



**The General Manager**

Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi.

**FORM-3**

SSGC/CS/2021-122

10 July, 2021

Confidential

Under Sealed Cover

**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE 2019**

Dear Sir,

We have to inform you that the Board of Directors of our company in their meeting held on 10 July, 2021 at 10:00 am, at SSGC Board Room, Head Office Building, Gulshan-e-Iqbal, Karachi recommended the following:

(i) CASH DIVIDEND	NIL
(ii) BONUS SHARES	NIL
(iii) RIGHT SHARES	NIL
(iv) ANY OTHER ENTITLEMENT/CORPORATE ACTION	NIL
(v) ANY OTHER PRICE-SENSITIVE INFORMATION	NIL

The financial results of the Company are attached as **Annexure A and B**.

The Auditors in their initialed draft report to the members have stated:

**QUALIFIED OPINION**

**BASIS FOR QUALIFIED OPINION**

- As disclosed in notes 27.1 and 27.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 32,888 million (2018: Rs. 31,948 million) and Rs. 23,661 million (2018: Rs. 22,924 million) from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML) respectively. Significant portion of such receivables include overdue amounts, which have been considered good by management and classified as current assets in the unconsolidated financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances due to which management has decided to recognise LPS on a receipt basis from the aforesaid entities effective from 01 July, 2012.

Due to the adverse operational and financial conditions of PSML, disputes by KE and PSML with the Company on LPS, and large accumulation of their respective overdue amounts, we were unable to determine the extent to which the total amounts due from KE and PSML were likely to be recovered and the timeframe over which such recovery will be made;

# Sui Southern Gas Company Limited

SSGC House, Sir Shah Suleman Road, Gulshan-e-Iqbal, Karachi

- As disclosed in note 30 to the unconsolidated financial statements, interest accrued includes interest receivable of Rs. 7,547 million and Rs. 3,741 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA) respectively. These have been accounted for in line with Company's policy of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to dispute with WAPDA, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered and the timeframe over which such recovery will be made; and
- On 30 April, 2018, The International Court of Arbitration decided against the Company in the case with Habibullah Coastal Private Company Limited (HCPCL) and imposed liquidated damages amounting to Rs. 4,158 million. Prior to the decision, the Economic Coordination Committee (ECC) through its meeting held on 07 February, 2018 had proposed waiver of liquidated damages and directed Ministry of Energy – Petroleum Division to work out modalities in consultation with all stakeholders. Based on that decision, management has recognised a receivable of Rs. 4,158 million (2018: 3,788 million) from HCPCL as disclosed in Note 31 to these unconsolidated financial statements. However, to date, no agreement has been finalized between the relevant stakeholders. In the absence of the agreement, there is no contractual right to receive cash or financial asset from HCPCL and the requirements of IFRS 9 'Financial Instruments' are not met. Had management not recognised this receivable, the loss before tax would have increased by Rs. 4,158 million (2018: 3,788 million) and net assets would have reduced by Rs. 2,952 million (2018: 2,652 million).

## **EMPHASIS OF MATTER**

We draw attention to:

- (i) note 2.1.1 to the unconsolidated financial statements that describes the reasons why the Company has staggered the effect of Sindh High Court decision over a period of five financial years from 2017 to 2021 based on the permission received from the ECC, Securities and Exchange Commission of Pakistan (SECP) and the OGRA;
- (ii) note 17.1 to the unconsolidated financial statements that describes that the Company has reversed the late payment surcharge (LPS) expense of Rs. 26,222 million on delayed payables pertaining to gas supplied by Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) with effect from 01 July, 2012 to June 30, 2016 and not recorded LPS expense for the year ended June 30, 2017, 30 June, 2018 and 30 June, 2019 amounting to Rs. 7,569 million, Rs. 7,477 million and Rs. 10,525 million respectively for reasons described in the said note.

## **Annual General Meeting FY 2019:**

The Annual General Meeting of the Company will be held on Saturday, 10 August, 2021 at 11:00 a.m at SSGC Head Office, Karachi through video link facility.





## Sui Southern Gas Company Limited

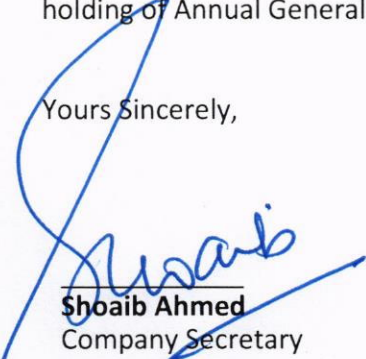
SSGC House, Sir Shah Suleman Road, Gulshan-e-Iqbal, Karachi

In light of the COVID-19 situation, the Securities and Exchange Commission of Pakistan ("SECP"), vide its latest Circular No.4 dated 15 February, 2021 and Circular No. 6 dated 03 March, 2021 has advised companies to modify their usual planning for general meetings for the safety and wellbeing of shareholders and the public at large with minimal physical interaction. Hence, members are also requested to participate in the AGM through electronic means.

