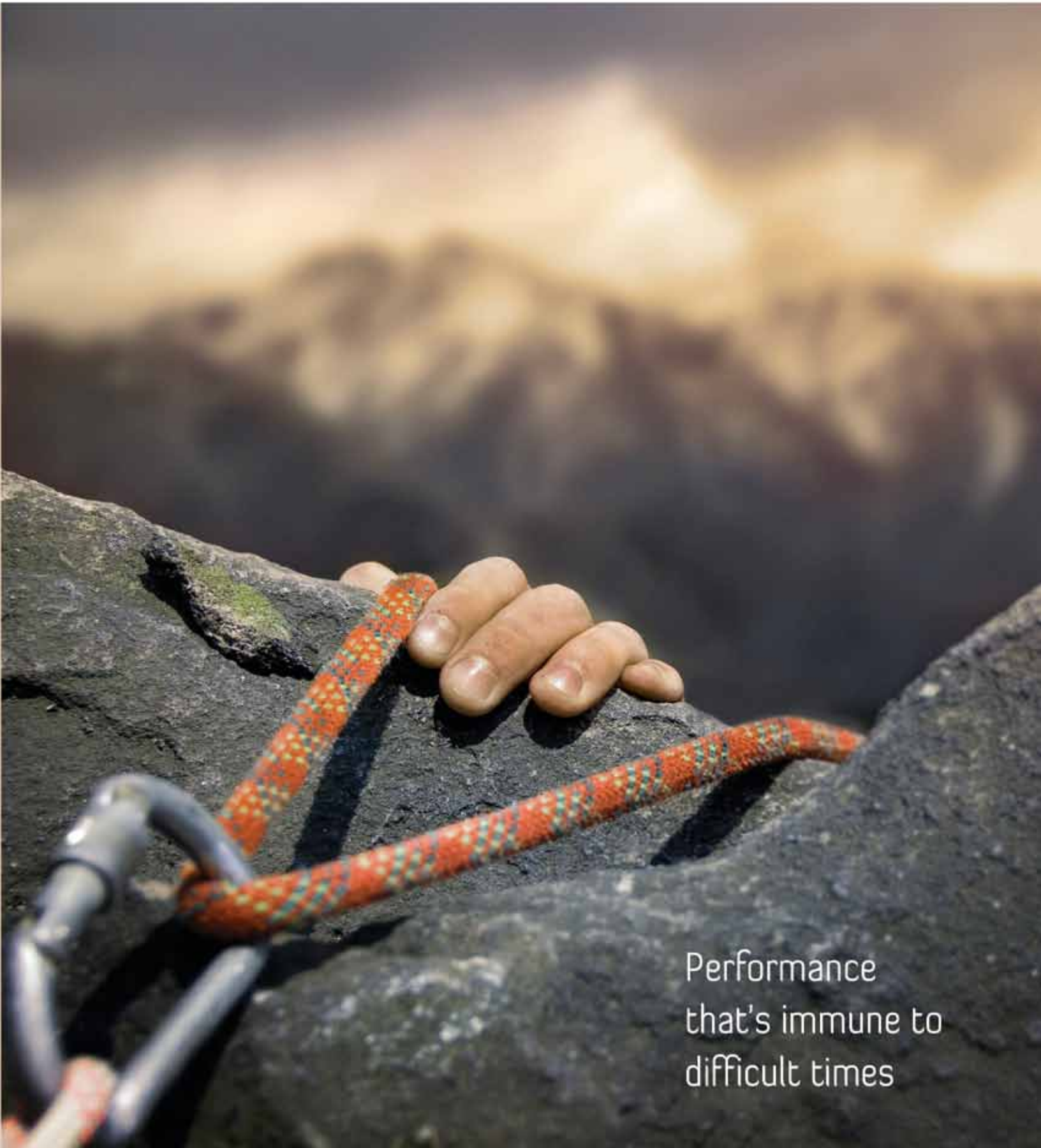


Sui Northern Gas Pipelines Limited



Performance
that's immune to
difficult times

Notice of Annual General Meeting



The proceeding of 46th Annual General Meeting of the Company.

Notice is hereby given that the 47th Annual General Meeting of the Company will be held at Hotel Avari, 87-Shahrah-e- Quaid-e-Azam, Lahore at 11:30 am on Tuesday, November 30, 2010 for the purpose of transacting the following business:

Ordinary business

1. To confirm the minutes of the 46th Annual General Meeting held on October 30, 2009.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2010 together-with the Directors' and Auditors' Reports thereon.
3. To consider and, if deemed appropriate, approve payment of cash dividend to the shareholders at the rate of Rs 2/- per share of Rs 10 each i.e. 20% for the year ended June 30, 2010 as recommended by the Board of Directors.
4. To appoint auditors for the year ending June 30, 2011 and fix their remuneration. The retiring auditors being eligible, also offer themselves for re-appointment.
5. To transact any other ordinary business of the Company with the permission of the Chairman.

The share transfer books of the Company will remain closed from Wednesday, November 24, 2010 to Tuesday, November 30, 2010 (both days inclusive). The members whose names appear in the register of members as at the close of business on Tuesday, November 23, 2010 will qualify for the payment of dividend.

By order of the Board

(UZMA ADIL KHAN)
Company Secretary

Lahore
October 25, 2010

Notes

- 1) A member entitled to attend may appoint another member as his / her proxy or may by Power of Attorney authorize any other person as his / her agent to attend, speak and vote at the meeting. The Federal Government, a Provincial Government, a corporation or a company, as the case may be, being a member of the Company may appoint any of its officials or any other person to act as its representative and the person so authorized shall be entitled to the same powers, as if he were an individual shareholder.
- 2) The instrument appointing a proxy shall;
 - a) be in writing; and
 - b) be signed by the appointer or his / her attorney duly authorized in writing or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.
- 3) The proxy must be signed across a Rupees five revenue stamp and it should be deposited in the office of the Company Secretary not less than 48 hours before the time of holding the meeting.
- 4) Shareholders are requested to notify any change in address immediately quoting their folio number(s).
- 5) CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:-

A. For attending the meeting

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

- ii) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the requirements mentioned below.
- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned in the form.
 - ii) Attested copies of CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.
 - iii) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - iv) In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Registered Office

Gas House, 21-Kashmir Road,
P.O. Box No. 56,
Lahore-54000 (Pakistan).
Ph: 92-42-99080000, 99082000
Fax: 92-42-99201317, 99201302
E-mail: info@sngpl.com.pk
Website: www.sngpl.com.pk

Shares Registrar

M/s Hameed Majeed Associates (Pvt) Ltd.,
H.M. House, 7-Bank Square, Lahore.
Ph: 92-42-37235081-82
Fax: 92-42-37358817

