SUI SOUTHERN GAS COMPANY LIMITED
MINUTES OF THE 66TH ANNUAL GENERAL MEETING (AGM)
HELD ON FRIDAY, 03 JUNE, 2022 AT 10:30 AM IN A HYBRID MODE (i.e. THROUGH ZOOM AND IN PERSON)

In accordance with the members' attendance record 618 shareholders attended the 66th Annual General Meeting (AGM) in person / using the video link or by proxy including the following Directors and other representatives:-

Present:

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Mr. Faisal Bengali	Director
Mr. Abdul Aziz Uqaili	Director
Mr. Hassan Mehmood Yousufzai	Director
Dr. Imran Ullah Khan	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Zuhair Siddiqui	Director
Mr. Ayaz Dawood	Director
Mr. Imran Maniar	Managing Director

In attendance:

Mr. Mateen Sadiq	Company Secretary
Mr. Muhammad Amin Rajput	Chief Financial Officer
Mr. Zulfqar Ali Causer	External Auditors - M/s. BDO Ebrahim & Co., Chartered Accountants
Mr. Nadeem Ahmed	Legal Advisor - M/s. Orr, Dignam & Co.
Key Management personnel of SSGC	

PROXYHOLDERS / AUTHORIZED REPRESENTATIVES ON BEHALF OF

S. No	Name Of Shareholder	Name Of Proxy Holder
1.	The President Islamic Republic of Pakistan	Mr. Hassan Mehmood Yousufzai
2.	SSGC Employees Empowerment Trust	Mr. Imran Maniar
3.	Trustees of SSG Executive Staff Gratuity Fund	
4.	Trustees of SSG Executive Staff Provident Fund	

5.	Trustees of SSG Non-Executive Staff Gratuity Fund	
6.	Trustees of SSG Non-Executive Staff Provident Fund	
7.	State Life Insurance Corp. of Pakistan	Mr. Waseem Khan Rao
8.	Pakistan Industrial Development Corporation (Pvt) Ltd	Mr. Saleem Ahmed
9.	CDC - Trustee National Investment (Unit) Trust	Mr. M. Salman H. Chawala
10.	CDC - Trustee NIT Islamic Equity Fund	
11.	CDC - Trustee NIT State Enterprise Fund	
12.	CDC - Trustee NIT -Equity Market Opportunity Fund	
13.	CDC-Trustee NITIPF Equity Sub-Fund	

Company Secretary, Mr. Mateen Sadiq, welcomed the shareholders to the 66th AGM of Sui Southern Gas Company Limited ("SSGCL"). He mentioned that the AGM was being held in a hybrid mode i.e. in person as well as through video link facility. After confirming the attendance of directors, he requested the Chairperson to formally convene the meeting.

The Chairperson welcomed all the shareholders, proxies and invitees present at the 66th Annual General Meeting ("**66th AGM**") of SSGCL and called the meeting to order in accordance with the Quorum's requirements (*i.e. 10 Members present in person representing not less than 25% of the total voting power of the Company either on their own account or as proxies*). She mentioned that proxies had been received from the major shareholders.

Thereafter, the Chairperson called for the recitation of verses from the Holy Quran.

NOTICE OF THE 66TH ANNUAL GENERAL MEETING (AGM)

The Chairperson mentioned that the Notice of 66th AGM was published in three leading newspapers (Daily Dawn, Daily Jang and Daily Ausaf) on 13th May, 2022 and was circulated to the shareholders along with CDs having Annual Report 2020 the same day through TCS. She further stated that the Notice of AGM was also made available on PSX portal 'PUCARS' and SSGCL's website for shareholders. The hard copies of the Annual Report had also been provided to those shareholders who had requested as such, she added.

The Chairperson proposed that with the consent of the shareholders the Notice be taken as read.

The shareholders agreed and consented to take the notice of the AGM as read.

ORIDINARY BUSSINES

AGENDA ITEM NO.1

To review the minutes of the 65th Annual General Meeting (AGM) of the Company held on 10 August, 2021:

The Chairperson informed that the Minutes of 65th Annual General Meeting of FY 2018-19 held on 10 August, 2021 were uploaded at PUCARS within 60 days from holding of AGM and provided to the shareholders who requested and the same are also available on SSGCL's website for shareholders.

The Chairperson proposed that with the consent of the shareholders the Minutes of 65th AGM be taken as read.

The shareholders agreed and consented to take the Minutes of the 65th AGM dated 10 August, 2021 as read.

