry mark-up in the range of 18.50 per cent to 19.40 per cent per annum and are secured by hypothecation charge over moveable fixed assets of the Company.

**12. Short-term running finances utilised under mark-up arrangements**

The facilities for short term running finance available from various banks amount to Rs. 789 million at-30 June 1998 (1997: Rs 597 million). The mark-up rates on these facilities range from 15 per cent to 16.75 per cent per annum. The purchase prices are payable on various dates by March 1999. The arrangements are secured by hypothecation of stores and spares and gas sales receivables.

**1998**                      **1997**  
**(Rupees in thousand)**

**13. Creditors, accrued and other liabilities**

Creditors	9,457,187	4,318,690
Bills payable	55,632	65,654
Accrued liabilities	252,948	292,043
Gas development surcharge	34,610	455,351
Central excise duty on gas bills	239,934	421,457
Advances received from consumers	187,067	189,436
Accrued financial charges (Note 13.1)	1,970,737	1,102,183
Advance from PARCO for sharing		
Right of Way (Note 13.2)	18,087	18,087
Land acquisition cost payable to the Government/owners	5,631	5,631
Deposits/retention money	52,083	23,979
Workers' profit participation fund (Note 13.3)	53,749	45,102
Unclaimed dividend	1,764	1,764
Gas transmission charges payable to QPL Project	-	110,279
Others	40,945	26,585
	-----	-----
	12,370,374	7,076,241
	=====	=====

**13.1 Accrued financial charges**

Mark-up on:		
Secured redeemable capital	5,511	13,679
Unsecured redeemable capital	426,130	56,303
Shod term loans	7,742	17,148
Shod term running finance under mark-up arrangements	944	-
	-----	-----
	440,327	87,130
Interest and other charges on:		
Unsecured loans	1,142,597	796,567
Deposits from consumers	17,442	18,153
Late payment of gas development surcharge	148,627	46,509
	-----	-----
	1,308,666	861,229
Accrued profit on term finance certificates	208,581	140,356
Accrued finance charge on liabilities against assets subject to finance lease	13,163	13,468
	-----	-----
	1,970,737	1,102,183
	=====	=====

13.2 This amount was received by Sui Gas Transmission Company Ltd. (now SSGCL) from Pak Arab Refinery Ltd. (PARCO) in accordance with an agreement dated 12 October 1988. It represents consideration for 50 per cent share of PARCO in the Indus Right Bank Pipeline Common Right Of Way and is the full settlement of PARCO's total liability for its share irrespective of the final amount of compensation payable to the land owners by SSGCL. The final liability of SSGCL has not been estimated as the amount of compensation due to land owners has not been determined by the authorities so far. As a consequence the Company has classified the amount received from PARCO as an advance.

**1998**                      **1997**

(Rupees in thousand)

**13.3 Workers' profit participation fund**

Balance at 1 July	45,102	54,798
Allocation for the year	54,019	45,102
Interest on funds utilised in the Company's business	1,788	2,461
	-----	-----
	100,909	102,361
Less: Amount paid to the fund	10,689	7,398
Amount deposited under workers' welfare fund	36,471	49,861
	-----	-----
	47,160	57,259
	-----	-----
Balance at 30 June	53,749	45,102
	=====	=====

**14. Contingencies and commitments**

14.1 Claims against the Company not acknowledged as debt	56,762	5,978
	=====	=====
14.2 Aggregate commitments for capital and other expenditure	46,544	146,670
	=====	=====
14.3 Claims against the Company pending adjudication	58,938	58,938
	=====	=====
14.4 Demand finance given to the Company's employees by a bank for purchase of cars and scooters secured by hypothecation of stock of gas meters, Company's investment in shares having a face value of Rs. 3.029 million (1997: Rs. 3.029 million), term deposits of Rs 0.500 million (1997: Rs. 0.500 million) and guarantee by the Company. The amount of loans outstanding at the year end	33,663	39,502
	=====	=====

**15. The following is a statement of operating assets.**

(Rupees in thousand)

	Cost at 1 July 1997	Additions/ (deletions)/ adjustments*	Cost at 30 June 1998	Accumulated depreciation at 1 July 1997	Charge for the year/ depreciation on deletions/ adjustments*	Accumulated depreciation at 30 June 1998	Book value 30 June 1998	Depreciation Rate %
<b>Owned</b>								
Freehold land	48,169	-	48,169	-	-	-	48,169	-
Leasehold land	22,938	13,378 (1)*	36,315	-	-	-	36,315	-
Buildings on freehold land	342,006	53,782	395,788	81,739	12,050 (1,417)*	92,372	303,416	2.5,5&10
Buildings on leasehold land	81,491	269,776 (25)	351,242	27,333	9,410 1,227 *	37,970	313,272	5&10
Purification plant	274,396	1,556,165	1,830,561	218,202	218,202	256,867	1,573,694	**

Gas transmission pipelines	9,099,009	2,490,691 (1) (25,936)*	11,563,763	2,826,264	896,627 (930)	3,721,961	7,841,802	**
Gas distribution system, related facilities and equipment	6,544,024	571,505 (405) 150,000 *	7,265,124	1,627,142	343,284 (406) 29,815 *	1,999,835	5,265,289	3,5&20
Compressors	1,612,096	-	1,612,096	992,282	145,648	1,137,930	474,166	**
Telecommunication	452,518	106,902 (90) (56)*	559,274	224,441	43,443 (143)	267,741	291,533	10&20
Plant and machinery	441,461	56,405 (6,228) (1,506)*	490,132	230,527	41,007 (6,266) 2 *	265,270	224,862	10&40
Roads, pavements and related infrastructures	4,977	2,802	7,779	3,666	287 189 *	4,142	3,637	5&10
Tools and equipment	101,405	7,189 (106) (537)*	107,951	72,830	19,788 (600) (3)*	92,015	15,936	10&33.33
Motor vehicles	336,780	4,386 (13,991) 295 *	327,470	270,698	34,865 (2,832) (28)*	302,703	24,767	20&25
Furniture and equipment	224,215	34,819 (3,704) 2,109 *	257,439	143,899	37,403 (5,408) (18)*	175,876	81,563	10&20
Cylinder, regulators and valves	184,825	7,440 (2,950)*	189,315	105,289	11,604	116,893	72,422	10
Computer and ancillary equipment	23,693	86 (4,787)*	18,992	14,763	3,558 1 (4,787)*	13,535	5,457	1 0&20
Construction equipment	423,699	7,521 (2,671) 19,191*	447,740	325,470	61,875 (8,534)	378,811	68,929	20
Supervisor Control And Data Acquisition System	99,147	-	99,147	96,642	2,505	99,147	-	15
-----								
	20,316,849	5,182,847 (27,221) 135,822 *	25,608,297	7,261,187	1,702,019 (25,118) 24,980 *	8,963,068	16,645,229	
<b>Leased</b>								
Gas distribution system	1,673,569	720,000 (150,000)*	2,243,569	208,107	119,494 (29,815) *	297,786	1,945,783	5
Motor vehicles	132,708	13,956 (422)	146,242	55,907	31,982 (47)	87,842	58,400	20&25
Plant and machinery	66,000	-	66,000	16,740	4,925 1*	21,666	44,334	10
-----								
	1,872,277	733,956 (422) (150,000)*	2,455,811	280,754	156,401 (47) (29,814)*	407,294	2,048,517	
-----								
1998:	22,189,126	5,916,803 (27,643) (14,178)*	28,064,108	7,541,941	1,858,420 (25,165) (4,834)*	9,370,362	18,693,746	
=====								

1997:	19,816,060	2,495,042	22,189,126	6,093,465	1,509,720	7,541,941	14,647,185
		(90,404)			(61,244)		
		(31,572)*					

=====

\*\* Depreciation is being charged on straight line method as stated in note 2.4[b(i)]

1998                      1997  
(Rupees in thousand)

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

Profit and loss account	1,753,537	1,366,186
Meter manufacturing:		
Profit and loss account	6,574	6,865
Gas meters components produced	5,948	8,788
LPG bottling division	18,250	17,190
Cost of gas	52,628	27,518
Capital work-in-progress	21,483	83,173
	-----	-----
	1,858,420	1,509,720
	=====	=====

15.2 Additions to fixed assets include Rs. 224.935 million in respect of borrowing cost.

15.3 Under an agreement dated 18 July 1984 between the Company and Sui Northern Gas Pipelines Limited (SNGPL), certain purification banks owned by the Company have been designated to SNGPL. Similarly, under another agreement dated 12 October 1988 between the Company and Pak Arab Refinery Limited (PARCO), 50% share in the IRBP Common Right Of Way has been designated to PARCO as referred to in Note 13.2.