Transmission System

As on June 30, 2010

Sr. #	Section	Dia (Inches)	Mainline (Kilometers)	Loopline (Kilometers)
1	Pirkoh – Sui	24	70.50	–
2	Loti – Peshbogi	18	11.25	–
3	Sui – Multan	24	19.31	–
4	Sui – Multan	30	–	19.31
5	Sui – Multan	24	14.29	–
6	Sui – Multan	30	–	14.29
7	Sui – Multan	16	0.26	–
8	Guddu TPS	4	2.41	–
9	Guddu Barrage	24	1.81	–
10	Guddu Crossing	36	–	1.81
11	Sawan – Qadirpur	24	131.00	–
12	Mubarak Line	16	35.48	–
13	Chachar Gas Field Line	8	2.87	–
14	Kand Kot Line	16	52.23	–
15	Qadirpur Line	30	53.13	–
16	Qadirpur Line	36	–	53.14
17	Engro Fertilizer Line	20	37.80	–
18	Engro Energy Line	16	3.30	–
19	Sui – Multan	18	–	256.82
20	Sui – Multan	24	288.06	–
21	Sui – Multan	30	–	313.78
22	Sui – Multan	36	–	213.68
23	Sui – Multan	16	1.85	–
24	K1 – MP – 37.88	20	–	20.68
25	Sher Shah X – ING	36	–	2.20
26	AC1X – AV7 (RYK)	36	–	26.96
27	AV17 – AV20	36	–	3.50
28	AV21 – AV22	36	–	27.79
29	Sutlej Crossing – 1	12	1.61	3.22
30	Sutlej Crossing – 2	36	–	2.04
31	Khanpur Line	6	22.81	–
32	A5 – Bahawalpur	8	48.18	–
33	AV22 – Kot Addu	16	69.65	–
34	AV22 – Kot Addu	20	–	38.01
35	Kot Addu – Chowk Sarwar Shaheed	8	26.00	–
36	D. G. Khan Line	8	72.06	–
37	Dhodak – Kot Addu	16	77.79	–
38	TPS Muzaffargarh Line	16	4.57	–
39	Qadirpur – AC-1X Line	30	17.11	–
40	Qadirpur – AC-1X Line	36	–	16.88
41	Ahmedpur East	6	18.34	–
42	Khan Garh	8	22.20	–
43	Multan – Fertilizer Line	10	1.43	–
44	Jahanian Line	8	30.49	–

Sr. #	Section	Dia (Inches)	Mainline (Kilometers)	Loopline (Kilometers)
45	Multan – Sidhnai	18	–	46.70
46	Multan – Sidhnai	24	22.46	22.46
47	Multan – Sidhnai	30	–	46.70
48	Multan – Sidhnai	36	–	48.38
49	AV29 – Sahiwal	36	–	145.46
50	Shahwali Line	12	20.00	–
51	Haroonabad Line	8	20.00	–
52	Sidhnai – Faisalabad	18	–	163.58
53	Sidhnai – Faisalabad	24	–	50.24
54	Sidhnai – Faisalabad	30	–	53.29
55	Sidhnai – Faisalabad	36	–	26.42
56	Sidhnai X – ING – AC – 7	36	–	33.26
57	Darkhana – Sindhelianwali Line	8	17.40	–
58	Toba Tek Singh – Jhang	8	30.28	–
59	Dijkot – Samundary Line	8	22.33	–
60	Sahiwal – Lahore	18	142.93	–
61	Sahiwal – Akhtarabad	24	–	66.69
62	Sunder Industrial State Line	16	4.34	–
63	AC8 – SMSII (Old)	16	–	5.90
64	AC8 – A11	20	–	0.66
65	Wapda Offtake Faisalabad	12	2.42	–
66	Chak Jhumra Line	6	12.04	–
67	Faisalabad – Malikwal	12	70.74	–
68	Faisalabad – Malikwal	16	–	158.67
69	Faisalabad – Malikwal	30	–	90.82
70	CV12A – Khathiala Shakhan Line	12	28.23	–
71	Kathiala Sheikhan – Mandi Bahauddin Line	12	9.10	–
72	Malakwal – Jhelum Crossing	16	–	5.42
73	Chenab Crossing Chiniot	18	1.13	–
74	Chenab Crossing Chiniot	30	2.32	–
75	Kot Momin – Joharabad (1)	8	72.41	–
76	Kot Momin – Joharabad (2)	6	38.36	–
77	Joharabad – Chashma	8	82.21	–
78	Sargodha Line	6	22.90	–
79	Faisalabad – Shahdara	16	60.84	119.25
80	Faisalabad – Shahdara	24	–	55.03
81	BC1 – Farooqabad	8	22.96	–
82	Shahdara – Lahore	16	2.51	2.99
83	Ravi Crossing (1)	16	0.58	–
84	Ravi Crossing (2)	10	–	0.58
85	Shahdara – Wapda Lahore	10	3.41	–
86	Khurrianwala – Jaranwala	8	–	22.53
87	Dawood Hercules Line	12	5.87	–
88	Sheikhupura – Gujranwala (1)	10	59.44	–

Transmission System

As on June 30, 2010

Sr. #	Section	Dia (Inches)	Mainline (Kilometers)	Loopline (Kilometers)
89	Sheikhupura – Gujranwala (2)	16	–	44.57
90	MP 59.91 – B3 Line	24	–	22.83
91	Kotli – Rahwali (BV13)	18	30.76	–
92	Hafizabad Line	8	43.00	–
93	Shahdara – Gujranwala – Rahwali	10	73.40	–
94	Rahwali – Gujrat	8	35.46	–
95	Rahwali – Sialkot	8	13.97	13.97
96	Sialkot Offtake V/A to Pasroor Offtake V/A	16	–	32.83
97	Rahwali – Sialkot Offtake	18	–	1.48
98	Pasroor – Dhamtal – Narowal	8	40.55	–
99	Sialkot O/T – Wazirabad	18	–	19.82
100	Sahiwal – Lahore	16	–	76.67
101	Phool Nagar – Dawood Hercules	16	63.95	–
102	Phoolnagar – Dawood Hercules	24	–	62.72
103	Orient Power Plant Line	10	1.88	–
104	Sapphire Power Plant Line	10	0.22	–
105	Halmore Power Line	12	3.40	–
106	Saif Power Plant Sahiwal	12	0.34	–
107	Gujrat – Jhelum	8	54.27	–
108	Sarai Alamgir – Mirpur	8	18.50	–
109	Renala – Satgarah	8	12.35	–
110	Malikwal – Haranpur – Dandot	12	4.78	–
111	Malikwal – Haranpur – Dandot	16	–	20.00
112	CC1 – C4	30	–	29.09
113	C4 – Chakwal Cement	10	24.00	–
114	Haranpur – Gharibwal	8	13.02	–
115	Dandot – Gali Jagir – Wah	10	151.92	–
116	Dandot – Gali Jagir – Wah	16	–	153.51
117	Dandot – Gali Jagir – Wah	30	–	64.22
118	Dhulian – Gali Jagir	10	40.14	29.85
119	Dakhni – Meyal – Dhulian	16	50.44	–
120	CV13A – CC1	16	–	3.58
121	Ratana Line	10	2.49	–
122	Sil Crossing	10	–	1.46
123	Dhurnal Line (1)	8	0.54	–
124	Dhurnal Line (2)	10	11.08	–
125	Dhulian – Daudkhel	8	85.20	4.04
126	Point A V/A – SMS Dhurnal	3	0.24	–
127	Gali Jagir – Morgah (1)	10	21.44	–
128	Gali Jagir – Morgah (2)	6	9.50	–
129	Gali – Ranial	16	–	35.57
130	Wah – Islamabad	6	12.06	–
131	Wah – Hattar	16	–	6.17
132	Wah – Hattar	10	9.93	–

