

**SUI SOUTHERN GAS COMPANY LIMITED**  
**DRAFT MINUTES OF THE 69th ANNUAL GENERAL MEETING (AGM) HELD ON**  
**FRIDAY, NOVEMBER 29, 2024, AT 10:30 AM, AT ARENA - JADE HALL, KARACHI**  
**IN HYBRID MODE (i.e., THROUGH ZOOM AND IN PERSON)**

In accordance with the members' attendance record, 489 shareholders attended the 69th Annual General Meeting ("AGM") in person and video link or by proxy including the following Directors and other representatives: -

**Present:**

Dr. Shamshad Akhtar	Chairperson
Mr. Ayaz Dawood	Director
Mr. Muhammad Raziuddin Monem	Director
Dr. Sohail Razi Khan	Director (Zoom)
Mr. Amin Rajput	Acting Managing Director

**In Attendance:**

Mr. Fawad Ahmed Khan	Acting Company Secretary
Mr. Wajeeh Uddin Sheikh	Acting Chief Financial Officer
Mr. Saeed Rizvi	DMD (Operations)
Mr. Tariq Feroz Khan	Partner, M/s. BDO Ebrahim & Co., Chartered Accountants
Ms. Hira Ahmed	Legal Advisor, Liaquat Marchant Associates

Key Management personnel of SSGC

**Proxyholders / Authorized representatives attended AGM on behalf of Shareholders.  
List is enclosed as Annexure-A**

Mr. Fawad Ahmed Khan, Acting Company Secretary cordially welcomed the shareholders in the 69<sup>th</sup> Annual General Meeting (AGM) of Sui Southern Gas Company Limited ("SSGCL"). He mentioned that the AGM was being convened in hybrid mode wherein directors and members are present in person and through video link facility. After confirming the attendance of directors, he requested the Chairperson to formally convene and lead the proceedings of the meeting.

The Chairperson greeted and welcomed all the stakeholders, proxies and invitees present at the 69<sup>th</sup> 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.

After confirming the attendance of directors, the Chairperson called for the recitation of verses from the Holy Quran.

**NOTICE OF THE 69<sup>th</sup> ANNUAL GENERAL MEETING (AGM):**

The Chairperson affirmed that the 21 days' Notice of the 69<sup>th</sup> AGM was published in two leading newspapers; The Express Tribune and Daily Jang on November 8, 2024. Additionally, the notices were circulated to the shareholders on same date, through TCS. It was also made available through PUCARS and posted on the Company's official website.

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

**The shareholders agreed and acceded to take the Notice of the AGM as read.**

**ORDINARY BUSINESS**

**AGENDA ITEM NO.1:**

**To review the Minutes of the 68<sup>th</sup> Annual General Meeting (AGM) held on December 29, 2023.**

The Chairperson informed that the Minutes of the 68<sup>th</sup> Annual General Meeting for the FY 2022-23 held on December 29, 2023 were uploaded on PUCARS within 60 days from the date of holding of AGM and the same are also available on Company's website. The Chairperson proposed that with the consent of the shareholders the Minutes of 68<sup>th</sup> AGM be taken as read.

**The shareholders agreed and consented to take the Minutes of the 68<sup>th</sup> AGM dated December 29, 2023 as read.**

## **AGENDA ITEM NO.2:**

### **To consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2023 together with the Directors' and Auditors' Reports thereon**

The Chairperson stated that 69<sup>th</sup> Annual Report and Audited Financial Statements for the financial year ending June 30, 2023 together with Directors' and Auditors' Reports have been circulated to all shareholders through the QR Code, uploaded at PUCARS and also sent physical copies to those shareholders who requested.

She invited Mr. Amin Rajput, Managing Director to present highlights of the SSGC's Financial Statements for FY 2022-23 and the Company's performance.

MD explained that this year marks a turning point for the Company, as the Company achieved significant milestones in our journey toward operational and financial excellence.

The financial year 2022-23 was a testament to SSGC's resilience and strategic efforts. MD delighted to report a substantial reduction in financial losses from Rs. 11.444 billion in 2021-22 to Rs. 1.601 billion. This remarkable recovery is further evidenced by the improved Earning Per Share (EPS) from a negative Rs. 12.99 to negative Rs. 1.82.