**15.4 Disposal of fixed assets:**

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

(Rupees in thousand)

Particulars	Cost	Accumulated depreciation	Book value	Proceeds	Mode of disposal	Name of purchaser
Motor vehicle	659	517	142	142	Under service rules of the Company	Mr. K.M Wajahatullah Ex-executive
Furniture and equipment	48	43	5	7	-do-	-do-
Motor vehicle	605	605	nil	45	-do-	Mr. Muhammad Shafiq Ex-executive
Furniture and equipment	62	36	26	26	-do-	-do-
Motor vehicle	277	206	71	71	-do-	Syed Ahmed Ex-executive
Furniture and equipment	27	21	6	6	-do-	-do-
Motor vehicle	295	178	117	117	-do-	Mr. Zaki Ahmed Khan Ex-executive
Furniture and equipment	23	13	10	10	-do-	Dr. F.H.S. Musvi Ex-executive
Furniture and equipment	36	19	17	17	-do-	Mr. A.B.S. Jafri Ex-executive
Furniture and equipment	40	15	25	25	-do-	Mr. Haseen A. Khan Ex-executive
Furniture and equipment	22	17	5	5	-do-	Mr. Hafiz Muhammad Rafiq Ex-executive
	-----	-----	-----	-----		
	2,094	1,670	424	471		
	=====	=====	=====	=====		

**1998                      1997**  
**(Rupees in thousand)**

**16. Capital work-in-progress**

Projects:

IRBP Capacity Expansion Project	-	496
IRBP Compression Project	24,441	24,441
SSGC Rehabilitation and Expansion Project	430,524	1,502,904
Cost of buildings under construction	365,683	211,651
Gas distribution system	470,367	345,736
LPG bottling division	-	2,970
LPG Extraction Plant	13,210	12,041
Advance for common pool assets	50,686	83,653
QPL Capacity Expansion Project	284,977	63,581
Purification Plant Expansion Project	190,315	902,462
Relaying of 16" line at Sui	-	15,059
Others	921	18,199
Stores and spares held for capital projects (Note 16.1)	1,399,940	1,805,375
	-----	-----
	3,231,064	4,988,568
	=====	=====

**16.1 Stores and spares held for capital projects**

Purification and transmission	648,787	854,394
Gas distribution	727,543	924,676
LPG bottling division	23,610	26,305
	-----	-----
	1,399,940	1,805,375
	=====	=====

**Percent holding 1998                      1997**  
**(if over 10%)(Rupees in thousand)**

**17. Long term investments**

**Joint stock companies:**

**Listed**

Sui Northern Gas Pipelines Limited			
1,249,399 (1997: 1,086,434) ordinary shares	4,739	4,739	
of Rs. 10 each fully paid, market value			
Rs. 11.057 million (1997: Rs. 34.494 million)			
Pakistan Refinery Limited			
200,000 (1997: 200,000) ordinary shares	1,037	1,037	
of Rs. 10 each fully paid, market value			
Rs. 4.400 million (1997: Rs. 7.900 million)			
Pakistan Chrome Mines Limited			
55,592 (1997: 55,592) ordinary shares	10.59	383	383
of Rs. 10 each fully paid, market value			
Rs. 0.311 million (1997: Rs. 0.322 million)			
Harnai Woolen Mills Limited			
200 (1997: 200) ordinary shares	2	2	
of Rs. 10 each fully paid, market value			
Rs. 0.002 million (1997: Rs. 0.002 million)	-----	-----	
	6,161	6,161	
Less: Provision for diminution in value of listed investmen	73	62	
	-----	-----	
	6,088	6,099	

Aggregate amount of market value in respect of listed companies' shares is Rs. 15.770 million (1997: Rs. 42.718 million)

**Unlisted**



Pakistan Tourism Development Corporation		
5,000 (1997: 5,000) ordinary shares of Rs. 10 each		
(less than 10 percent equity in the investee company's equi	50	50
[Chief executive: Mr. Hamid Ahmed Qureshi]		
Value based on net assets as at 30 June 1996		
Rs. 0.051 million (1995: Rs. 0.048 million)		
United Bank Limited		
294,417 (1997: 294,417) ordinary shares of Rs. 10 each		
(less than 10 percent equity in the investee company's equi	2,751	2,751
[Chief executive: Mr. Zubyr Soomro]		
Value based on net assets as at 31 December 1997		
Rs. (36.822 million) (1996: Rs. 2.684 million)	-----	-----
	2,801	2,801
Less: Provision for diminution in value of unlisted investm	-	67
	-----	-----
	2,801	2,734

Subsidiary & associated undertakings		
Civic Centers Company (Pvt.) Limited		
6,500,001 (1997: 6,500,001) ordinary shares		
of Rs. 10 each (value based on net assets		
as at 30 June 1997 Rs. 71.801 million)	14.5	65,000
(1996: Rs. 70.200 million)		65,000
Last audited accounts 30 June 1997		
Advance to Inter State Gas System (Pvt.) Limited		
for 51 ordinary shares of Rs. 10 each	51	1
Sui Southern Gas Provident Fund Trust Company (Pvt.) Ltd.		
100 (1997: 100) ordinary shares of Rs. 10 each		
(value based on net assets as at 30 June 1998	100	1
Rs. 0.013 million (1997: Rs. 0.011 million)	-----	-----
	65,002	65,002
	-----	-----
	73,891	73,835
	=====	=====

**1998                      1997**  
**(Rupees in thousand)**

**18. Long term deposits**

Deposits against finance lease	113,138	66,277
Deposits against rental premises	2,711	2,711
Others	4,912	3,953
	-----	-----
	120,761	72,941
	=====	=====

**19. Long term loans and advances - Considered good - secured**  
**Loans** (Note 19.1 )

Executives	92,564	72,106
Other employees	59,905	48,728
	-----	-----
	152,469	120,834
Advances		
Executives	30,599	16,604
Other employees	37,901	32,926
	-----	-----
	68,500	49,530
	-----	-----
	220,969	170,364
<b>Less: Recoverable within one year</b>	90,689	67,044
	-----	-----

	130,280	103,320
	=====	=====
Outstanding for period		
exceeding three years	26,447	62,736
less than three years	103,833	40,584
	-----	-----
	130,280	103,320
	=====	=====

19.1 These represent house building and transport loans given to employees as per their terms of employment. The loans are repayable in monthly installments over a period of four to twelve years and are subject to interest ranging from 5% to 10% per annum. These loans are secured against balances due on account of retirement benefits and deposit of title deeds.

19.2 The maximum aggregate amounts due from the chief executive and executives in respect of loan at the end of any month during the year were Rs. nil and Rs. 86.606 million (1997: Rs. 0.562 million and Rs. 72.106 million) respectively.