Sr. #	Section	Dia (Inches)	Mainline (Kilometers)	Loopline (Kilometers)
133	Adhi – Rawat	10	47.70	–
134	Rawat – Murree	12	57.25	–
135	Bhangali Line	8	5.82	–
136	Missa Kaswal – Mandra	8	20.60	–
137	Wah – Nowshera (1)	10	50.41	–
138	Wah – Nowshera (2)	16	–	52.60
139	Indus Crossing	24	–	1.12
140	Taxila Line	4	4.43	–
141	Sanjwal Line	6	6.67	–
142	Kohat Line	8	11.58	–
143	Shakardara – Daudkhel	10	40.11	–
144	Shakardara End Point – F3	10	1.55	–
145	Sadqal – Naugazi Line	16	19.02	–
146	Daska – Pasroor Line	8	24.86	–
147	Fauji Kabir Wala Line	8	5.86	–
148	Okara – Dipalpur Line	8	16.83	–
149	Rousch Power Plant Line	16	4.70	–
150	Pindori – Bhangali Line	8	15.83	–
151	Mianwali Line	8	17.80	–
152	D. I. Khan Bhakar Line	8	19.69	–
153	Mian Chunnun – Hasilpur	12	83.85	–
154	Hasilpur – Chishtian Line	8	30.98	–
155	AC-40 – Dijkot – Tandlianwala	8	39.79	–
156	AC-40 – Bhawana Line	8	37.14	–
157	Sukho – Rawat	16	33.24	–
158	Dipalpur – Basirpur	8	22.64	–
159	Manga – Packages Line (Rented Power)	8	36.65	–
160	Rodho – Kot Qaisrani Line	12	14.50	–
161	Sahiwal – Phoolnagar Loopline from Akhtarabad V/A to N-6 Pattoki V/A	24	–	20.95
162	N-6 – Phool Nagar O/T	24	–	21.69
163	Shahpur – Hussain Shah Line	8	22.22	–
164	Hussain Shah – Sahiwal Town Line	8	13.52	–
165	Randhawa Offtake to Badiana	8	8.50	–
166	Hattar – Haripur	10	18.12	–
167	Hattar Offtake	6	0.39	–
168	Haripur – Mansehra	8	70.53	–
169	Haripur Offtake	8	1.53	–
170	Wah – Nowshera (1)	10	25.13	–
171	Wah – Nowshera (2)	16	–	23.68
172	Wah – Hattar	16	–	13.62
173	Hattar – Sarai Saleh	16	–	19.00
174	Hattar – Havellian	16	–	15.00
175	Havillina – Abbatabad	16	–	27.50

Transmission System

As on June 30, 2010

Sr. #	Section	Dia (Inches)	Mainline (Kilometers)	Loopline (Kilometers)
176	C10 – Ismailkot	16	–	14.64
177	Kohat Line	8	42.69	–
178	Kohat – Nowshera	24	85.52	–
179	Manzalai – Kohat Line	24	39.01	–
180	Jarma – Hango Line	8	36.00	–
181	Munjowal – Bannu	8	36.50	–
182	Nowshera – Ismailkot (1)	8	11.97	–
183	Nowshera – Ismailkot (2)	6	–	11.97
184	Ismailkot – Turnab (1)	8	–	20.85
185	Ismailkot – Turnab (2)	6	20.86	–
186	Ismailkot – Turnab (3)	16	–	21.24
187	Shakardara – Daudkhel	10	3.00	–
188	Kharappa – Shakardara	8	25.50	–
189	Kharappa – Manjowal	12	84.42	–
190	Munjowal – Pezu	8	53.29	–
191	Pezu – D. I. Khan	8	47.02	–
192	Pezu – Tank	8	31.51	–
193	D. I. Khan – Bhakar	8	18.80	–
194	Nowshera – Mardan – T. Bai – Sialkot	8	57.99	–
195	Nowshera – Charsadda	8	23.59	–
196	Nowshera – Mardan	12	–	19.76
197	Nowshera – Mardan	16	–	2.16
198	Charsadda – Turang Zai Line	6	10.36	–
199	Tangi Line	6	13.87	–
200	Charsadha – Khazana Line	8	22.64	–
201	Charsadha – Khazana – Dolatpura	6	0.34	–
202	Jahangira – Swabi – Topi	8	40.29	–
203	Jahangira – Swabi – Topi	8	–	38.24
204	Kabul X – ING Jahangira	16	0.30	–
205	Sakhakot – Swat	8	68.06	–
206	Chakdara – Talash Line	8	16.90	–
207	Gurguri – Kohat Line	10	78.00	–
208	Sarai Alamgir – Mirpur	8	17.35	–
Sub Total			4,459.04	3,125.54
Grand Total			–	7,584.58

Geographical Transmission System

As on June 30, 2010



Chairman's Review and Directors' Report



Your Directors have pleasure in presenting the 47th Annual Report and the Audited Financial Statements of your Company for the Financial Year ended June 30, 2010 along with the Auditors Report thereon.

Mian Misbah-ur-Rehman
Chairman

A. Rashid Lone
Managing Director

Energy Highlights

Due to an increase in demand of energy, Pakistan is presently facing a serious energy crisis. Natural gas being a major source of fuel is contributing maximum share to meet the Country's demands. As per Pakistan Energy Year Book 2009, the share of natural gas in primary fuel supplies during 2008-09 was 48.3%. Being relatively inexpensive, natural gas is used inefficiently, which resultantly worsens the crisis.

Presently the Country is in dire need to reduce the gap between demand and supply by adopting energy conservation and efficient utilization both at micro and macro levels. Your Company has taken an initiative to promote conservation of natural gas by introducing a retrofitted water geyser with conical baffle, which saves gas consumption by 25% and also reduces gas bills by approximately 45%.

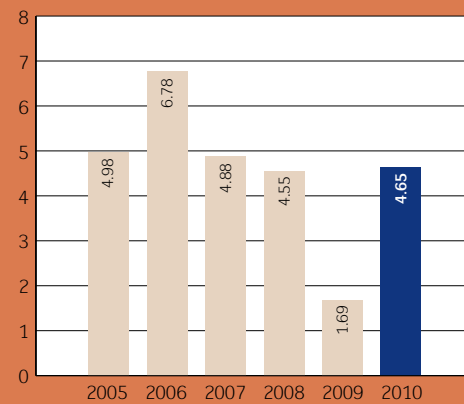
During the winter season, to ensure gas supply to all domestic and commercial consumers, gas load is managed by curtailing supply to Industry and CNG sector. However, partial gas supply to Industry and CNG sector may be possible in winter season, if all domestic consumers use natural gas prudently, as highlighted, round the year, through electronic/print media conservancy campaigns.

Financial and Operational Review

Despite several odds, numerous economic and financial challenges, your Company has been able to earn gross profit of Rs. 5,613 million, net profit of Rs. 2,555 million and an earnings per share of Rs. 4.65. Your Directors are pleased to propose 20% cash dividend i.e Rs. 2 per share for the year under review.

The Company extended its distribution network by over 8,200 Km, in addition to 237 Kms of high pressure Transmission Lines, by adding 377 new towns, villages & Tehsil Head Quarters in its existing system, during the year under review. The assets of the Company have also been increased by over Rs. 15 billion.

Earnings per share (Rupees)



Your Company has improved the quality of life of 262,663 families by giving them new gas connections, during the period under review.

The Company operates under a regulatory regime governed by Oil and Gas Regulatory Authority (OGRA). The Regulator has been kind to recognize a long outstanding demand of the Company for rationalizing the Unaccounted For Gas (UFG) benchmark, in accordance with the prevailing conditions, in our Country and the aging network.