This financial turnaround is the outcome of meticulous planning and the implementation of transformative strategies that the Board has been driving since 2019. The Company's ability to navigate challenges and achieve such results reflects the collective dedication of our management and workforce. Despite regulatory disallowances related to UFG, credit loss provisions, and certain operational costs, SSGC achieved considerable savings in HR Cost expenditures and secured prior-period allowances, contributing positively to Company's bottom line.

### **Operational Excellence and UFG Reduction**

SSGC has made remarkable progress in enhancing operational efficiency, particularly in reducing Unaccounted-for-Gas (UFG). For the fourth consecutive year, SSGC recorded a significant decline in UFG levels, which dropped from 17.84% to

16.56% in FY 2022-23. This reduction, equivalent to an improvement from 59.99 BCF to 51.15 BCF, underscores the effectiveness of our targeted initiatives.

In Karachi, focused efforts brought the UFG percentage down to an impressive 8.28%. Likewise, significant advancements were made in Upper Sindh and Balochistan. Although Balochistan poses unique challenges due to its climate and socio-economic conditions, we have implemented a robust plan to reduce UFG by an additional 8 BCF in the coming fiscal year.

Furthermore, we have embarked on a three-year network rehabilitation plan to strengthen our infrastructure. This ambitious project will overhaul 7,500 kilometers of network, ensuring enhanced gas supply reliability, reduced leakages, and improved system integrity.

### **Technological Advancements**

SSGC continued to lead the way in innovation, utilizing cutting-edge technology to optimize operations. SSGC's adoption of GIS and MAZIK platforms has revolutionized network monitoring and data analytics, enabling us to identify and address issues swiftly. The deployment of remote monitoring systems at key sites has enhanced control over gas usage, aligning with our commitment to operational excellence.

### **Subsidiaries Achievements and Alternate Energy Ventures**

SSGC's subsidiaries have also delivered outstanding results. SSGC LPG Limited (SLL) achieved record growth in LPG sales, market share, and profitability solidifying its position as a key player of LPG market. By diversifying supply sources and strengthening import operations, it has enhanced its market presence.

SSGC Alternate Energy (Pvt.) Limited (SSGC-AE) has made strides in sustainable energy ventures, including biogas production and exploring green hydrogen initiatives. Strategic partnerships for converting Coal into gas and liquids further underscore the Company's commitment to innovation and environmental stewardship.

## **Challenges and Opportunities**

While challenges remain, including natural gas depletion, exchange rate volatility, and delays in tariff adjustments, SSGC views these as opportunities to innovate and adapt. High UFG levels in Balochistan and unresolved circular debt issues are being addressed with strategic focus and operational vigor.

SSGC zonal management structure, coupled with performance-driven strategies and technological investments, positioned SSGC for sustainable growth. The implementation of the HR Manual and performance-based assessments is fostering a culture of excellence, ensuring that we remain competitive and ready for future.

The Shareholders then put forward the following questions & suggestions for discussion:

### **Questions (Relevant to the FS for FY22-23):**

1. Although Company showed significant decrease in losses and improvement in financial health, but shareholders are still being deprived of the dividends. Kindly propose the announcement of dividend in near future.
2. Significant improvements in the results of the Company's financial position attributed to the enhancement of gas price which put a substantial burden on consumers. SSGC is also a utility company besides a public limited, he suggested to fix the gas prices where consumers can survive, and not merely for better financial results of the Company.

### **Questions (Operational issue):**

3. One of the shareholders inquired about the current UFG figure in Karachi region as compared to previous years' UFG figure.
4. What is the UFG of Karachi region in terms of Pak Rupees or in terms of percentage.
5. SSGC should minimize the line gas supply keeping in view the gas theft and promote the cylinder gas.