**1998                      1997**  
**(Rupees in thousand)**

**20. Stores, spares and loose tools**

in hand		
Stores (including in transit Rs. 35.801 million; 1997: Rs. 52.946 million)	1,531,598	1,120,673
Spares (including in transit Rs. 15.958 million; 1997: Rs. 42.181 million)	559,044	1,351,605
Loose tools	1,819	2,558
	-----	-----
	2,092,461	2,474,836
	-----	-----
Less: Stores and spares held for capital projec (Note 16.1)	1,399,940	1,805,375
Provision for slow moving and obsolete stores	32,451	2,078
	-----	-----
	1,432,391	1,807,453
	-----	-----
	660,070	667,383
	=====	=====

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

Gas purification and transmission	529,222	495,079
Gas distribution	125,208	166,909
Other operating divisions	5,640	5,395
	-----	-----
	660,070	667,383
	=====	=====

**21. Stock-in-trade**

**Gas meters**

Components	127,714	162,890
Work-in-process	22,460	17,271
Finished meters	8,220	6,163
	-----	-----
	158,394	186,324

**Gas**

LPG stock	2,503	2,289
Gas in pipelines	43,546	43,323

-----	-----
46,049	45,612
-----	-----
204,443	231,936
=====	=====

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

This represents cost of work carried out by the Company on behalf of the consumer at their premises. Upon completion of work, the cost thereof is transferred to transmission and distribution cost and recoveries from such consumers are shown as deduction as reflected in note 30.

	1998	1997
	(Rupees in thousand)	
<b>23. Trade debts</b>		
Considered good		
Secured	1,053,539	901,842
Unsecured	9,476,731	4,694,968
	-----	-----
	10,530,270	5,596,810
Considered doubtful	477,384	209,619
Less: Provision for doubtful debts	477,384	209,619
	-----	-----
	-	-
	-----	-----
	10,530,270	5,596,810
	=====	=====

**24. Trade deposits and short term prepayments-considered good**

Short term loans - unsecured	-	30,000
Advances for goods and services - unsecured	17,236	109,920
Trade deposits	17,005	83,885
Prepayments	12,630	32,116
	-----	-----
	46,871	255,921
	=====	=====

**25. Note receivable**

In accordance with the instructions of the Ministry of Finance the Company has accepted a Demand Promissory Note amounting to Rs. 1,000 million from KESC against its gas sales receivable. The Note carries mark-up at 18% per annum which was duly received during the year.

**26. Other receivables**

Interest accrued on fixed deposits	34,999	7,086
Insurance claims receivable	1,570	869
Claims receivable	758	758
Recoverable from Sui Northern Gas Pipelines Ltd.	39,456	117,069
Recoverable from Government of Pakistan under exchange risk coverage scheme	407,338	343,402
Octroi recoverable	35,805	27,723
Recoverable from Privatization Commission	14,213	8,659
Recoverable from ADP Projects	987	1,017
Accrued sales	66,768	69,741
Others	17,573	15,621
	-----	-----

619,467      591,945  
 =====      =====  
**1998      1997**  
**(Rupees in thousand)**

**27. Cash and bank balances**

With banks		
on deposit account	572,789	119,607
on current account	191,198	79,959
	-----	-----
	763,987	199,566
Cash in hand	1,632	1,448
	-----	-----
	765,619	201,014
	=====	=====

**28. Cost of gas**

	1998		1997	
	Volume in HM(3)	Value in thousand of rupees	Volume in HM(3)	Value in thousand of rupees
Gas in pipelines at 1 July	241,648	43,323	229,454	28,052
Gas purchases:				
Pakistan Petroleum Limited	22,815,683	1,949,144	22,268,293	1,919,376
Pirkoh Gas Company (Pvt.) Ltd.	7,343,542	1,202,961	8,660,384	1,357,347
Oil & Gas Development Corp.	342,779	68,668	288,937	54,298
Union Texas (Pakistan) Inc. & other concerns in Badin concession	15,615,000	4,019,596	15,853,850	3,865,582
LASMO Oil Pakistan Limited	7,033,937	2,583,822	7,800,167	2,611,372
Mari Gas Company Limited	53,673	1,869	49,178	(1,222)
	-----	-----	-----	-----
Gas purification charges-Ex-Sui field (Note 29)	53,204,614	9,826,060	54,920,809	9,806,753
		391,222		348,997
	-----	-----	-----	-----
	53,446,262	10,260,605	55,150,263	10,183,802
Less: Gas Consumed internally (including domestic use)	1,146,959	119,090	1,322,867	133,104
Gas in pipelines at 30 June	228,023	43,546	241,648	43,323
	-----	-----	-----	-----
	1,374,982	162,636	1,564,515	176,427
	-----	-----	-----	-----
	52,071,280	10,097,969	53,585,748	10,007,375
	=====	=====	=====	=====

**1998      1997**  
**(Rupees in thousand)**

**29. Gas purification cost**

Operating cost	(Note 29.1)	615,242	680,428
Financial charges		45,976	30,780
Depreciation	(Note 15.1)	52,628	27,518
		-----	-----
		713,846	738,726

**Less: Recovery from SNGPL based on gas  
offtakes as per cost sharing agreement  
dated 18 July 1984**

Cost charged by the Company to SNGPL		
Operating cost	295,029	373,043
Financial charges	28,693	37,575
Depreciation	25,405	8,509
	-----	-----
	349,127	419,127
Cost charged by SNGP/to the Company		
Operating cost	586	632
Financial charges	15,536	12,720
Depreciation	10,381	16,046
	-----	-----
	26,503	29,398
	-----	-----
	322,624	389,729
	-----	-----
	391,222	348,997
	=====	=====

**29.1 Operating cost**

Salaries, wages and benefits	152,382	125,911
Gas consumed internally	67,004	66,708
Stores, spares and supplies consumed	101,749	167,439
Electricity	199	212
Rent, rates and taxes	1,120	774
Cost of services provided by Pakistan Petroleum Limited	252,282	255,253
Travelling	34,023	30,216
Insurance and royalty	5,967	7,942
Repairs and maintenance	18,841	18,099
Legal and professional charges	28	58
Security expenses	-	125
Cost allocated from transmission and distribution cost	65,154	60,256
Others	12,304	15,295
	-----	-----
	711,053	748,288
	-----	-----
Less: Cost allocated to transmission system	112,989	3,523
Recoveries from others	82,822	64,337
	-----	-----
	95,811	67,860
	-----	-----
	615,242	680,428
	=====	=====

**1998                      1997**  
**(Rupees in thousand)**

**30. Transmission and distribution cost**

Salaries, wages and benefits	1,479,327	1,438,867
Gas consumed internally	52,086	66,396
Stores, spares and supplies consumed	139,393	133,385
Provision for obsolete stores and spares	30,373	-
Obsolete spares written off	2,924	24,367
Material used on consumers' installation	18,890	29,512
Electricity	28,754	24,554
Rent, rates and taxes	34,666	29,626
Cost of services provided by Pakistan Petroleum Ltd.	36,793	22,447

Travelling	32,995	37,324
Insurance and royalty	35,207	31,986
Postage and revenue stamps	19,867	14,602
Repairs and maintenance	148,978	113,013
Legal and professional charges	12,302	6,502
Security expenses	20,270	16,440
Gas bills collection charges	30,868	17,597
Gas transportation charges	4,426	100,576
Provision for doubtful debts	36,858	58,491
Bad debts written off	15,919	367
Others (Note 30.1)	91,439	90,014
	-----	-----
	2,272,335	2,256,066
	=====	=====
Less: Recoveries /Allocated to:		
Gas distribution system	208,282	437,169
Purification cost	65,154	60,256
Meter manufacturing division	32,064	2,340
Installation cost recovered from consumers	28,334	34,739
Recoveries from others	9,546	21,169
	-----	-----
	343,380	555,673
	-----	-----
	1,928,955	1,700,393
	=====	=====