AGENDA ITEM NO.2

To consider the Annual Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Directors' Report in English and Urdu version and Auditors' Reports thereon.

The Chairperson stated that the 66th Annual Report and Audited Financial Statements for the financial year ending 30 June 2020, together with the Auditors' Report had been circulated to the shareholders. She mentioned that in order to ensure timely submission, the financial statements were based on OGRA's decision on Final Revenue Requirement (FRR) petition. However, SSGCL's appeals and review motions will be pursued in parallel for an effective settlement of dues and liabilities, she maintained.

She explained that the major reason for the delay in issuance of Financial Statements had been the matter of implementation of Policy Guidelines issued by the ECC of the Federal Cabinet to OGRA to allow settlement of Unaccounted-for -Gas (UFG) on volume handled basis. She emphasized that the financial impact of the delayed OGRA decision on UFG volume handled basis was substantial and communicated to the Government at highest policy platforms including ECC, CCOE and Federal Cabinet. She asserted that non-implementation of the Policy Guidelines had not only caused serious consequences on the financial health of the Company but has been detrimental to the socio-economic agenda of the Government as well. She shared that the aggregate RLNG Volume Handling benefit claimed in the FRR petition from OGRA, but not allowed up to June 30, 2020, stood at Rs.38.2 billion.

The Chairperson further apprised the forum that SSGC had to absorb losses of Rs. 36.7 billion pertaining from FY 2011 to FY 2015 as a consequence of dismissal of Sind High Court stay against decision on account of UFG Benchmark and certain Non-Operating Incomes in November 2016. She highlighted that with the approval of competent authorities, SSGC had staggered these losses in 6 years i.e. up to FY 2020-21. She mentioned that in the Financial Statements for the year 2019-20, balance loss of Rs. 7.344 billion had been fully absorbed.

The Chairperson further underscored that one of the major issues being faced by SSGCL that has negatively impacted its operations has been the undue delay in increasing the Gas Sales Prices. Due to this inordinate delay, the difference between Sales Price and Prescribed Price has been accumulated and reflected in the Balance Sheet as GDS Receivable to the tune of Rs.178 billion, she shared.

The Chairperson explained that in order to make operations of SSGC sustainable in the depleting indigenous gas reserves scenario, the Board has directed the management for austerity and business diversity seeking opportunities for additional investment and partnerships. She quoted that the Board and management have been working on the feasibilities of various projects related to; terminal operations, development of Gas Storage Facilities, enhancement of gas production from existing gas fields, enhancement of wholly owned subsidiary SSGC-LPG Limited (SSL) business through terminal and related downstream operations, gas production from alternate resources like coal to gas etc.

The Chairperson identified that another milestone achievement is that the Company has negotiated and finalized a new Technology Transfer and License Agreement enabling SSGCL to produce gas meters as designated 'Company Meters', thereby completing the localization of gas meter and enhancing indigenized contents from the current 53% to 97%. Through substitution of the imported measuring units, significant cost reduction of 44% is expected, enabling foreign exchange savings of around €2 million/ year, which could be enhanced up to €7.3 million/ year, if combined with external sale, thereby benefiting the national exchequer.

The Chairperson vowed that since its formation, the Board has relentlessly pursued an HR and institutional reforms agenda as it is key to the transformation of SSGC. High quality performance assessment and results-based accountability is being institutionalized to achieve better outcomes per the expectations of the stakeholders, she asserted. She further shared that new Employment Handbook is to be approved to align policies and regulations with best practices.

On behalf of the Board and management, she thanked all the shareholders for their continued support in the endeavors.

The Chairperson then invited shareholders for questions on Annual Report 2019-20.

Mr. Shamshad Ahmed Malik (CDC account number 04424-31753) put forward the following questions for discussion:

1. The receivables have substantially increased, if the situation remains as such, how the Company would continue in the long run?
2. Despite suffering from losses, why tax has been paid off as it might ultimately lead to default?
3. Why so many meetings are held and what are the outcomes of these meetings?

Syed Muhammad Hanif (CDC account number 06445-67910) asked:

appreciated the Board and management that despite incurring losses and having been through testing times of Covid, people have not been laid off. He further emphasized that Management must take necessary steps to ensure that the gas which is used for commercial purposes be charged accordingly and not on domestic rates. He also commented that efforts should be made to increase the gas prices otherwise the Company would never be able to reduce its losses.