6. SSGC has included fixed charges of Rs.400/- in the bills for protected consumers up to 90 hm<sup>3</sup> and for those whose usage is above 90 hm<sup>3</sup>, a fixed charge of Rs. 1000/- is billed for next six months. This is a huge burden, kindly consider it and look into this matter.
7. At what percentage the salaries of employees of SSGC increased during the last year. it is perceived that despite Company is not making any profit, salaries of employees of the Company increase annually but no dividend has been paid to shareholders.
8. SSGC is charging amount of Conical Baffles in consumers bills, if a customer has no geyser facility in his house, then why he/she should bear the cost of instrument.
9. In various areas, the rehabilitation work has been completed and gas distribution lines have also been installed but gas supply has not been started yet but bills are being sent, kindly look into this matter.

After taking the queries, the Board and management responded as under:

1. In the first nine months, Company incurred a loss of Rs. 17.35 billion and at the end of the year this heavy loss ended at a negligible loss of Rs. 1.6 billion, which is evident that the Company has gained the momentum & financial health of the Company will further improve and positive results are expected in the near future. However, Company is still not in a position to propose any dividend to shareholders.
2. Since last three years, there was no increase in gas prices by the Federal Government, due to which GDS of Rs. 500 billion has been accumulated in Company's book of accounts. With the timely increase in gas prices, Company's cash flow has been improved significantly. Additionally, the depletion effect will also be reduced because E&P Companies are now being paid in timely manners and it is expected that their drilling activities will be activated.
3. Responding to the query related to the UFG numbers of Karachi region, MD mentioned that few years back, SSGC was used to supply gas to the industry & retail in the ratio of 80:20 (Bulk to Retail Ration), but currently this ratio is almost

50:50. The drastic reduction in Karachi region UFG from 16% to 8% (near to OGRA benchmark) is due to great efforts of Operations team which is laudable. Going forward with massive rehabilitation in entire Karachi regions will help to further reduce UFG figure.

4. Currently, Karachi region covers 70% sales of SSGC, and current UFG of Karachi region is 8% in terms of percentage, and 20 BCF in volumetric term which equals to Rs. 20 billion in terms of rupees.
5. Considering the constant gas reserves depletion, the gas to domestic customers is supplied in scheduled hours. However, switching pipeline consumers to gas cylinders will take place gradually under any policy devised by the Federal Government. He informed that currently only 27% of the total population of Country uses pipeline gas and the rest rely on alternate means.
6. SSGC is not responsible for the protected and non-protected tariffs, OGRA being the regulator defined the definition of protected and non- protected categories based on their gas consumption pattern. OGRA has determined Rs. 400/- fixed charges per month for all Protected consumers whose monthly gas usage is below 90 hm<sup>3</sup> and Rs. 1000 per month for customer above from 90hm<sup>3</sup>. These tariffs are prevailing in all over the Country.
7. The SSGC Board has approved HR Manual of the Company and salaries increments percentages are reasonable. SSGC's HR Cost has always been within the OGRA HR cost benchmark and there has been no disallowance by the OGRA related to the HR Cost of the Company, hence there had been savings in the HR Cost which pass on to the shareholders. Moreover, the Board has decided that until the Company started earning profits, there will be no bonus to employees.
8. Conical Baffle increase the efficiency of geysers and ultimately on bill amount of gas. Conical Baffles were installed in consumers geysers as per the directives of the Federal Government to both Sui Companies. Moreover, prior to the installation of Conical Baffles, a comprehensive survey was conducted in order to ascertain the availability of geysers at consumers locations. Conical Baffles were install only to those consumers who were having geysers in their homes and any consumer

who has been billed the amount of Conical Baffle without having geyser can visit SSGC Customer Facilitation Centers and get the Conical Baffle amount reversed in bills.

9. Completion of rehabilitation work & laying of gas pipelines do not mean the 24 hours availability of gas in laid lines. Whenever massive rehabilitation projects carried out in certain areas, connectivity of newly laid gas pipelines with main line take considerable time. Apparently, it seems to the general public that rehabilitation work is completed & gas supply is on but in fact the rehabilitation work is not completed until the pipelines are connected with the main gas line.

**On behalf of the Management and the Board, Chairperson thanked the shareholders for presenting their concerns and acknowledged the issues at hand.**

After question answer session, the following resolution was proposed by shareholder Mr. M. Hanif Folio No. 06445-67910 and seconded by shareholder, Mr. Adam A. Habib Folio No.03277-80320.