**30.1 Transmission and distribution cost - Others**

Advertisement	5,226	4,581
Communication	10,025	12,529
Subscriptions	5,893	4,143
Freight and handling	1,975	3,986
Apprenticeship/training	1,470	11,875
Bank charges	8,664	3,605
Water charges	4,718	4,165
Miscellaneous	53,468	45,130
	-----	-----
	91,439	90,014
	=====	=====

**31. LPG bottling division profit**

Sales	272,396	226,679
Cost of sales		
Opening stock	2,289	4,592
Cost of gas purchased	108,732	110,117
Excise duty	1,402	883
Transportation	22,443	23,790
Octroi	152	178
	-----	-----
	135,018	139,560
Less: Closing stock	2,503	2,289
	-----	-----
	132,515	137,271
Direct operating cost	30,220	33,624
Depreciation	17,294	16,278
	-----	-----
	180,029	187,173
	-----	-----
	92,367	39,506
Gross profit		
Operating expenses		
Salaries, wages and benefits	14,080	16,986

Rent, rates and taxes	1,218	1,017
Insurance	64	334
Motor running and up-keep expenses	872	861
Depreciation	956	912
Other expenses	16,328	3,429
	-----	-----
	33,518	23,539
	-----	-----
Operating profit	58,849	15,967
Other income	672	2,649
	-----	-----
	59,521	18,616
	=====	=====

**1998                      1997**  
**(Rupees in thousand)**

**32. Meter manufacturing division profit**

Gross sales of gas meters		
Company's consumption	220,923	411,691
Outside sales	251,603	373,902
	-----	-----
	472,526	785,593
Less: Sales tax	60,152	115,133
	-----	-----
Net sales	412,374	670,460
Cost of sales		
Opening stock	6,163	6,211
Material consumed	306,755	436,525
Direct labour	18,103	21,204
Overheads	27,935	16,879
Depreciation (Note 15.1)	6,574	6,865
Packing cost	2,506	5,063
	-----	-----
	368,036	492,747
Less: Closing stock	8,220	6,163
	-----	-----
	359,816	486,584
	-----	-----
Operating profit	52,558	183,876
Other income	151	855
	-----	-----
	52,709	184,731
	=====	=====

**33. Other income**

Profit/interest on term deposits	84,213	40,538
Interest on Demand Promissory Note of KESC	180,000	180,000
Interest income from KESC & WAPDA (net of provision of Rs. 230.907 million)	812,908	-
Interest on staff loans	2,309	1,405
Rentals and service charges recovered	4,596	1,697
Profit on disposal of fixed assets	9,975	17,870
Recoveries from consumers	17,865	10,249
Dividend income	600	600
Income from sale of tender documents	656	1,381
Liquidity damages recovered	13,889	3,041
Others	38,905	31,309
	-----	-----

	1,165,916	288,090
	=====	=====

**34. Other charges**

Auditors' remuneration		
Statutory audit	300	250
Special audits	256	28
Ancillary assignments	-	350
Out of pocket expenses	75	65
	-----	-----
	631	693
Workers' profit participation fund	54,019	45,102
	-----	-----
	54,650	45,795
	=====	=====

**35. Financial charges**

Interest, commitment charges, exchange risk coverage fee and Government guarantee fee on foreign loans	791,157	826,414
Mark-up on redeemable capital	496,559	225,837
Mark-up on short term loans and running finance	361,987	72,475
Finance charge on liabilities against assets subject to finance lease	112,472	233,006
Profit on Term Finance Certificates	81,462	70,959
Interest on:		
Workers' profit participation fund	1,788	2,461
Consumers' deposits	16,871	14,816
Gas development surcharge	102,119	34,936
QPL (O&M) funds	-	52,678
Late payment of gas bills	812,908	39,916
Others	1,990	3,404
	-----	-----
	2,779,313	1,576,902
	=====	=====

**36. Taxation**

For the year - Current	(Note 36.1)	82,177	77,853
- Deferred		343,389	103,688
For prior year		1,459	-
Reversal of tax provision made for bonus shares issued		(52,329)	-
		-----	-----
		374,696	181,541
		=====	=====

36.1 Tax for the current year is based on turnover under Section 80(D) of the Income Tax Ordinance, 1979.

**37. Remuneration of Chief Executive, Directors and Executives**

(Rupees in thousand)

	1998		1997	
	Chief Executive	Executives	Chief Executive	Executives
Managerial remuneration	305	103,393	500	91,019
Housing	229	41,461	189	31,450
Servant	58	5,746	44	5,345



Entertainment	18	6,412	19	5,728
Utilities	85	5,104	209	2,452
Retirement benefits	92	22,883	95	20,340
	787	184,999	1,056	156,334
Number	1	480	1	430

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

**Remuneration to directors**

Aggregate amount charged in these accounts for fee to 16 directors was Rs. 23,000 (1997:14 directors Rs. 14,000)

**38. Capacity and actual performance**

**38.1 Natural gas purification and transmission**

	1998		1997	
	MMCF	HM(3)	MMCF	HM(3)
<b>i) Joint purification operation (SSGCL &amp; SNGPL Purification Banks 6 to 13)</b>				
Capacity - Annual rated capacity	247,980	69,865,513	240,900	67,870,805
- Reduction in capacity due to scheduled annual overhauls	19,800	5,578,422	19,800	5,578,422
	228,180	64,287,091	221,100	62,292,383

**Utilisation**

(Gas purified was shared jointly with SNGPL)	188,814	53,196,173	181,438	51,118,070
<b>Capacity utilisation factor</b>	82.75%		82.06%	

**ii) SSGCL transmission operations**

Capacity - Annual rated capacity at 100% load factor with compression	255,500	71,984,187	222,650	62,729,077
---	---------	------------	---------	------------

**Utilisation**

Volume of gas transmitted	187,171	52,733,272	193,599	54,544,292
<b>Capacity utilisation factor</b>	73.25%		86.95%	

**38.2 Natural gas distribution**

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

**38.3 Meter manufacturing division**

The meter manufacturing division has produced and assembled 231,800 meters (1997:336,000 meters) against an annual capacity of 300,000 meters. Actual capacity utilized was lower than the installed capacity by 23 per cent.

**38.4 Liquefied petroleum gas bottling division**

The installed filling capacity of LPG bottling plant is 90 metric tons (1997:90 metric tons) per day on single shift basis against which the actual average daily supply amounted to 51.02 metric tons (1997:45.47 metric tons).

**39. Associated undertakings**

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

**40. Quetta natural gas transmission and distribution Projects**

Quetta Natural Gas Transmission and Distribution Projects were owned by the GOP, The Company as an executing agent of the GOP had executed and commissioned these projects. The Company was also entrusted the responsibilities for operating pipelines and gas distribution system. All assets and liabilities relating to these projects were on the GOP account. The operation of Quetta Natural Gas Distribution Project (QNGDP) was transferred to the Company effective 1 July 1989. The operating results of the project had therefore been included in the financial statements of the Company.