During the year ended June 30, 2010, OGRA has raised the benchmark for the UFG to 7% against the upper and lower target of 5.50% and 4.50% respectively fixed earlier. Furthermore the Late Payment Surcharge (LPS) has also been allowed as non operating income of the Company. Revision of UFG benchmark and allowance of LPS as non operating income has positively impacted the earnings per share of the Company.

The Company operates under a guaranteed 17.5% rate of return covenant. After making all adjustments made by the OGRA, the total rate of return reduced from 17.5 % to 7.72% by Rs. 4,989 million (Rs. 6,283 million in FY 2008-2009) for expenses and UFG exceeding

Chairman's Review and Directors' Report

the prescribed targets. These deductions resulted in reduction of earnings per share by Rs. 5.91. A brief summary of financial results are as under:

Summary of Results

	Rupees in (000)
Profit before taxation	3,879,931
Less: Provision for taxation	1,325,368
Profit after taxation	2,554,563
Add: Unappropriated Profit brought forward	6,048,781
Reserves available for appropriation	8,603,344
Appropriations:	
Proposed dividend @ 20% i.e. Rs. 2.00 per share	1,098,211
Balance carried forward	7,505,133

Projects

1400 Km Transmission and Distribution Supply Mains pipelines were commissioned during FY 2009-10 including various lines of Project-IX which helped SNGPL to extend natural gas facility to various localities/ towns and several industrial units across Punjab and Khyber Pakhtoonkhwa. Gas supply was commissioned for Independent Power Producers (IPPs) M/s Saif Energy and M/s Sapphire, in order to help alleviate power crisis in the country. As an Engineering, Procurement & Construction (EPC) contractor, SNGPL constructed and commissioned pipelines for M/s MOL and M/s Oil and Gas Development Company Limited (OGDCL) to receive 265MMCFD gas from Manzalai & Makori-3 fields (Khyber Pakhtoonkhwa) and 18 MMCFD from Nashpa Field, respectively. A gas pipeline project was also completed by SNGPL for M/s Engro Energy as an EPC contractor.

Transmission of Gas

The Company's Transmission network is spread over 7,585 Km high-pressure pipelines. Geographically difficult terrain and precarious law and order situation continues to pose major challenges to your organization, in maintaining its network and providing our consumers an uninterrupted supply of gas. It is a matter of pride for the Company that the response and rehabilitation time, after unforeseen sabotage activity has been greatly reduced. The Company completed 36" dia pipeline between Qadirpur Rawan and Sahiwal and 24" dia pipeline between Phool Nagar and Shahdara. The commissioning of this line under Company's Project-IX, saved compression fuel, thus reducing the operating cost.

Distribution of Gas

During the year under report, your Company connected 377 new towns, villages, District Head Quarters (DHQs) & Tehsil Head Quarters (THQs) with its existing system, thus having 1,921 towns, villages, DHQs and THQs on its network and are being facilitated with natural gas facility at their door step.

In FY 2009-10, SNGPL provided 415 industrial, 3,663 commercial and 258,585 domestic new gas connections, whilst 6,843 Kms of distribution mains and 1,362 Kms of service lines were laid in record time.

Compression of Gas

The transmission of natural gas available at different pressures, from various gas fields, is only possible by boosting gas pressures to desired level, for attaining maximum possible gas flow through the existing network, to adequately meet the gas demands of consumers. SNGPL being a progressive organization and conscious of the pressing need for energy conservation have phased out compressors and replaced them with efficient turbines. This systems augmentation, carried out under Project - IX resulted in saving in compression fuel.

The Company has a well equipped facility and indigenous capability for complete overhauling of Saturn and Centaur gas turbine engines, along with most modern as well as comprehensive test cell for performance, to ensure rebuilding of engines in accordance with all relevant international and OEM standards. SNGPL has acquired technology from the OEM, M/s Solar USA, for overhauling of latest model turbine engines (T-4700) and for this purpose the testing facility has also been upgraded.

Owing to the Company's expertise in the area of installation of compressor packages and allied equipment such as gas coolers and generating sets, SNGPL as a contractor, is constructing the Compressor Station at Qadirpur gas field for OGDCL by installing 14 compressor packages along-with allied facilities. Completion of the project is being carried out in record time.

Corrosion Control

SNGPL has been proactive in protecting its underground Transmission and Distribution pipeline network, from attack of corrosion and rust by applying Cathodic Protection. The Company has also been able to successfully detect a number of underground leaks and took necessary action for their stoppage.

Quality Assurance

Your Company has adopted the international concept of Quality Assurance and ensures quality work by in-process inspection and specially designed formats, which meet the requirements of the international concept, through intellectual directions and technical guidance.

Un-accounted for Gas (UFG)

A major share of the profit is eroded mainly due to un-accounted for gas loss. The Management is conscious of this drain in its profitability and is making hectic efforts to control the same. Some of the activities being pursued to control UFG are given below:

Installation of Electronic Volume Correctors (EVCs)

EVCs are electronic devices, installed on the meter for



Welding works at Qadirpur field

application of correction factors, as well as logging of consumption data. These are installed at more than 75% Industrial consumers' premises.

Installation of Modem, for remote data retrieval

This is a step towards remote meter reading and data acquisition. This will enable the Company to maintain a central data base for hourly consumption of gas by the consumer. This technology will also be helpful in monitoring the consumption of habitual pilferers, on daily basis.

Ground Penetrating Radar (GPR)

The Company is in the process of acquiring GPR, in order to facilitate and unearth, direct bypass installed by any consumer, for theft of gas.

Industrial Vigilance Activities

Continuous inspection and raids are being conducted on consumers suspected to be involved in theft of gas. The Company is supplementing the new technology being adopted, with a very strict vigilance routine. These vigilance activities are being carried out by executives in each region, and also by the Task Force, formed by the Senior Management. The Task Force, despite of threats and dangers faced by it, continue their work undeterred.

Chairman's Review and Directors' Report



A UFG task force team member - undeterred

Installation of GSM/GPRS based security system.

To protect the Consumer's Meter Station from unauthorized entry, a technique has been conceived and adopted in order to keep a stringent vigilance, on habitual pilferers.

Customer Services

SNGPL is committed to achieving excellence in customer service and as such has created Customer Complaint Centres, designed to provide all required customer services under one roof. These will facilitate the customers and increase work efficiency.

To improve the quality of service, your Company has set up a Call Centre equipped with a Complaint Management System. All customer complaints can be lodged by dialling 1199 across Punjab, Islamabad Capital Territory, Azad Jammu and Kashmir and Khyber Pakhtoonkhwa, at local call charges. Trained service agents receive calls and register complaints on a 24-hour basis. They are equipped to respond in various local languages such as Punjabi, Pashto and Seraiki etc.

During the year under review, 379,568 complaints were received through call centre including the complaints by walk-in customers, which were duly addressed.

Information Technology

Information Technology continued to play a critical role in the business of this utility Company. The Company is making continuous efforts to have efficient IT systems for supporting timely and effective decision making.

During the year, on the application side, number of major initiatives were implemented and few of them are in the final stages of implementation. This included strengthening and automating the e-billing process by implementing world-class Customer Care and Billing System. During the initial stages of its implementation certain teething problems were encountered which have largely been addressed or are being addressed vigorously. The new system will help focus on our valued customers for their needs in Customer Services, Billing, Field Services, Finance and Meter Management. This will help us to maximize customer satisfaction and stakeholder value through highest level of process efficiencies.