The Share Transfer Books of the Company will be closed from 4 August, 2021 to 10 August, 2021 (both days inclusive). Transfers received in order at the office of Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Sharah-e-Faisal, Karachi at the close of business on 3 August, 2021 treated in time for the purpose of above entitlement to the transferees.

The Annual Report of the Company will be transmitted through PUCARS atleast 21 days before holding of Annual General Meeting.

Yours Sincerely,



**Shoaib Ahmed**  
Company Secretary

Cc: The Commissioner  
Securities and Exchange  
Commission of Pakistan (SECP)  
Company Law Division /  
Corporate Supervision  
Department  
& Technology Division  
Islamabad.

Head of Operations,  
Central Depository Company of  
Pakistan  
CDC House, 99-B, Block B, S.M.C.H.S,  
Main Sharah-e-Faisal, Karachi

## Annexure - A

**Sui Southern Gas Company Limited**  
**Unconsolidated statement of profit or loss**  
**For the year ended June 30, 2019**

	Note	2019 (Rupees in '000)	2018 (Rupees in '000)
Sales		251,645,232	184,014,813
Sales tax		(32,381,199)	(25,251,284)
	34	219,264,033	158,763,529
Gas development surcharge	35	84,884,740	22,845,175
RLNG differential margin	36	(6,982,069)	(4,004,081)
Net sales		297,166,704	177,404,423
Cost of sales	37	(295,120,476)	(187,181,334)
Gross profit / (loss)		2,046,228	(9,776,911)
Administrative and selling expenses	38	(4,820,392)	(4,475,239)
Other operating expenses	39	(20,685,914)	(5,512,109)
Impairment loss against financial assets		(849,498)	-
		(26,355,804)	(9,987,348)
		(24,309,576)	(19,764,259)
Other income	40	14,247,541	14,002,137
Operating loss		(10,061,935)	(5,762,122)
Finance cost	41	(8,758,292)	(5,063,738)
Loss before taxation		(16,820,227)	(10,825,860)
Taxation	42	(1,574,341)	(4,022,348)
Loss for the year		(18,394,568)	(14,848,208)
		(Rupees)	
Basic and diluted loss per share	44	(20.88)	(16.86)



The image shows a handwritten signature in blue ink over a circular purple stamp. The stamp contains the text 'SUI SOUTHERN GAS CO. LTD.' around the top, 'SSGC' in the center, and 'KARACHI' at the bottom. There are also two small stars on either side of 'KARACHI'.

## Annexure - B

**Sul Southern Gas Company Limited**  
**Consolidated statement of profit or loss**  
**For the year ended June 30, 2019**

		2019 ----- (Rupees in '000) -----	2018 ----- (Rupees in '000) -----
Sales	36	251,545,232	194,014,513
Sales tax	36	(32,381,199)	(25,251,284)
		<u>219,264,033</u>	<u>168,763,329</u>
Gas development surcharge		84,894,740	22,545,175
RLNG differential margin	3.3.3	(6,982,069)	(4,004,081)
		<u>219,264,033</u>	<u>168,763,329</u>
Net sales		219,264,033	168,763,329
Cost of sales	39	(295,127,307)	(187,195,880)
		<u>2,039,397</u>	<u>(9,791,457)</u>
Gross profit/(loss)		2,039,397	(9,791,457)
Administrative and selling expenses	40	(4,941,889)	(4,577,285)
Other operating expenses	41	(20,686,660)	(5,513,074)
Impairment loss against financial assets		(849,498)	-
		<u>(26,478,047)</u>	<u>(10,090,359)</u>
		(26,478,047)	(10,090,359)
Other income	42	(24,438,650)	(19,881,816)
		<u>14,409,908</u>	<u>14,190,110</u>
Operating loss		(10,028,742)	(5,691,706)
Finance cost	43	(6,759,183)	(5,065,105)
		<u>(16,787,925)</u>	<u>(10,756,811)</u>
Loss before taxation		(16,787,925)	(10,756,811)
Taxation	44	(1,574,984)	(4,047,715)
		<u>(18,362,809)</u>	<u>(14,804,526)</u>
Loss for the year		(18,362,809)	(14,804,526)
			(Rupees)
Basic and diluted loss per share	46	(20.85)	(16.81)