The expansion of these projects were also carried out by SSGCL from its own resources under QPCEP Phase I & II. The ADB had extended surplus of Rs. 17.500 million available under ADB loan 1138 Pak for QPCEP Phase - II on the condition that the ownership of QPL Transmission Project is transferred to the Company. The Cabinet Committee on Energy (CCE) in its meeting held on 18 October 1994 vide Case No. ECC-32/2/94 dated 18 October 1994 had interalia decided that the Ministry of Petroleum & Natural Resources should submit a separate proposal to the Cabinet for the transfer of ownership of existing Quetta Pipelines from the GOP to SSGCL. Therefore, the proposal for transfer of ownership of these projects to SSGCL was submitted to the GOP, which was approved effective 1 July 1997 as per following terms:

- i) The net purchase consideration for Quetta Natural Gas Transmission & Distribution Project as on 30 June 1997 amounting to Rs. 1,701.193 million and Rs. 295.552 million respectively be treated as Cash Development Loan (CDL) from the GOP.
- ii) The rate of mark-up on the CDL shall be decided by the GOP from time to time.
- iii) The Loan will be repaid in 15 equal annual installments from FY 1997-98.
- iv) The KFAED loan for the project alongwith interest @ 4% p.a. accruing thereon shall be paid by the GOP as per loan repayment schedule.
- v) The project's assets would qualify for normal return permissible to SSGCL with effect from 1 July 1997. As such all transactions pertaining to revenue/income and operating cost including insurance and depreciation of the projects will be treated as part of the Company's operations.

**41. Government owned assets held on trust by the Company**

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

(Rupees in thousand)

Description	QNGDP	Naudero	Sanghar	Mirpurkhas	Total
Receipts for GOP projects:					
GOP Funds for construction of projects	-	14,102	36,218	56,286	106,606
Interest income on GOP Funds	-	1,192	1,018	-	2,210
Accumulated profit/(loss) on acquisition	-	(453)	49	(2,447)	(2,851)
	-	14,841	37,285	53,839	105,965
1997:	225,333	14,841	37,285	53,839	331,298
Assets acquired upto date of adoption:					
Telecommunication	-	-	3	-	3
Gas distribution system	-	9,278	43,878	51,887	105,043
Plant and machinery	-	-	168	-	168
Tools and equipment	-	-	-	68	68
Office furniture	-	-	11	29	40

Office equipments	-	-	-	1	1
Transport vehicles	-	-	642	-	642
	-----				
	-	9,278	44,702	51,985	105,965
	=====				
1997:	225,333	9,278	44,702	51,985	331,298
	=====				

**42. Corresponding figures**

Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison.

**Aslam Farook**  
Chief Executive

**H. Masood Sohail**  
Director

**Subsidiary Company****Statement pursuant to Section 237 of the Companies Ordinance, 1984**

- a) Sui Southern Gas Provident Fund Trust Company (Private) Limited is a wholly owned subsidiary company.
- b) The subsidiary company did not have profit or loss from the date of its incorporation to 30 June 1998 except for interest amounting to Rs. 2,086 received on PLS account and Rs. 9,780 interest realised on Defence Savings Certificates (DSCs). An amount of Rs. 11,700 has again reinvested in DSCs out of the interest realised.
- c) There has been no change in the Company's interest in the above subsidiary between 30 June 1997 to 30 June 1998.
- d) The audited accounts for the year ended 30 June 1998 are as under:

**Sui Southern Gas Provident Fund Trust Company (Private) Limited**  
**Balance Sheet as at 30 June 1998**

	1998	1997
	(Rupees)	
Authorised, issued and fully paid-up capital 100 shares of Rs. 10 each issued for cash	1,000	1,000
Unappropriated Profit	11,866	9,736
	-----	-----
	12,866	10,736
	=====	=====
Investment in Defence Saving Certificates - at cost	12,700	3,000
Accrued income on Defence Savings Certificates	-	7,650
Balance with Bank	166	86
	-----	-----
	12,866	10,736
	=====	=====

**Sui Southern Gas Provident Fund Trust Company (Private) Limited**  
**Profit and Loss Account for the year ended 30 June 1998**

	Note		
Income on Defence Savings Certificates	1	2,130	1,800
		-----	-----
Profit for the year		2,130	1,800
Unappropriated Profit brought forward		9,736	7,936
		-----	-----
Unappropriated Profit carried forward		11,866	9,736

=====

**Notes:**

1. Income on Defence Savings Certificates is accrued on the basis of completed years upto 30 June in accordance with their rules of issue.

2. Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparison.

**K. A. Ansari**  
Chief Executive

**Aslam Farook**  
Director

**Auditors' Report to the Members**

We have audited the annexed balance sheet of Sui Southern Gas Provident Fund Trust Company (Private) Limited as at 30 June 1998 and the related Profit and Loss Account, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and, after due verification thereof, we report that:

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

b) in our opinion:

i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and is in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the investments made during the year were in accordance with the objects of the Company.

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account, together with the notes forming part thereof, gives the information required by the Companies Ordinance, 1984 in the manner so required and respectively gives a true and fair view of the state of the Company's affairs as at 30 June 1998 and of the profit for the year then ended; and

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

The accounts of Sui Southern Gas Provident Fund Trust Company (Private) Limited for the year ended June 30, 1997 were audited by another firm of Chartered Accountants, who have expressed an unqualified opinion thereon.

Karachi  
30 October, 1998

**A.F. Ferguson & Co.**  
Chartered Accountants

**Statement pursuant to Section 237 of the Companies Ordinance,  
1984 (Continued)**

a) Inter State Gas Systems (Private) Limited is a subsidiary of the Company in which SSGC's investment is Rs. 510 (51%).

b) The subsidiary company has not commenced its operation hence no profit or loss to report.

c) The Balance Sheet, Cash Flow Statement of the subsidiary company and Audit Report thereon

are as under:

**Inter State Gas Systems (Private) Limited**  
**Balance Sheet as at June 30, 1998**

	Note	1998	1997
		Rupees	
<b>Share Capital</b>			
<b>Share capital -Authorised</b>			
1,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000
		=====	=====
<b>Issued, subscribed and paid-up capital</b>			
100 ordinary shares of Rs. 10 each	3	1,000	1,000
<b>Current Liabilities</b>			
Payable to holding company (Sui Southern Gas Company Limited)		942,240	942,240
		-----	-----
		943,240	943,240
		=====	=====
<b>Property and Assets</b>			
<b>Deferred cost</b>			
Preliminary expenses		97,921	97,921
Pre operating expenses		844,319	844,319
<b>Current assets</b>			
Cash at bank		1,000	1,000
		-----	-----
		943,240	943,240
		=====	=====

See our Annexed Report

The annexed notes form an integral part of these accounts.

**Munir Ahmed**  
 Chief Executive

**K.A. Ansari**  
 Director

**Inter State Gas Systems (Private) Limited**  
**Statement of changes in financial position (Cash Flow Statement)**  
**for the year ended June 30, 1998**

<b>Cash from operating activities</b>		
Payable to holding company (SSGCL)	-	942,240
Deferred cost	-	(942,240)
	-----	-----
Net cash from operating activities	-	-
<b>Cash from financing activities</b>		
Share subscription received	-	1,000
	-----	-----
Cash at bank at the end of the period	-	1,000
	=====	=====

**Munir Ahmed**  
 Chief Executive

**K.A. Ansari**  
 Director

**Inter State Gas Systems (Private) Limited**  
**Notes to the Accounts for the year ended June 30, 1998**

**1. Nature and Status of Business**

The company was incorporated on August 4, 1996 in Pakistan under the Companies Ordinance, 1984 as a private limited company. The principal activity of the company upon

commencement of business is import of gas.

**2. Significant Accounting Policies**

**2.1 Accounting convention**

These accounts have been prepared under the historical cost convention.

**2.2 Preliminary expenses**

These expenses will be written off upon commencement of operation.

**2.3 Pre-operating expenses**

These expenses will be amortized in future years by charge to profit and loss account after commencement of commercial operations.