During the period under review, the Company has also successfully established Disaster Recovery Site, facilitating provision of uninterrupted services, in any emergency situation.

On the road to good corporate governance your Company has established sustainable compliance architecture through which internal and external stakeholders can view Company's reputation and financial performance. Due to integrated online ERP and CC&B systems all modules are providing authentic and accurate information of business activities of the organization.

Telecommunications

During the year under review, the Company has installed and commissioned Supervisory Control & Data Acquisition Facilities at the newly commissioned Power Plants and the northern gas sources of Manzalai Gas Field. The Company also completed 104 Km Optical Fibre Cable (OFC) laying project as a contractor for M/s MOL-Pakistan through rough hilly terrain from their gas wellheads to the Central Processing Facility (CPF). Another OFC laying project of M/s MOL-Pakistan

along gas pipelines from Mamikhel & Maramzai wells is in progress. The routers based data network, digital exchanges and data radio links have been installed in order to extend Company's voice and data network backbone facilities.

Health, Safety and Environment

SNGPL's Management is committed to establish HSE culture in the Company. It is implicit that a key element of an effective HSE Program, is employee training in order to enhance the level of HSE awareness. HSE Training is usually formal with set agendas, goals and objectives, such as HSE Awareness Sessions, Defensive Driving Sessions, Firefighting Training, First Aid Training and is motivational in nature in support of these objectives. SNGPL believes that continuous training plays a pivotal role in developing HSE culture.

ISO-OHSAS Certification

SNGPL is an ISO 14001:2004 & OHSAS 18001:2007 Certified organization. Third Party Surveillance Audits based on ISO 14001:2004 & OHSAS 18001:2007 Standards conducted by M/s URS (Certifying Body) in November 2009 & May 2010 were completed successfully.

Statutory Compliance, SMART Membership

It is a matter of pride for SNGPL that our Company has now been registered under the "SMART 2" Program (Self – Monitoring and Reporting Tool) by Pakistan Environmental Protection agency, Ministry of Environment, Government of Pakistan.

Medical Camp at Sites

SNGPL is committed to provide safe working environment to the employees and workers. A new initiative of organizing Medical Camps has been taken at WAH Transmission Centre.

Annual Sports

SNGPL encourages its employees to take part in healthy activities. For this purpose, a sports gala is arranged every year that offers an unmatched opportunity to employees to refresh their physical fitness away from their work stations. Teams from all regions participate in this 3-days eventful gala.



Digital Microwave Communication Tower

Chairman's Review and Directors' Report



Flood relief activities for affected people of flood hit areas

Corporate Social Responsibility (CSR)

SNGPL has sponsored a Chair on Gas Engineering at UET Lahore and Punjab University, Lahore. Project of Mitigation of internal corrosion, is in progress at Punjab University.

Achievement

In recognition of SNGPL's performance in the field of CSR, M/s Help International Welfare Trust awarded the 4th CSR National Excellence Award to SNGPL on 22nd July, 2010.



Flood Relief Activities

Recent floods across the Country played unprecedented havoc and affected more than 4 million Pakistanis. SNGPL being a responsible Corporate entity extended its full support to its fellow Countrymen, in this time of distress. The Management and employees of the Company contributed an amount of Rs. 17 million, to the Prime Minister's Flood Relief Fund. In addition to that, SNGPL also established a Flood Relief Cell with the financial help of its employees, who again contributed million of rupees generously from their own pockets, to help those hit by this calamity. The Company dispatched medicines, tents, cooking utensils, ready to eat food items, water, juices and other eatables to affected families. The Company also contributed rehabilitation of 50 schools each in Punjab and Khyber Pakhtoonkhwa. The relief operations were carried out mainly with the support of Army Relief Camps.

Contribution to National Exchequer

The Company made a healthy contribution to the National Exchequer during the FY2009-10. An amount of Rs 25,893 million was paid in the form of taxes and duties.



Unit Certificate distribution ceremony under Benazir Employees Stock Option Scheme (BESOS)

Human Resource Development

Successful organizations understand that effective Human Capital Management is critical to their success. A major factor of your Company's success is its highly skilled and motivated workforce, which is our most valuable asset. Our people are our strength. For this, the Management endeavors to create and maintain an environment conducive to further development. Your Company is committed to providing a professional and caring atmosphere so that the creative energies of employees are released and fully utilized. Professionalism, people development, ethical standards and growth opportunity are some of the core values being promoted.

Your Company continues to place due emphasis on training in all spheres of its activity. The SNGTI – Sui Northern Gas Training Institute – was established with the objective of providing education and training to its employees in technical and soft skills while further promoting the requirement of your Company's current and future organizational needs.

SNGTI has been certified as an approved training centre of City & Guilds UK which is one of the world leading vocational certificates awarding body. Having attained the status of City & Guilds approved centre, SNGTI will be conducting courses as per syllabi of City & Guilds and the participants will have an opportunity to receive the certificate from City & Guilds after appearing in its exams by paying nominal examination charges.

Benazir Employees Stock Option Scheme (BESOS)

During the year under review, the Prime Minister announced Benazir Employees Stock Option Scheme (BESOS). The objective of introducing this scheme was to enhance Employees' loyalty and commitment for improving the efficiency of the Company; to enable the Employees to participate at highest level in decision making process of the Company with a view to ensuring Employees participation in profits and increased worth of the Company.

Chairman's Review and Directors' Report

Under this scheme the Government of Pakistan transferred 12% of its shareholding to the SNGPL Employees Empowerment Trust without any consideration and a representation on the Board of Directors. At the time of launching the scheme, the shareholding of the Government of Pakistan in the Company was 36% of the total shares issued. All executives and subordinates, who were on the Company's payroll as on August 14, 2009, qualify for the scheme.

A ceremony of distribution of unit certificates amongst the employees under BESOS was held in December 2009 at Lahore. The Minister for Petroleum and Natural Resources, Government of Pakistan, Syed Naveed Qamar, presided over the function.

Security Risks

Safety of establishments, equipment and most importantly human resource from internal and external threats has always been a priority but at present, when increasing life threats have created a feeling of insecurity and terrorized our lives, its importance has increased significantly.

In this context, as SNGPL maintains national assets and its staff are involved in managing a public utility, security is a prime focus of Management. For this purpose, a security section works within Logistics Support Department. To ensure fool proof system, the security personnel have been equipped with state of the art gadgets and trained accordingly. Efforts are underway to further strengthen this system.

Internal Control System

The Board has established an efficient Internal Audit function in order to achieve its operational, information and compliance objectives. These are achieved by bringing about a systematic and disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes. Internal audit ensures the effectiveness of existing policies and procedures, adherence to legal and regulatory requirements and that Corporate Governance

processes are adequate and functioning properly. In addition, suggestions and recommendations are also given to the Management for improvement in internal controls and risk management systems.

Changes in the Board

Financial Year 2009-10

- Mr. Saeed Ullah Shah was replaced by Mr. Mansoor Muzaffar Ali.
- Mr. Umair Khan was replaced by Mr. Azim Iqbal Siddiqui.
- Mr. Arif Saeed was replaced by Mian Misbah-ur-Rehman.
- Mr. Muhammad Razi Abbas was replaced by Mr. M. Iqbal Awan.
- Mr. Aman Ullah Shaikh was replaced by Syed Zahir Ali Shah.
- Mr. Azim Iqbal Siddiqui was replaced by Dr. Faiz ullah Abbasi.
- Mr. Arif Ibrahim was replaced by Malik Tahir Sarfraz.