Mr. Waqas Ahmed (CDC account number 06122-55863) asked:

1. UFG has been a critical issue impacting the profitability of the Company, what strategy is being followed for minimizing it?
2. What is the decision of high court on guaranteed return as it is likely to impact profitability?
3. What is the comparative magnitude of UFG loss in Karachi, interior Sindh and Balochistan – the defaulters should be punished and load-shedding be implemented as a strategy.

After having taken the queries, the Board and management responded as under.

MD shared that the cost of gas is more than Company's revenue and no prices are being increased on ground despite price-raise notifications. He shared that SSGCL has taken up this matter with OGRA many times. He also shared that SSGCL is purchasing gas in terms of dollars and selling in terms of rupees which is causing the gross margin to turn negative. He hoped that the Ministry will not only increase the prices but will also help adjust the previous deficit.

On the matter of UFG, he updated the forum that Balochistan's UFG is huge and the reasons are beyond SSGC's control. He shared that specially during winter the consumption of gas rises and the people there cannot afford to pay. He informed that the matter has already been taken up with the Ministry and local administration because if the UFG loss in the Balochistan region is controlled, it can help SSGC turnaround.

He further shared that in Karachi there are 6 to 7 lac people who are consuming gas but not paying for it and since various such consumers reside in buildings of which there are no NOCs, hence SSGCL has not been able to install meters there. He updated the forum that since OGRA, for the first time, has given permission to install meters there; this issue is likely to get resolved soon.

He further said that high loss areas are under observation so as to minimize losses and ensure accountability. Domestic areas are being separated from industrial areas and aggressive marketing campaign has been launched, he added.

On this, the Chairperson also added to the discussion that; SSGCL has carried legacy problems and because of being an SOE, its regulatory, legal and policy framework is decided by the government, which is in fact a basic limitation. She shared that the top management has been assigned specific KPIs for ensuring improved performance; whereby a key KPI is to reduce losses to the extent possible and ensure profitability.

She further shared that, in0 case of SSGCL, the input and output costs are determined by government that too far below the market, and despite all odds, the Company is still delivering and the gas supply has not been compromised. She mentioned that UFG losses though haven't reduced to the intended level but it is gradually proceeding towards betterment.

The Chairperson further said that the Board of Directors spend hours during and after the meetings and carry out intensive discussions on matters affecting the Company. She said that though the company is being run by the management but the policies and regulations are not in the control of the management as these are regulated by the Government. The shareholders need to understand the constraints in which the company operates, she added. She hoped that the reforms are likely to take some time and results would be seen in couple of years' time.

She thanked the shareholders for putting forth their concerns and acknowledged the issues at hand.

After detailed deliberations and question / answer session the following resolution was passed by the shareholders:

"RESOLVED THAT the Audited Accounts for the year ended 30 June 2020 along with report of External Auditors and Directors' Report be and are hereby adopted."

AGENDA ITEM NO.3

To appoint Auditors for the year ended 30 June, 2021 and fix their remuneration. The Board of Directors has recommended appointment of M/s. BDO Ibrahim & Co, Chartered Accountants to be the auditors of the SSGCL for the year ended June 30, 2021.

The Chairperson informed the shareholders that the Board on recommendation of the Board Audit Committee and after due deliberation, has unanimously decided to put forward the recommendation of reappointing M/s BDO Ebrahim & Co. for the provision of external audit services for the FY 2020-21

M/s. BDO Ebrahim & Co., had been engaged last year as External Auditors for FY 2019-20 and are being recommended to serve as External Auditors for FY 2020-21 as well. They will render services in relation to audit of Unconsolidated and Consolidated Financial Statements for FY 2020-21, Limited Review of Unconsolidated Condensed Interim Financial Information, Review of Compliance with Public Sector Code of Corporate Governance 2013 & Compliance with Companies (Code of Corporate Governance) Regulations, 2017 as well as other SECP and OGRA related Certifications.

The Chairperson requested the shareholders to propose and second the resolution in connection with the appointment of auditors for the FY 2020-21:

The following resolution was unanimously passed as proposed by Mr. Adam A. Habib (CDC account no. 03277-80320) and seconded by Mr. Usman Ali (CDC account no. 05264-58995):

"RESOLVED THAT the re-appointment of M/s. BDO Ebrahim & Co., as auditors of the Company for the year ending June 30, 2021 be and is hereby approved at a remuneration of Rs. 4 million plus out of pocket expenses as Auditor Remuneration."

The Resolution was carried unanimously.

AGENDA ITEM NO. 4

To transact any other business with the permission of the Chair.

There being no other business, the meeting concluded with a vote of thanks to the Chair.

CHAIRPERSON