**3. Issued, Subscribed and Paid-up Capital**

100 Ordinary shares of Rs. 10 each, 51 ordinary shares of the company representing 51% of the paid-up capital are held by the holding company (Sui Southern Gas Company Limited).

4. The company has not commenced its operation hence no profit or loss to report.

**Munir Ahmed**  
Chief Executive

**K.A. Ansari**  
Director

**Auditors' Report to the Members**

We have audited the annexed balance sheet of INTER STATE GAS SYSTEMS (PRIVATE)LIMITED, as at June 30, 1998 and statement of changes in financial position together with the notes forming part thereof, for the year then ended, we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

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

b) in our opinion:

i) the balance sheet has been drawn up in conformity with the Companies Ordinance, 1984, and is in agreement with the books of account and is further in accordance with accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, and the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs, as at June 30, 1998, and the changes in financial position for the year then ended; and

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

Karachi  
16 November, 1998

**Tanzeem and Company**  
Chartered Accountants

1988-89      1989-90      1990-91      1991-92      1992-93      1993-94      1994-95      1995-96      1996-97      1997-98

**General**

Mains - Transmission (km) - Cumulative	1,229	1,294	1,522	1,522	1,557	1,713	2,420	2,486	2,486	2,682
Mains & services-Distribution (kin) - Additions	264	464	642	1,002	1,519	1,637	2,130	1,852	1,933	1,050
New connections	28,765	32,732	41,160	66,173	94,534	96,573	97,476	98,941	112,474	95,629
Gas sales (MMCF)	102,468	115,192	131,805	143,888	164,877	159,360	151,430	172,371	174,940	169,214
LPG sales (M.Tons)	16,588	16,869	20,055	17,398	14,390	20,946	26,478	29,578	16,596	18,622
Gas meters produced/assembled	103,800	103,050	125,300	238,230	300,300	336,700	247,500	351,000	336,000	231,800

(Rupees in million)

**Balance Sheet - Summary**

Paid - up share capital	449.4	449.4	449.4	674.1	674.1	1,685.3	3,031.4	3,488.6	4,011.9	4,613.7
Reserves and accumulated profit	908.6	987.9	919.9	852.3	1205.4	1528.9	1,781.8	1,864.1	2,016.2	2,066.1
Redeemable capital	-	-	-	-	-	-	-	500.0	2043.1	2,853.5
Deferred credit	383.8	490.3	452.3	578.7	736.6	836.3	943.3	1,058.0	1,183.2	1,273.7
Deferred liabilities - Taxation	674.5	949.3	788.9	1,094.0	1,233.8	1,499.4	1,650.3	2,034.7	2,138.4	2,481.8
Deferred liabilities - Gratuity	35.7	99.7	55.3	120.7	149.4	167.9	196.1	177.0	162.9	142.2
Obligation under finance lease	-	-	-	-	-	121.4	769.5	1,832.8	1,313.0	1,390.1
Long term loans outstanding:										
Foreign	2,003.5	2,227.5	2,330.3	2,471.4	3,000.2	4,003.1	5,563.7	6,190.7	6,454.4	6,805.8
Local	89.1	78.5	213.4	243.6	260.0	671.4	1,156.4	2,042.9	-	-
Long term deposits	271.5	293.5	320.0	348.2	429.2	508.0	627.3	734.5	871.1	981.0

## Represented by:

Fixed assets	3,895.6	4,662.0	5,022.0	5,767.2	7,216.0	10,752.1	14,073.3	17,146.1	19,635.8	21,924.8
Other assets (net)	950.5	603.3	818.3	615.8	472.7	269.6	1,646.5	2,777.2	558.4	683.1

**Profit and Loss - Summary Income**

Sales	4,436.7	5,075.3	6,095.4	7,401.7	8,438.0	9,195.0	9,557.7	13,042.2	14,790.3	15,623.1
Less: Gas development surcharge	2,352.7	2,389.6	2,271.3	3,199.1	2,814.6	2,606.2	1,241.8	620.7	214.1	(210.8)

Net sales	2,084.0	2,685.7	3,824.1	4,202.6	5,623.4	6,588.8	8,315.9	12,421.5	14,576.2	15,833.9
Cost of raw gas	1,073.5	1,810.4	2,522.5	2,466.3	3,362.8	3,841.7	4,549.6	7,953.3	10,007.4	10,098.0

Gross profit	1,010.5	875.3	1,301.6	1,736.3	2,260.6	2,747.1	3,766.3	4,468.2	4,568.8	5,735.9
Meter rentals	24.8	26.8	45.2	48.5	56.9	63.7	71.4	93.1	160.6	173.2
Late payment surcharge	20.9	32.0	34.5	39.9	53.3	64.7	76.0	93.0	143.2	156.2
Recognition of income against deferred credit	23.7	28.8	32.2	38.6	48.9	56.5	65.3	75.0	85.4	94.6
LPG bottling division profit/(loss)	6.2	3.5	2.0	0.9	(11.9)	(16.0)	(41.5)	(33.0)	18.6	59.5
Meter manufacturing division profit	10.5	13.7	10.3	27.4	29.7	27.9	16.0	70.3	184.7	52.7
Recoveries from SNGPL	109.6	136.5	155.7	129.0	141.5	240.4	288.5	353.1	***	
Other income and sale of gas condensate	107.8	85.7	84.0	51.7	122.5	144.1	215.8	309.1	384.9	1,270.7

"A"	1,314.0	1,202.3	1,665.5	2,072.3	2,701.5	3,328.4	4,457.8	5,428.8	5,546.2	7,542.8
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**Expenditure**

Purification, transmission and distribution cost	440.6	552.4	748.9	871.7	1,244.2	1,513.6	1,901.6	2,168.3	1,700.4	1,928.9
Depreciation	203.5	214.6	351.3	436.7	523.8	642.3	904.2	1,171.4	1,366.2	1,753.5
Financial charges	193.7	191.5	232.5	292.4	325.0	351.2	779.7	993.2	1576.9	2,779.3
Workers' (profit) participation fund/others	23.8	12.2	16.6	23.6	30.4	41.1	43.6	54.8	45.8	54.7

"B"	861.6	970.7	1349.3	1,624.4	2,123.4	2,548.2	3,629.1	4,387.7	4,689.3	6,516.4
-----	-------	-------	--------	---------	---------	---------	---------	---------	---------	---------

**Profit**

Profit before taxation	(A-B)	452.4	231.6	316.2	447.9	578.1	780.2	828.7	1,041.1	856.9	1,026.4
Provision for taxation		209.7	119.2	192.0	224.0	225.1	288.1	238.8	503.8	181.5	374.7

Profit after taxation		242.7	112.4	124.2	223.9	353.0	492.1	589.9	537.3	675.4	651.7
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Dividend	22.5%	22.5%	12.5%	20%	-	-	-	-	-	-
Cash dividend	22.5%	22.5%	12.5%	20%	-	-	-	-	-	-
Bonus shares	116.7%*	-	50%	-	25%	20%	15%	15%	15%	10%
<b>Rate of Corporate tax</b>	<b>44%</b>	<b>44%</b>	<b>44%**</b>	<b>44%**</b>	<b>42%**</b>	<b>39%**</b>	<b>36%**</b>	<b>36%**</b>	<b>33%**</b>	<b>33%**</b>

\* Issued to the Shareholders of former SGC.