From July 2010 till to date:

Mr. Sher Muhammad Khan and Mr. Wazir Ali Khoja joined the Board of SNGPL after the close of FY 2009-10.

The Board welcomes the new directors and records its appreciation for the valuable services rendered by the outgoing directors.

Post Balance Sheet Events

The Directors have not received, as at October 25, 2010 being the date on which these financial statements were approved, any information concerning significant conditions in existence at the balance sheet date, which have not been reflected in the financial statements as presented.

Corporate Governance

The principles of Corporate Governance adopted by the Directors are set out in detail in the section of Corporate Governance, in this Annual Report.

Statement on Corporate and Financial Reporting Framework

The Board of Directors hereby declares that for the year ended June 30, 2010:

- a. The financial statements, together with the notes thereon have been drawn up in conformity with the Fourth Schedule to the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, result of its operations, cash flows and changes in equity.
- b. Proper Books of Accounts of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements, except for those stated specifically, and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There is no significant doubt upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h. Significant deviations from last year's operating results have been disclosed as appropriate in this Chairman's Review & Directors' Report and in the notes to the accounts, annexed to this report.
- i. Key operating and financial data for the last six years in summarized form is annexed.



- j. All statutory payments on account of taxes, duties, levies and charges in the normal course of business, payable as on June 30, 2010, have been cleared subsequent to the year-end.
- k. Value of investment in employees retirement funds based on audited accounts of the funds for the year ended June 30, 2009 are as follows:

	Rupees in (000)
SN Senior Staff Pension Fund:	1,249,740
SN Junior Staff Pension Fund:	2,479,540
SN Executive Staff Gratuity Fund	73,356
SN Non-Executive Staff Gratuity Fund	1,422,686
SN Trustees Provident Fund	4,395,127
SN Executive Staff Medical Facility	539,218
SN Non-Executive Staff Medical Facility	2,412,612
SN Executive Staff Free Gas Facility	29,500
SN Non-Executive Staff Free Gas Facility	618,597
SN Executive Staff Compensated Absences Fund	44,500
SN Non-Executive Staff Compensated Absences Fund	176,000
Total	13,440,876

Chairman's Review and Directors' Report

- l. The number of Board meetings held during the year and attendance by each Director is disclosed in Corporate Governance section of this report.
- m. No trading of shares by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children has been carried out, other than the transaction disclosed as per statute. The number of shares, if any, held by them are disclosed in categories of shareholders of this report.

Pattern of Share Holding

The pattern of share holding as at June 30, 2010 is annexed.

Auditors

The present joint auditors M/s. A. F. Ferguson & Co., Chartered Accountants and M/s. M. Yousaf Adil Saleem & Co., Chartered Accountants, are retiring at the conclusion of the Annual General Meeting being held on November 30, 2010 and being eligible, offer themselves for re-appointment for the financial year ended June 30, 2011.

The Board proposes their reappointment as auditors for the financial year ending June 30, 2011 on the recommendation of the Audit Committee.

Going Concern

The Board of Directors has satisfied itself that the Company has adequate resources to continue its operations for the foreseeable future. The Company's Financial Statements have accordingly been prepared on a 'going concern' basis.

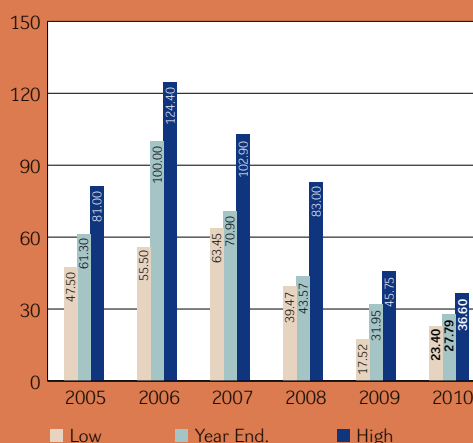
Risk Management

The Company's risk management policies aim to minimize financial risks associated with the Company's revenue and cost streams, safeguarding the Company's assets, addressing key areas of capital, finance structure and cash management.

The Company has also launched a mass media anti gas-theft and leakage campaign for creating awareness amongst consumers, about steps being taken by the Company to curb these trends.

Furthermore, the Company faces gas shortages and pipeline pressure problems during winter months due to excessive use of gas heaters and water geysers by domestic consumers. To mitigate these risks, the Company launches an extensive gas conservancy campaign before the onset of winter months. This campaign creates awareness amongst consumers to avoid using gas heaters, which are a health hazard. It also highlights the inefficiencies of conventional gas water geysers and appraises them of ways and means to control high gas bills conservation of gas in winter season.

Share's Value
(Rupees)



Share Watch

The Company's share opened at Rs. 31.95 on July 01, 2009 and closed at Rs. 27.79 on June 30, 2010. During the period under review the maximum rate of the share was Rs. 36.60 and the minimum was Rs. 23.40. The market capitalization as on June 30, 2010 was Rs. 15,260 million.



Valve Assembly – starting point 36” diameter Multan-Sahawal gas pipeline.

Future Plans

Currently, construction of various transmission spurs to extend natural gas supply to several localities across Punjab and Khyber Pakhtoonkhwa is underway. Pipeline construction project in order to extend gas supply to Talash area in Lower Dir has also been started. Moreover, construction activities for laying distribution mains under Annual Distribution Development Program for various localities/villages across Punjab and Khyber Pakhtoonkhwa are being carried out.

Qadirpur Interim Compression project of national importance is also being carried out by SNGPL as contractor for OGDCL. After completion of this compression project, 100MMCFD gas will be re-claimed and injected into SNGPL’s transmission network.

SNGPL is also carrying out construction of gas flowlines for M/s MOL as contractor. Pipeline job for removing operational constraints in transmission network is expected to be started in near future after approval of OGRA to rectify diminishing gas supplies to Muree from Pothohar gas fields and low gas pressures in winter season in areas like Lala Musa /Jehlum, by connecting Faisalabad-Lahore-Gujranwala line with Faisalabad-Sargodha-Islamabad line.

Besides this, M/s MOL Pakistan has desired to enter into a five year contractual relationship with SNGPL and have suggested to sign a service order in this respect. These future projects would be located in Karak, Hangu and Kohat districts of Khyber Pakhtoonkhwa.

Chairman's Review and Directors' Report

The Company is also planning to participate in M/s OGDCL's Kunnar / Pasakhi Deep and Tando Allahyar integrated development project which will comprise wellhead surface facilities, gas gathering system, gas processing plant, dehydration plant and LPG extraction plant.

In addition to the afore-mentioned pipeline construction activities within Pakistan, SNGPL is exploring business opportunities in Oil and Gas sector in Libya.

Acknowledgements

We express our thanks to all shareholders, stakeholders and valued customers throughout Pakistan, for their continuing support. The innovative and hard working efforts of the dedicated members of staff are invaluable to SNGPL and for this we extend our profound gratitude.


The Government of Pakistan, and its functionaries have given us continuous support and guidance, for which we are grateful. Specifically, we would like to thank the Ministry of Petroleum and Natural Resources and the Oil and Gas Regulatory Authority for their counsel and direction.

We wish to give the outgoing directors a thankful farewell for their hard work and long hours they have contributed to SNGPL. We wish them the greatest of success in their future endeavors.