***“RESOLVED THAT the Annual Audited Financial Statements for the year ended 30 June 2023 together with Directors’ and Auditors’ Report thereon of the External Auditors and Directors’ Report be and are hereby adopted.”***

**AGENDA ITEM NO.3:**

**To appoint the External Auditors for the year ended June 30, 2024 and fix their remuneration:**

The Chairperson informed shareholders that the Board on recommendation of the Board Audit Committee (BAC), has unanimously decided to put forward the recommendation for reappointing M/s. BDO Ebrahim & Co., Chartered Accountants for the provision of external audit services for the FY 2023-24.

She further informed that M/s. BDO Ebrahim & Co., had been engaged last year as External Auditors for the FY 2022-23 and is recommended to serve as Statutory Auditors for the FY 2023-24. They will render their services in relation to the audit of the Unconsolidated and Consolidated Financial Statements of the Company for the



FY 2023-24, Limited Review of Unconsolidated Condensed Interim Financial Information, Review of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 and other SECP and OGRA related Certifications.

The Chairperson requested shareholders to propose and second the resolution in connection with the appointment of External Auditors for the FY 2023-24:

The following resolution was proposed by shareholder Mr. M. Hanif Folio No. 06445-67910 and seconded by shareholder, Mr. Adam A. Habib Folio No. 03277-80320.

***“RESOLVED THAT the re-appointment of M/s. BDO Ebrahim & Co., Chartered Accountants as External Auditors of the Company for FY 2023-24 be and is hereby approved at a remuneration of Rs. Five Million Seven Hundred Sixty Thousand only (Rs. 5,760,000) excluding out of pocket expenses.”***

The Chairperson declared both the Agenda Items no. 02 & 03 passed by the shareholders and thanked them.

**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**

**ANNEXURE-A****Proxyholders / Authorized representatives attended AGM on behalf of Shareholders**

<b>S. No</b>	<b>Folio / CDS Account #</b>	<b>Name of Shareholder</b>	<b>Name of Proxy Holders</b>
1.	03889-44	National Bank of Pakistan	Mr. Asad Saleem
2.	1604459	The President Islamic Republic of Pakistan	Mr. Hassan Mehmood Yousuf Zai
3.	02683-23	State Life Insurance Corp. of Pakistan	Mr. Subhash Chandra
4.	03277-68056	Trustees of SSGC Executive Staff Gratuity Fund	Mr. M Amin Rajput (AMD - SSGCL)
5.	03277-68055	Trustees of SSGC Non-Executive Staff Gratuity Fund	Mr. M Amin Rajput (AMD - SSGCL)
6.	03277-68053	Trustees of SSGC Executive Staff Provident Fund	Mr. M Amin Rajput (AMD - SSGCL)
7.	03277-68054	Trustees of SSGC Non-Executive Staff Provident Fund	Mr. M Amin Rajput (AMD - SSGCL)
8.	1916422	SSGC Employees Empowerment Trust	Mr. M Amin Rajput (AMD - SSGCL)
9.	12724-25	Sindh Bank Limited	Mr. Dilshad Hussain Khan
10.	03277-7003	Pakistan Industrial Development Corporation	Mr. Javed Hyder Shaikh, DGM Project (BQIP)
11.	04952-28	Sherman Securities (Private) Limited	Mr. Farhan Mehmood
12.	14902-21	CDC - Trustee National Investment (Unit) Trust	Mr. Salman Chawla
13.	12021-20	CDC - Trustee NIT State Enterprise Fund	Mr. Salman Chawla

14.	12120-28	CDC - Trustee NIT-Equity Market Opportunity Fund	Mr. Salman Chawla
15.	16139-23	CDC - Trustee NIT Islamic Equity Fund	Mr. Salman Chawla
16.	16162-20	CDC -Trustee NITIPF Equity Sub-Fund	Mr. Salman Chawla
17.	03277-4255	Pakistan Reinsurance Company Limited	Mr. Muhammad Naveed Iqbal