\*\* Excluding turnover and corporate assets taxes,

\*\*\* Adjusted against purification charges shown under cost of raw gas,

#### GAS SALES-CLASSIFIED BREAKDOWN 1997-98

Category	Sales in Thousand of Cubic Metres					Consumers as at 30 June 1998 Number				
	Karachi	Sind (Interior)	Balochistan	Total	%	Karachi	Sind (Interior)	Balochistan	Total	%
Power Stations	558,125	676,498	111,655	1,346,278	28.2	5	3	1	9	-
Cement Plants	154,745	93,890	-	248,635	5.2	3	3	-	6	-
Pakistan Steel	381,891	-	-	381,891	8.0	1	-	-	1	-
Textiles	439,399	31,639	-	471,038	9.9	443	22	-	465	-
Chemicals, Refineries & Pharmaceuticals	199,448	2,198	-	201,646	4.2	175	3	-	178	-
Glass & Ceramics	43,923	29,977	-	73,900	1.6	36	71	-	107	-
Iron & Steel	74,266	2,789	423	77,478	1.6	99	8	2	109	-
Oil & Soap	25,328	16,538	535	42,401	0.9	63	15	5	83	-
Metallurgy	40,599	-	-	40,599	0.9	144	-	-	144	-
C.N.G. Stations	2,023	-	-	2,023	0.1	5	-	-	5	-
Other Industries	249,166	62,833	3,791	315,790	6.6	732	106	70	908	0.1
Industrial	2,168,913	916,362	116,404	3,201,679	67.2	1,706	231	78	2,015	0.1
Commercial	109,255	32,569	13,346	155,170	3.2	11,869	3,809	1,891	17,569	1.3
Domestic	897,293	312,870	200,405	1,410,568	29.6	975,806	281,047	95,910	1,352,763	98.6
Total	3,175,461	1,261,801	330,155	4,767,417	100.0	989,381	285,087	97,879	1,372,347	100.0

#### Gas Sales - Ten Years of Progress

		INDUSTRIAL		COMMERCIAL		DOMESTIC		TOTAL	
		Consumers	Sales	Consumers	Sales	Consumers	Sales	Consumers	Sales
1	Karachi	1,079	1,703,666	7,727	78,771	508,219	494,046	517,025	2,276,483
9	Sindh (Interior)	195	478,759	2,626	18,836	109,284	107,920	112,105	605,515
8	Balochistan	6	11,064	1,206	8,118	34,409	74,252	35,621	93,434
9	Total	1,280	2,193,489	11,559	105,725	651,912	676,218	664,751	2,975,432
1	Karachi	1,119	1,886,759	8,159	79,131	537,036	520,313	546,314	2,486,203
9	Sindh (Interior)	193	626,606	2,626	17,610	114,330	108,093	117,149	752,309
9	Balochistan	8	9,758	1,316	7,888	37,847	82,885	39,171	100,531
0	Total	1,320	2,523,123	12,101	104,629	689,213	711,291	702,634	3,339,043
1	Karachi	1,177	2,018,498	8,548	85,653	569,868	505,667	579,593	2,609,818
9	Sindh (Interior)	194	960,751	2,672	18,601	118,900	116,842	121,766	1,096,194
9	Balochistan	11	87,662	1,377	9,090	40,378	91,243	41,766	187,995
1	Total	1,382	3,066,911	12,597	113,344	729,146	713,752	743,125	3,894,007
1	Karachi	1,242	2,007,441	7,962	92,882	613,549	562,222	622,753	2,662,545
9	Sindh (Interior)	195	1,269,130	2,671	19,797	127,259	102,411	130,125	1,391,338
9	Balochistan	12	158,168	1,515	8,875	45,751	112,047	47,278	279,090



2	Total	1,449	3,434,739	12,148	121,554	786,559	776,680	800,156	4,332,973
1	Karachi	1,380	2,070,386	10,351	97,993	672,974	597,039	684,705	2,765,418
9	Sindh (Interior)	196	1,427,475	2,722	22,160	140,825	133,611	143,743	1,583,246
9	Balochistan	12	175,427	1,677	9,803	53,117	111,322	54,806	296,552
3	Total	1,588	3,673,288	14,750	129,956	866,916	841,972	883,254	4,645,216
1	Karachi	1,336	2,014,521	10,407	103,332	737,922	640,580	749,665	2,758,433
9	Sindh (Interior)	190	1,213,888	2,854	23,128	177,501	190,688	180,545	1,427,704
9	Balochistan	14	161,506	1,630	10,134	57,983	132,008	59,627	303,648
4	Total	1,540	3,389,915	14,891	136,594	973,406	963,276	989,837	4,489,785
1	Karachi	1,516	2,024,589	10,390	100,261	796,597	707,901	808,503	2,832,751
9	Sindh (Interior)	196	930,446	3,100	27,662	196,794	209,367	200,090	1,167,475
9	Balochistan	20	132,418	1,660	10,219	68,879	123,498	70,559	266,135
5	Total	1,732	3,087,453	15,150	138,142	1,062,270	1,040,766	1,079,152	4,266,361
1	Karachi	1,585	2,209,484	10,478	98,092	851,829	775,686	863,892	3,083,262
9	Sindh (Interior)	227	1,152,574	3,271	29,617	226,269	275,771	229,767	1,457,962
9	Balochistan	68	130,534	1,768	12,638	81,181	171,951	83,017	315,123
6	Total	1,880	3,492,592	15,517	140,347	1,159,279	1,223,408	1,176,676	4,856,347
1	Karachi	1,674	2,196,630	11,248	109,278	911,635	852,512	924,557	3,158,420
9	Sindh (Interior)	227	1,055,272	3,574	31,602	253,451	300,061	257,252	1,386,935
9	Balochistan	70	175,141	1,867	12,806	89,283	195,436	91,220	383,383
7	Total	1,971	3,427,043	16,689	153,686	1,254,369	1,348,009	1,273,029	4,928,738
1	Karachi	1,706	2,168,913	11,869	109,255	975,806	897,293	989,381	3,175,461
9	Sindh (Interior)	231	916,362	3,809	32,569	281,047	312,870	285,087	1,261,801
9	Balochistan	78	116,404	1,891	13,346	95,910	200,405	97,879	330,155
8	Total	2,015	3,201,679	17,569	155,170	1,352,763	1,410,568	1,372,347	4,767,417

**GAS SALES PATTERN 1997-98**

	Consumer		Volume		Value		
	Number	%	Thousand cubic metres	%	Rupees in thousand	%	
<b>Karachi</b>	1,706	0.17	2,168,913	68.30	7,879,548	77.93	Industrial
	11,869	1.20	109,255	3.44	462,286	4.57	Commercial
	975,806	98.63	897,293	28.26	1,769,831	17.50	Domestic
	989,381	100.00	3,175,461	100.00	10,111,665	100.00	Total
<b>Sindh (Interior)</b>	231	0.08	916,362	72.62	3,831,855	84.52	Industrial
	3,809	1.34	32,569	2.58	135,814	2.99	Commercial
	281,047	98.58	312,870	24.80	566,102	12.49	Domestic
	285,087	100.00	1,261,801	100.00	4,533,771	100.00	Total
<b>Balochistan</b>	78	0.08	116,404	35.26	423,477	43.32	Industrial
	1,891	1.93	13,346	4.04	57,499	5.88	Commercial
	95,910	97.99	200,405	60.70	496,672	50.80	Domestic
	97,879	100.00	330,155	100.00	977,648	100.00	Total
<b>Total</b>	2,015	0.15	3,201,679	67.16	12,134,880	77.67	Industrial
	17,569	1.28	155,170	3.25	655,599	4.20	Commercial
	1,352,763	98.57	1,410,568	29.59	2,832,605	18.13	Domestic
	1,372,347	100.00	4,767,417	100.00	15,623,084	100.00	Total