On behalf of the Board,



(A. Rashid Lone)
Managing Director



(Mian Misbah ur Rehman)
Chairman

Lahore:
October 25, 2010

Our people expect Pakistan's resources to be developed and delivered responsibly... We agree and are committed to do so.

Pattern of Shareholding

As at June 30, 2010

*Name of Shareholders	Number of Shareholders	Shareholding		Total No. of Shares Held	Percentage
		From	To		
	3,303	1	100	149,157	0.03
	3,529	101	500	912,700	0.17
	4,573	501	1,000	3,071,797	0.56
	2,429	1,001	5,000	5,260,311	0.96
	410	5,001	10,000	2,931,752	0.53
	118	10,001	15,000	1,463,214	0.27
	60	15,001	20,000	1,064,589	0.19
	27	20,001	25,000	610,979	0.11
	20	25,001	30,000	554,645	0.10
	20	30,001	35,000	666,082	0.12
	12	35,001	40,000	459,795	0.08
	6	40,001	45,000	259,283	0.05
	9	45,001	50,000	438,123	0.08
	8	50,001	55,000	412,563	0.08
	5	55,001	60,000	282,028	0.05
	2	60,001	65,000	125,026	0.02
	3	65,001	70,000	205,132	0.04
	5	70,001	75,000	362,918	0.06
	3	75,001	80,000	235,200	0.04
	4	80,001	85,000	332,109	0.06
Rifat Saeed	1	85,001	90,000	85,900	0.02
Saudi Pak Commercial Bank Limited	1	90,001	95,000	91,922	0.02
	4	95,001	100,000	394,969	0.07
	2	100,001	105,000	201,514	0.03
	2	105,001	110,000	211,192	0.04
Tariq Naeem	1	110,001	115,000	110,300	0.02
Qaisar Perwaiz Mufti	1	125,001	130,000	126,500	0.02
	2	130,001	135,000	264,741	0.05
	2	145,001	150,000	296,764	0.05
Tahir Yousaf	1	150,001	155,000	151,600	0.03
Mahommad Mazhar Hayat	1	165,001	170,000	169,171	0.03
	2	195,001	200,000	400,000	0.07
Anwar Elahi	1	230,001	235,000	232,500	0.04
CDC - Trustee AKD Opportunity Fund	1	235,001	240,000	238,724	0.04
Pakistan Kuwait Investment Co. (Pvt) Limited	1	240,001	245,000	240,469	0.04
National Insurance Company Limited	1	245,001	250,000	246,620	0.04
Nuzhat Irfan	1	250,001	255,000	252,055	0.05
National Logistic Cell	1	270,001	275,000	272,500	0.05
IDBP (ICP Unit)	1	280,001	285,000	281,618	0.05
Irfanuddin	1	285,001	290,000	289,900	0.05
	2	290,001	295,000	583,535	0.10

*Name of Shareholders	Number of Shareholders	Shareholding		Total No. of Shares Held	Percentage
		From	To		
Muhammad Arif Khan	1	300,001	305,000	303,600	0.06
Rustom F. Cowasjee	1	305,001	310,000	305,374	0.06
Ghulam Reza Namlaiti	1	315,001	320,000	318,597	0.06
RO Limited	1	440,001	445,000	442,750	0.08
CDC - Trustee Nit-Equity Market Opportunity Fund	1	445,001	450,000	446,018	0.08
Abdul Samad Dawood	1	470,001	475,000	471,400	0.09
Dawood Corporation (Pvt.) Limited	1	495,001	500,000	496,221	0.09
Shareef Ahmad Bani & Mubashir Ahmad Bani	1	575,001	580,000	579,300	0.11
Shehryar Ahmed Buksh	1	595,001	600,000	600,000	0.11
Asian Co-operative Society Limited	1	655,001	660,000	660,000	0.12
EFU Life Assurance Limited	1	665,001	670,000	667,750	0.12
Zimpex Pakistan (Pvt) Limited	1	765,001	770,000	769,564	0.14
Foundation Securities (Private) Limited	1	860,001	865,000	865,000	0.16
State Street Bank and Trust Co.	1	875,001	880,000	875,703	0.16
Saudi Pak Inv. Co.	1	895,001	900,000	900,000	0.16
Central Insurance Co. Limited	1	1,075,001	1,080,000	1,075,577	0.20
Golden Arrow Selected Stocks Fund Limited	1	1,080,001	1,085,000	1,080,600	0.20
M. Hussain Dawood	1	1,605,001	1,610,000	1,605,195	0.29
The Bank of Punjab	1	1,845,001	1,850,000	1,850,000	0.34
Adamjee Insurance Company Limited	1	1,915,001	1,920,000	1,916,100	0.35
Sui Southern Gas Company Limited	1	2,090,001	2,095,000	2,090,195	0.38
CDC - Trustee PICIC Investment Fund	1	2,150,001	2,155,000	2,154,134	0.39
Askari Bank Limited	1	2,505,001	2,510,000	2,506,284	0.46
Pearl Securities Limited	1	2,535,001	2,540,000	2,536,703	0.46
Dawood Foundation	1	5,470,001	5,475,000	5,474,465	1.00
Pakistan Reinsurance Company Limited	1	7,530,001	7,535,000	7,530,913	1.37
AKD Securities Limited	1	8,095,001	8,100,000	8,099,470	1.48
CDC - Trustee PICIC Growth Fund	1	8,580,001	8,585,000	8,581,166	1.56
CDC - Trustee NIT State Enterprise Fund	1	11,075,001	11,080,000	11,079,950	2.02
NBP Trustee - NI(UT) (LOC) Fund	1	16,280,001	16,285,000	16,281,661	2.97
National Bank of Pakistan - Trustee Department NI (U)	1	17,005,001	17,010,000	17,006,943	3.10
State Life Insurance Corporation of Pakistan	1	17,445,001	17,450,000	17,446,592	3.18
Employee's Old-Age Benefits Institution	1	19,615,001	19,620,000	19,619,700	3.57
National Bank of Pakistan - Capital Market Wing	1	23,410,001	23,415,000	23,410,702	4.26
SNGPL Employees Empowerment Trust	1	23,720,001	23,725,000	23,722,693	4.32
Pakistan Industrial Development Corp. (Pvt) Limited	1	33,040,001	33,045,000	33,042,891	6.02
MCB Bank Limited - Treasury	1	47,770,001	47,775,000	47,770,364	8.70
Dawood Hercules Chemicals Limited	1	85,615,001	85,620,000	85,615,450	15.59
The President of Islamic Republic of Pakistan	1	173,965,001	173,970,000	173,966,417	31.68
	14,615			549,105,339	100.00

*Name of Shareholders have been specified where shares are held by a single shareholder.

