

SUI SOUTHERN GAS COMPANY LIMITED
DRAFT MINUTES OF THE 70TH ANNUAL GENERAL MEETING (AGM) HELD ON
MONDAY, 16 JUNE, 2025, AT 11:00 AM, AT ARENA - JADE HALL, KARACHI IN
HYBRID MODE (i.e., THROUGH ZOOM AND IN PERSON)

In accordance with the members' attendance record, 269 shareholders attended the 70th Annual General Meeting ("AGM") in person and video link or by proxy including the following Directors and other representatives: -

Present:

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

Leave of Absence:

Mr. Momin Agha	Director
Mr. Shakil Qadir Khan	Director
Mr. Shoaib Javed Hussain	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
Mr. Muhammad Faraz Khan	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

Acting Company Secretary, Mr. Fawad Ahmed Khan, cordially welcomed the shareholders in the 70th 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 70th Annual General Meeting (“70th 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, thereafter, the Chairperson called for the recitation of verses from the Holy Quran.

NOTICE OF THE 70th ANNUAL GENERAL MEETING (AGM):

The Chairperson affirmed that the 21 days’ Notice of the 70th AGM was published in two leading newspapers; The Express Tribune and Daily Jang on 13th May 2025. 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 69th Annual General Meeting (AGM) held on November 29, 2024.

The Chairperson informed that the Minutes of the 69th Annual General Meeting for the FY 2022-23 held on 29th November 2024 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 69th AGM be taken as read.

The shareholders agreed and consented to take the Minutes of the 69th AGM held on 29th November 2024 as read.

AGENDA ITEM NO.2:

To consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2024 together with the Directors' and Auditors' Reports thereon.

The Chairperson stated that 70th Annual Report and Audited Financial Statements for the financial year ending 30th June 2024 together with Directors' and Auditors' Reports have been circulated to all the shareholders through the QR Code, uploaded at PUCARS and also sent the physical copies to those shareholders who requested.

She invited Mr. Amin Rajput, Acting Managing Director to present highlights of the SSGC's Financial Statements for FY 2023-24 and the Company's performance.

AMD explained that SSGC continued its remarkable journey of operational excellence and financial performance. He added that with strategic oversight of the Board, prudent management, enhanced operational efficiencies and strong focus on financial discipline, Company successfully moved from a loss-making entity to registering a healthy profit in the FY 2023-24. .

Financial Highlights:

For the Financial Year 2023-24, the Company recorded a Profit After Tax of Rs. 6.8 billion, marking a significant turnaround from the loss of Rs. 1.6 billion reported in the previous financial year 2022-23. This recovery is further reflected in the improvement of Earnings Per Share (EPS), which rose from a loss of Rs. 1.82 per share in FY 2022-23 to Rs. 7.76 Per Share in FY 2023-24. This underscores enhanced shareholder value and operational strength.

He further apprised that SSGC, being a highly regulated entity under OGRA's tariff regime, is subject to various allowances, benchmarks, and parameters that directly impact its bottom line. The main factor contributing to the profitability was a substantial reduction in UFG. Other contributing elements included effective cost controls and strong capitalization of infrastructure investments. Despite challenges

such as inflationary pressures, higher KIBOR rates, and regulatory disallowances, the Company successfully navigated the external environment through prudent planning and proactive stakeholder engagement.

UFG Reduction:

AMD briefed that during FY 2023-24, SSGC achieved a substantial reduction in UFG from 51.20 BCF to 32.20 BCF, translating into a saving of 19 BCF. In percentage terms, UFG dropped to 10.59% from 16.56% in the previous year, hence net reduction of 6% achieved. This equated to an approximate positive financial impact of Rs. 20 billion on the Company's bottom line.

In the Karachi region, UFG has been reduced from 8.92% to 6.8%, resulting in a saving of 5.2 BCF. In Interior Sindh region, UFG was reduced from 13.24% to below 10%. The Balochistan region, being the most challenging region due to geographical and socio-economic constraints, also showed significant progress, with UFG savings of 11 BCF, reducing losses from 24 BCF to 15 BCF. These results were achieved through structural reforms, enhanced operational controls, and the implementation of a zonal structure, including the establishment of SBUs and region-wise accountability.

Network Rehabilitation:

The foundation of the Company's performance in FY 2023-24 was anchored in a comprehensive operational strategy emphasizing quality assurance, agile execution, and integration of advanced technologies. During the year, SSGC rehabilitated approximately 1,500 kms of Network. Looking ahead, the Company has planned an aggressive program to rehabilitate 2,500 kms per year over the next three years (a total of 7,500 kms).

