



The Commissioner  
Company Law Division  
Securities and Exchange Commission of Pakistan  
NIC Building, Jinnah Avenue  
**ISLAMABAD**

BS/AR-AGM/17-8  
06<sup>th</sup> April 2017

Dear Sir,

**Application for Extension in the Period of Holding of Annual  
General Meeting and Laying of Accounts therein Under Section  
158 & 233 of the Companies Ordinance, 1984**

Please refer to SSGC's Letter No. BS/AR-AGM/16-6 dated February 03, 2016 (Copy attached as **Annexure "A"**) and SECP Letter No. EMD/233/415/2002-699 dated February 23, 2017 (Copy attached as **Annexure "B"**) whereby the Company's request regarding the extension of time for holding of Annual General Meeting (AGM) and laying therein the annual accounts for the period ended June 30, 2016 has been acceded to. Accordingly, the Company is required to convene the Annual General Meeting by April 15, 2017 in accordance with the provision of Section 170 of the Companies Ordinance, 1984.

In this regard, we would like to update you that the finalization of accounts is still in process and, in this regards, we would like to state the following facts:-

- (i) The Financial Statements of the Company since FY 2010-11 were prepared on the basis of stay granted by Sindh High Court (SHC) on the matters relating to UFG Benchmark and Non-Operating Incomes. However, the Honorable Sindh High Court decided the case in November 2016 and dismissed all the appeals filed by the SSGC against OGRA determinations since 2011. The decision has very adverse financial impact of PKR 36 billion approximately.
- (ii) Soon after the decision of the SHC, the SECP on the request of the Company allowed staggering of losses in two years i.e., to record financial impact of losses in the financial statements for years ending June 30, 2016 and June 30, 2017, respectively. The same was communicated to OGRA which issued

# Sui Southern Gas Company Limited

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

its decision dated 25 December 2016 on FRR after incorporating the above impact as per SECP decision.

- (iii) You will appreciate that the Company has arranged massive financing from various banks for RLNG-II project which will be completing in this financial year. Further, RLNG-III project and installation of 30 LPG Air Mix Plants with the projected capital outlay of PKR 65 billion and PKR 14 billion respectively are approved by the Board on the advice of the Federal Government. The financing arrangement for the projects will remain huge challenge considering the financial health of the Company.
- (iv) The External Auditors also raised question on the appropriateness of Going Concern Assumption underlying in the preparation of Financial Statements which is also causing delay in finalization of Financial Statements as the External Auditors require the independent review / examination of Financial Projections for next five years provided by the management to justify resilience of the company to remain as "Going Concern". A consultant has been engaged for this assignment who is supposed to give its report in the second week of April 2017.
- (v) It is also important to understand that the adverse financial position of the Company has enhanced the risk of breach of covenants provided on the financing arrangements particularly the Debt Equity Ratio. The Company has requested the concerned banks to allow relaxation in Debt Equity Ratio, most of which have given their consent while the remaining will be available shortly.

Keeping in view the Company's above mentioned circumstances, convening the Annual General meeting and laying of audited accounts of the Company for FY 2015-16 is not possible on or before the 15<sup>th</sup> April 2017 and required further extension in the period of holding of Annual General Meeting and laying of Accounts therein under Section 158 & 233 of the Companies Ordinance, 1984. Therefore, we request the Commission to grant the Company further extension upto 30<sup>th</sup> June 2017 for holding the Annual General Meeting of the Company for FY 2015-16 and laying



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of accounts therein under Section 170 of the Companies Ordinance, 1984. The interim financial statements for the period ended 30 September 2016 and 31 December 2016 will accordingly be prepared and issued as soon as the financial statements for the year ended 30 June 2016 are issued to the Shareholders.

We shall be grateful for your kind consideration to our requests in the explained circumstances and company's legitimate constraints. We will be pleased to explain in detail the facts, figures and circumstances as discussed above.

Thanking you,

Yours Sincerely,



Fasihuddin Fawad  
Acting Chief Financial Officer



Shoaib Ahmed  
Company Secretary

### Enclosures

1. SSGC's Letter No. BS/AR-AGM/16-6 dated 03 February 2017 (Annexure "A")
2. SECP Letter No. EMD/233/415/2002-699 dated 23 February 2017 (Annexure "B")

cc: The Registrar of Companies  
Securities & Exchange Commission  
Of Pakistan  
State Life Building No. 2,  
Wallace Road,  
Karachi

President  
Pakistan Stock Exchange of Ltd.  
Stock Exchange Building  
Stock Exchange Road,  
Off: I. I. Chundrigar Road,  
Karachi