**Service Calls Analysis 1997-98**

## Industrial/Commercial/Domestic

		Calls	Percentage
<b>A. Genuine</b>	(leakage, high gas bills and meters/appliances defects)		
	Karachi	62,190	25.6
	Sindh (Interior)	10,330	4.3
	Balochistan	3,870	1.6
		-----	-----
	Total (A)	76,390	31.5
<b>B. Non-genuine</b>	(fictitious and miscellaneous)		
	Karachi	164,520	67.9
	Sindh (Interior)	860	0.4
	Balochistan	430	0.2
		-----	-----
	Total (B)	165,810	68.5
		-----	-----
	Total (A+B)	242,200	100.0
		=====	=====

## Town-wise Detail of Consumers as at 30 June 1998

Towns	Industrial	Commercial	Domestic	Total
<b>Karachi</b>	1,706	11,869	975,806	989,381
<b>Sindh (Interior):</b>				
Dhabeji	3	2	287	292
Thatta	2	39	3,346	3,387
Kotri/Jamshoro	36	69	6,722	6,827
Hyderabad	144	1,391	84,618	86,153
Tando Adam	1	110	5,716	5,827
Shahdadpur	1	57	4,115	4,173
Nawabshah	1	208	11,203	11,412
Tando Allahyar		36	5,824	5,860
Nasarpur/Palijani	1	6	689	696
Nooriabad	1	-	-	1
Hala & Bhit Shah	-	23	2,950	2,973
Mirpurkhas	1	148	12,098	12,247
Sanghar	-	80	4,351	4,431
Tando Jam	1	14	2,687	2,702
Tando Mohammad Khan	-	23	2,770	2,793
Khairpur	-	108	7,705	7,813
Ranipur	-	30	2,370	2,400
Kot Dihi	-	7	560	567
Rohri	2	47	4,587	4,636
Sukkur	22	385	22,881	23,288
Shikarpur	9	119	8,308	8,436
Gari Yasin	-	23	2,812	2,835
Larkaria	2	174	14,188	14,364
Badah	-	14	795	809
Naudero	-	11	1,691	1,702
Dadu	-	41	4,527	4,568
Piaro Goth	1	1	230	232
Bhan Saeedabad	-	3	403	406
Rehmania Nagar	-	13	606	619
Boobak	-	-	107	107
Phulji	-	-	237	237
Pano Aqil	1	17	2,618	2,636

Radhan	-	9	443	452
Tharri Mohabat	-	7	199	206
Mehar	-	33	2,079	2,112
Moro	-	49	4,159	4,208
Khairpur Nathan Shah	-	15	1,164	1,179
Gambat	-	17	1,896	1,913
Pirjo Goth	-	26	3,157	3,183
Karampur	-	3	452	455
Rato Dero	-	30	2,430	2,460
Kandhkot	-	17	1,695	1,712
Jacobabad	2	79	5,674	5,755
Jhatpat	-	2	545	547
Dokri	-	5	483	488
Rustum	-	1	379	380
Sehwan Sharif	-	16	988	1,004
Daharki	-	27	2,016	2,043
Wazirabad	-	-	394	394
Lakhi Ghulam Shah	-	-	280	280
Setharja	-	3	220	223
Naushero Feroz	-	34	1,116	1,150
Matli	-	19	1,978	1,997
Khora	-	5	151	156
Kumb	-	3	147	150
Padidan	-	3	380	383
Therri	-	3	148	151
Badin	-	15	1,933	1,948
Mir Pur Mathelo	-	16	1,427	1,443
Daur	-	9	995	1,004
Sakrand	-	18	1,361	1,379
Serhari	-	1	548	549
Qazi Ahmed	-	-	3,310	3,310
Mehrab Pur	-	16	2,450	2,466
Sinjhoru	-	-	3,733	3,733
Kambar	-	28	2,278	2,306
Madeji	-	2	252	254
Bandhi	-	7	571	578
Thul	-	16	1,482	1,498
Miro Khan	-	4	340	344
Shahdad Kot	-	30	2,798	2,828
Matlary	-	7	415	422
Warah	-	14	1,086	1,100
Ghotki	-	21	1,494	1,515

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231      3,809      281,047      285,087

**Balochistan:**

Quetta	78	1,707	79,305	81,090
Sibi	-	50	2,723	2,773
D.M. Jamali	-	6	1,219	1,225
Dhadar	-	4	463	467
Mach	-	15	697	712
Kolpur	-	-	162	162
Belpat	-	-	134	134
Pirkoh	-	-	152	152
Usta Mohammed	-	14	1,504	1,518
Bhag	-	3	402	405
Lehri	-	1	252	253
Dera Allah Yar	-	5	1,355	1,360
Pishin	-	55	2,096	2,151
Kuchlak	-	15	2,122	2,137
Yaru	-	3	319	322
Mastung	-	11	1,723	1,734

Bostan	-	-	333	333
Pringabad	-	-	341	341
Sui Field	-	-	173	173
Dera Bugti	-	2	435	437
	78	1,891	95,910	97,879
	2,015	17,569	1,352,763	1,372,347

**Pattern of Shareholdings as at 30 June 1998**

No. of shareholders	Shareholdings		Total shares held
	From	To	
2,957	1	100	107,963
2,169	101	500	521,942
1,135	501	1,000	797,921
2,467	1,001	5,000	5,275,549
406	5,001	10,000	2,742,333
105	10,001	15,000	1,273,538
53	15,001	20,000	906,718
24	20,001	25,000	531,578
18	25,001	30,000	495,380
13	30,001	35,000	426,147
7	35,001	40,000	255,007
7	40,001	45,000	301,252
2	45,001	50,000	96,743
4	50,001	55,000	211,055
4	55,001	60,000	234,514
2	60,001	65,000	125,473
3	65,001	70,000	206,104
2	75,001	80,000	154,417
1	80,001	85,000	81,145
1	90,001	95,000	92,290
2	105,001	110,000	213,413
1	110,001	115,000	115,000
1	115,001	120,000	118,061
2	120,001	125,000	243,153
1	140,001	145,000	141,847
1	165,001	170,000	166,727
1	180,001	185,000	184,848
1	210,001	215,000	211,025
1	230,001	235,000	230,012
1	270,001	275,300	273,909
1	290,001	295,000	293,051
1	310,001	315,000	312,512
1	315,001	320,000	317,808
1	320,001	325,000	322,718
1	355,001	360,000	356,168
1	625,001	630,000	628,446
1	705,001	710,000	706,215
1	760,001	765,000	760,437
1	780,001	785,000	780,626
1	785,001	790,000	785,589
1	890,001	895,000	890,307
1	955,001	960,000	956,818
1	1,020,001	1,025,000	1,023,838
1	1,225,001	1,230,000	1,228,239
1	1,565,001	1,570,000	1,567,199
1	1,920,001	1,925,000	1,921,662

1	5,730,001	5,735,000	5,730,486
1	6,645,001	6,650,000	6,648,423
5	9,975,001	Above	419,401,866
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9,415			461,367,472
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**Categories of Shareholders as at 30 June 1998**

Categories of shareholders	Number of shareholders	Shares held	Percentage
President of the Islamic Republic of Pakistan	1	324,947,669	70.43
Individuals	9,279	16,792,044	3.64
Investment Companies	19	57,419,842	12.45
Insurance Companies	18	31,215,559	6.77
Joint Stock Companies	33	1,213,369	0.26
Financial Institutions	21	2,759,099	0.60
Modaraba Companies	19	197,658	0.04
Foreign Shareholders	16	3,837,445	0.83
Others:			
Central Depository Company	1	22,930,467	4.97
Administrator of Abandoned Properties	1	35,714	0.01
Associations, Foundations, Societies, Institutions and Nazir of the High Court	7	18,606	-
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	9,415	461,367,472	100.00
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