To support this ambitious plan, organizational restructuring was undertaken to enhance execution capacity, redefine regional boundaries, and ensure direct reporting lines for stronger accountability. This has significantly improved the pace and quality of rehabilitation, setting the stage for faster and more effective infrastructure modernization.

Additionally, segregation of Domestic customers from Industrial customers has had a positive impact on UFG reduction, ensuring consistent gas pressure across the Domestic sector throughout the franchise area.

Capitalization Enhancement:

AMD apprised that historically, SSGC's capitalization ranged between Rs. 8 to 9 billion. However, in FY 2023-24, capitalization rose sharply to Rs. 25 billion. For the next three years, the Company aims to achieve capitalization of Rs. 40 billion annually.

He further highlighted that under the tariff regime, SSGC operates on a Fixed Return or Weighted Average Cost of Capital (WACC) formula; hence, capitalization and return on assets remain critical drivers of profitability.

Technological Advancements:

In FY 2023-24, SSGC accelerated technological innovation across its operations, focusing on automation, data integration, and smart monitoring. In Phase-1 of technical automation, 50 Town Border Stations (TBSs) in Karachi has been automated which positively impacted over 565,000 Domestic and Commercial customers. The Company progressed to Phase-II of its automation and control program. This phase expanded the coverage to 18 Sales Metering Stations (SMSs) across Sindh and Balochistan regions and additional 47 TBSs within the Karachi region targeting 2 million customers

All TBSs are now remotely monitored and controlled, eliminating the need for manual oversight. This automation has directly contributed to UFG reduction. Additionally, integration of GIS and Mazik platforms, along with SCADA-enabled real-time gas tracking, has significantly enhanced monitoring capabilities.

Geographic Information System (GIS):

During FY 2023-24, the GIS Department made notable advancements in operational efficiency. The system was upgraded from Oracle 11g to 19c, improving performance, scalability, and compatibility with ESRI ArcGIS. GIS was further integrated with the

Cathodic Protection System, enabling real-time pipeline integrity monitoring and supporting preventive maintenance initiatives.

Regulatory Compliances:

In FY 2023-24, SSGC achieved 99% compliance of the Key Monitoring Indicators (KMIs) set by OGRA. As a result, the UFG benchmark was revised upward from 7.40% to 7.5%, reflecting the Company's commitment to regulatory compliance, transparency, and operational integrity.

Subsidiaries – Achievements & Way Forward:

SSGC LPG Limited (SLL): In FY 2023-24, SLL performed exceptionally well, reporting a Profit before Tax of Rs. 2.5 billion and a Profit after Tax of Rs. 1.4 billion. These earnings contributed directly to SSGC's consolidated bottom line. Furthermore, SLL transitioned from a private company to a public unlisted limited company, thereby enhancing its corporate profile.

SSGC Alternate Energy (Pvt.) Limited (SSGC-AE): The subsidiary has initiated advanced pre-operational activities, and revenue generation is expected in the near future, which will further strengthen consolidated earnings.

Challenges and Opportunities:

In FY 2023-24, SSGC faced multiple external challenges, including natural gas depletion, exchange rate volatility, and the persistent issue of Circular Debt. High UFG levels in Balochistan also remained a concern due to climatic and socio-economic conditions, requiring long-term policy intervention at the Federal Govt. level.

Despite these headwinds, the Company sustained strong momentum through its zonal management structure, targeted UFG reduction initiatives, and strategic investments in technology. The implementation of the HR Manual and performance-

based assessments further reinforced organizational discipline, positioning SSGC for sustainable growth and long-term readiness.

While concluding his speech on the Company's progress, AMD invited shareholders to share their queries, questions, and suggestions.

Questions (Relevant to the FS for FY'23-24):

1. In FY 2022-23, revenue from customers was Rs. 242.72 billion, while in FY 2023-24 it increased to Rs. 412.66 billion. However, after Tariff adjustments, the revenues of both years are almost equal. Kindly explain the reason and mechanism through which the revenue figures of both years appear almost the same despite the difference in reported customer revenues. Furthermore, the Gross Profit in FY 2022-23 was Rs. 28.18 billion, whereas in FY 2023-24, despite similar revenue from customers, Gross Profit decreased significantly to Rs. 10.38 billion. Additionally, in FY 2022-23, despite a positive Gross Profit of Rs. 28.18 billion, the Company sustained a Net Loss of Rs. 1.60 billion. Conversely, in FY 2023-24, with a lower Gross Profit of Rs. 10.38 billion, the Company recorded a Net Profit of Rs. 6.84 billion. Kindly elaborate on the factors and mechanisms underlying these fluctuations, where variations in the upper portion of the Financial Statements (revenues and gross profit) appear inconsistent with the bottom-line results.
2. SSGC has undertaken a comprehensive overhaul of its entire system through technological advancements. UFG figures presented in the Financial Statements are as of June 30, 2024, which are almost one year old. What is the updated UFG reduction achieved by the Company in light of the extensive rehabilitation works and the deployment of advanced technology.

Questions (Related to the Operational Issues):

3. The current reduction in UFG pertains to FY 2023-24. Looking ahead, a sizeable portion of Captive Power is included in the customer base. With the gradual increase in gas prices for Captive Power plants, it is expected that Captive Power

will shift to the national grid in line with the Government's incentivized program. What will be the impact on UFG and profitability if SSGC diverts volumes from Captive Power to Residential consumers, given that UFG is comparatively higher in the Residential sector. Furthermore, what strategy does SSGC intend to adopt to counter this situation.

4. Assuming that the accounting treatment remained consistent throughout the fiscal year, the "Other Income" reported in the first three quarters of the previous year's consolidated Financial Statements ranged between Rs. 8 to 9 billion. However, in the last quarter of FY 2023-24, "Other Income" increased significantly to Rs. 25 billion. Kindly elaborate on the factors that contributed to this spike in other income, and clarify whether it is of a one-off or recurring nature, along with its sustainability in the future.
5. Considering the current profitability of the Company in FY 2023-24, what is Management's assessment regarding the sustainability of profitability going forward, considering the green environment initiatives
6. As per recent developments, SSGC has resumed gas supply to Jamshoro Joint Venture Limited (JJVL). Please apprise the impact of this arrangement on the Company's bottom line, based on SSGC's 66% revenue share.
7. SSGC has planned Capitalization of Rs. 40 billion each year from FY 2025 to 2027, please inform the amount of Capitalization has been achieved in FY 2025 and moving forward what will be financing mix plan of the Company.
8. SSGC is currently booking its ROE at 23%, whereas OGRA has determined a fixed ROE rate for SNGPL. When will this matter be reviewed by OGRA, and when is the ROE expected to be reset? Moreover, given the prevailing interest rate environment, what does SSGC foresee in this regard.

After taking questions from stakeholders, the Board and Management responded as under:

1. SSGC is classified as a "Public Interest Company" under the Companies Act, 2017; therefore, it follows the disclosure requirements of the Fourth Schedule of

the Act as well as IFRS Standards for the preparation of its Financial Statements. However, being an OGRA-regulated entity, SSGC is also required to prepare its Financial Statements under the Tariff Regime, wherein OGRA allows a guaranteed rate of return on the Company's assets and benchmarks various cost elements of the Financial Statements. The classification and fluctuation of certain items under the Tariff Regime do not differ materially, and the overall impact on the Company's bottom line remains the same.

2. In FY 2023-24, total capitalization stood at Rs. 24 billion. Due to the extensive network rehabilitation, UFG has been determined by OGRA at 10.59%. SSGC has set a target to reduce UFG to the OGRA benchmark of 7.50% in order to avoid any disallowance on account of UFG.
3. With the increase in price and the imposition of levy, gas consumption by Captive Power plants has declined by 50%. Since Captive Power plants are Bulk customers, SSGC is diverting the available gas from Captive Power to other Bulk customers and not to Domestic customers. Therefore, there will be no impact on UFG; however, SSGC's cash flows will be affected.
4. Other income in the last quarter of 2024 was a one-off item, and its impact has been appropriately reflected under other expenditure in Notes 41- 42. It primarily pertained to reversals of LPS income and LPS expenditure.
5. UFG is a key factor contributing to the Company's profitability. Keeping in view the massive Rehabilitation and Capitalization, UFG is expected to be further reduced, thereby sustaining the Company's profitability going forward.
6. The transaction with JJVL has been approved by the SSGC Board and endorsed by the SIFC; however, the agreement has not yet been signed. SSGC has ensured that its interests are protected in the agreement, which should positively impact SSGC's bottom line. The effect of JJVL is expected to reflect in FY 2025–26.

7. SSGC has planned Capitalization of Rs. 40 billion for FY 2025. It is expected that by the close of June 2025, the capitalization figure will range between Rs. 30–40 billion.
8. SSGC's rate of return is based on the Weighted Average Cost of Capital (WACC), comprising Debt and Equity in a ratio of 70:30. In the ERR for FY 2025–26, OGRA has allowed a Return on Equity (ROE) of 25.90%, which is a very healthy rate.

After responding to the questions, AMD requested Mr. Saeed Rizvi, DMD (Ops.), to further brief on the significant achievements in UFG reduction and the future plans to achieve the OGRA benchmark.

Mr. Saeed Rizvi, DMD (Ops.), apprised that the entire UFG team has been actively and effectively carrying out UFG reduction activities over the last 2–3 years, resulting in a remarkable reduction in UFG levels. He further emphasized that SSGC's Management and the Board are making consistent and rigorous efforts to bring UFG down to the OGRA-prescribed benchmark. He outlined the following major factors that have contributed to the significant reduction in UFG and enhanced profitability and operational excellence:

- i. Rationalization of Purchases against Sales in areas where SSGC was facing challenges, by efficiently managing purchases and focusing on sales.
- ii. Strengthening of administrative structures in the franchise areas, particularly in interior Sindh and Karachi regions. A Zonal structure has been established, enhancing the outreach of each Zonal Manager, with each now responsible for approximately 100,000 customers. Under this structure, Zonal Managers are accountable for all operational aspects including CRD, Distribution, and Measurement. This initiative has greatly improved customer satisfaction through the prompt resolution of issues.
- iii. Extensive rehabilitation work has played a pivotal role in reducing UFG. Historically, SSGC rehabilitated 200–300 KM per year; however, in FY 2022-23, the Company initiated a massive rehabilitation drive and achieved 700 KM. In FY

2023-24 and FY 2024-25, 1,000 KM and 1,500 KM, respectively, were rehabilitated. For FY 2025-26, SSGC has planned to rehabilitate 2,500 KM, with half of the target already achieved by June 2025.

- iv. Segregation of Industrial customers from Domestic consumers in areas where both categories were previously merged. To achieve this, SSGC executed seven major projects in the Karachi region, resulting in improved monitoring and control.
- v. Significant progress in Balochistan, where for the first time, UFG levels have been reduced through dedicated efforts of the UFG operations team. He acknowledged the collective contributions of the Board, Management, and the UFG Committee for their strong guidance and support.

Concluding the session, the Chairperson apprised shareholders that she chairs the Board Special Committee on UFG, and highlighted that the Committee, in close collaboration with Management, holds frequent and extensive meetings to provide strategic direction and continuously monitor UFG progress. She underscored that the current results and turnaround of the Company are a direct outcome of the Board's strong vigilance. She further added that ongoing expansion plans will significantly contribute to the Company's bottom line and financial strength, with more profitable results expected in the future.

On behalf of the Management and the Board, Chairperson thanked the shareholders for putting forth their concerns, appreciation, continued support in all our endeavors 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 2024 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, 2025 and fix their remuneration:

The Chairperson informed shareholders that the Board on recommendation of the Board Audit Committee (BAC) and after due deliberation, 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 2024-25.

She further informed that M/s. BDO Ebrahim & Co., had been engaged last year as External Auditors for the FY 2023-24 and is recommended to serve as External Auditors for the FY 2024-25. They will render their services in relation to the audit of the Unconsolidated and Consolidated Financial Statements of the Company for the FY 2024-25, 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 2024-25:

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 2024-25 be and is hereby approved at a remuneration of Rs. Six Million Three Hundred Fifty Thousand only (Rs. 6,350,000) 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**

S.No.	Folio No	Shareholder Name	Name of Proxy Holder
1	1604459	President Islamic Republic of Pakistan	Mr. Zafar Abbas-Additional Secretary Petroleum Division
2	900004	GOP	
3	1916422	SSGC Employees Empowerment Trust	Mr. Amin Rajput - AMD (SSGCL)
4	02683-23	State Life Insurance Corporation	Mr. Noman Shaikh
5	03889-44	National Bank of Pakistan	Mr. Asad Saleem
6	06601-28572	Trustee Sui Southern Gas Executive Staff Gratuity Fund	Mr. Amin Rajput - AMD (SSGCL)
7	06601-28598	Trustee Sui Southern Gas Non-Executive Staff Gratuity Fund	
8	06601-28580	Trustee Sui Southern Gas Executive Staff Provident Fund	
9	06601-28606	Trustee Sui Southern Gas Non-Executive Staff Provident Fund	
10	03277-4255	Pakistan Re-Insurance Company Ltd.	Mr. Muhammad Naveed Iqbal
11	12021-20	CDC - Trustee NIT State Enterprise Fund	Mr. Salman H. Chawala
12	14902-21	CDC - Trustee National Investment (Unit) Trust	
13	12120-28	CDC - Trustee NIT-Equity Market Oppotunity Fund	
14	16162-20	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	
15	16139-23	CDC - Trustee NIT Islamic Equity Fund	
16	03277-7003	Pakistan Industrial Development Corporation	Mr. Javed Ahmed Shaikh
18	06452-28127	Mr. Raziuddin Monem	Mr. Raziuddin Monem
19	06452-20900	Mst. Ghazala Monem	Mr. Raziuddin Monem
20	07070-22	CDC - Trustee Meezan Islamic Fund	Mr. Abdul Basit