Categories of Shareholders

As at June 30, 2010

Sr. #	Category	No. of Shareholders	Shares Held	Percentage
1.	Associated Companies, Undertakings and Related Parties			
	MCB Bank Limited	1	47,770,364	8.70
	Pakistan Industrial Development Corporation (Pvt) Limited	1	33,042,891	6.02
	Dawood Foundation	1	5,474,225	1.00
	Askari Bank Limited	1	2,506,284	0.46
	Sui Southern Gas Company Limited	1	2,090,195	0.38
	Central Insurance Company Limited	1	1,075,577	0.20
	Saudi-Pak Industrial & Agri Investment Company	1	900,000	0.16
	Dawood Corporation (Pvt) Limited	1	496,221	0.09
2.	NIT and ICP			
	National Investment Trust Limited	1	44,956,505	8.19
	IDBP (ICP Unit)	1	281,618	0.05
3.	Directors, CEO and their Spouse and Minor Children			
	Mr. A. Rashid Lone (Managing Director / CEO)	1	110	0.00
	Mr. S. M. Asghar (Director)	1	10,610	0.00
	Mr. A. Samad Dawood (Director)	1	471,400	0.09
	Mian Raza Mansha (Director)	1	110	0.00
4.	Executives	28	16,425	0.00
5.	Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds			
	Banks, Development Financial Institutions, Non Banking Financial Institutions	58	27,546,028	5.01
	Insurance Companies	14	27,973,714	5.09
	Modarabas & Mutual Funds	28	12,399,308	2.26
6.	Shareholders holding 10% or more voting interest			
	The President, Islamic Republic of Pakistan	1	173,966,417	31.68
	Dawood Hercules Chemicals Limited	1	85,615,450	15.59
7.	General Public			
	Resident	13,781	23,550,230	4.29
	Non-Resident	562	804,157	0.15
8.	Others			
	SNGPL Employees Empowerment Trust	1	23,722,693	4.32
	The Deputy Administrator Abandoned Properties, Foundations, Societies and Institutions etc.	127	34,434,807	6.27
Total		14,615	549,105,339	100.00

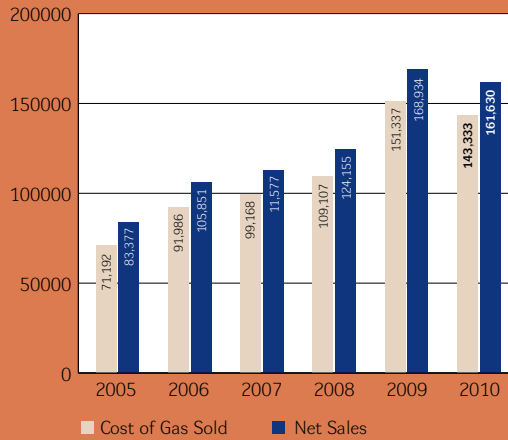
Summary of Six Years

As at June 30, 2010

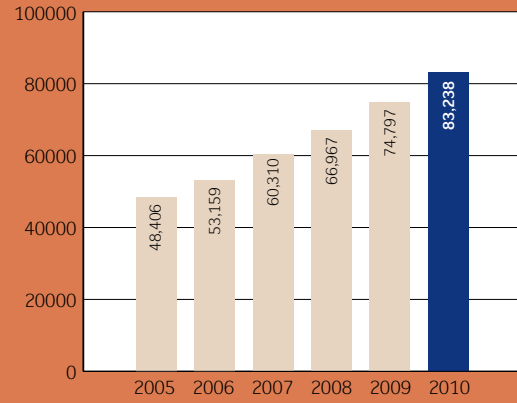
Particulars	Unit	2010	2009	2008	2007	2006	2005
Profit and Loss Account							
Net Turnover	Rs.' 000	161,629,828	168,933,831	124,155,033	112,577,052	105,851,114	83,377,335
Gross Profit	Rs.' 000	5,612,963	17,596,492	15,047,572	13,408,802	13,864,796	12,184,945
Operating Profit	Rs.' 000	9,145,373	2,383,422	4,770,056	5,110,287	4,817,164	4,639,190
Profit before Tax	Rs.' 000	3,880,143	1,730,240	3,980,809	4,249,572	5,119,060	4,261,477
Profit after Tax	Rs.' 000	2,554,563	930,536	2,496,690	2,678,343	3,722,244	2,735,978
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	Rs.' 000	15,329,091	8,263,505	9,601,371	9,558,766	10,365,180	8,962,851
Balance Sheet							
Share Capital	Rs.' 000	5,491,053	5,491,053	5,491,053	5,491,053	4,991,866	4,991,866
Reserves	Rs.' 000	13,211,027	10,656,463	11,647,796	10,798,422	10,116,826	7,892,142
Property, Plant and Equipment	Rs.' 000	86,728,369	78,616,277	62,194,617	50,053,930	43,568,193	40,448,733
Net Current Assets / Liabilities	Rs.' 000	(10,380,042)	(9,254,876)	5,484,601	7,782,919	7,631,418	4,355,950
Long Term / Deferred Liabilities	Rs.' 000	53,380,114	53,808,874	51,134,192	41,835,824	36,312,375	32,131,856
Summary of Cash Flows							
Net Cash from Operating Activities	Rs.' 000	16,256,271	17,431,998	13,246,707	10,690,617	16,164,146	7,378,636
Net Cash used in Investing Activities	Rs.' 000	(14,593,668)	(21,836,945)	(15,778,338)	(9,452,441)	(6,033,647)	(6,690,881)
Net Cash used in Financing Activities	Rs.' 000	(1,019,500)	(2,415,324)	(2,877,449)	(3,092,466)	(3,045,065)	(892,271)
Net (Decrease) / Increase in Cash and Cash Equivalents	Rs.' 000	643,103	(6,820,271)	(5,409,080)	(1,854,290)	7,085,434	(204,516)
Investor Information for Six Years							
Profitability Ratios :							
Gross Profit Ratio	%	16.38%	10.95%	12.19%	10.98%	12.85%	14.38%
Net Profit to Sales	%	1.48%	0.58%	2.02%	2.19%	3.45%	3.23%
EBITDA Margin	%	8.86%	5.14%	7.78%	7.83%	9.61%	10.58%
Return on Equity	%	14.66%	5.59%	14.94%	17.06%	26.59%	22.54%
Return on Capital Employed	%	4.61%	2.26%	4.81%	6.09%	9.53%	8.42%
Efficiency Ratios							
Operating Cycle	Days	74	52	53	48	50	53
Inventory Turnover Ratio	Times	204.68	231.27	218.48	215.78	232.24	228.85
Debtor Turnover Ratio	Times	5.04	7.23	7.05	7.94	7.52	7.08
Total Asset Turnover Ratio	Times	1.25	1.31	1.26	1.46	1.40	1.30
Fixed Asset Turnover Ratio	Times	1.99	2.04	1.98	2.44	2.48	2.09
Weighted Average Cost of Debt	%	6.37%	4.13%	5.88%	6.18%	7.45%	5.99%
Investment							
Earning Per Share (Basic)	Rs./Share	4.65	1.69	4.55	4.88	6.78	4.98
Market Value Per Share	Rs./Share	27.79	31.95	43.57	70.90	100.00	61.30
Share's Highest Value during the year	Rs./Share	36.60	45.75	83.00	102.90	124.40	81.00
Share's Lowest Value during the year	Rs./Share	23.40	17.52	39.47	63.45	55.50	47.50
Price Earning Ratio	Times	5.97	18.85	9.58	14.54	14.75	12.30
Break up Value per Share	Rs./Share	34.06	29.41	31.21	29.67	27.52	23.46
Bonus Shares Issued	Ratio	0%	0%	0%	0%	10%	0%
Cash Dividend per Share	Rs./Share	2.00	-	3.50	3.00	3.00	3.00
Leverage							
Debt: Equity Ratio	%	14	19	20	29	40	49
Dividend Yield Ratio	%	7.20	-	8.03	4.23	3.00	4.89
Dividend Payout Ratio	%	42.99	-	76.98	61.51	40.23	54.74
Interest Cover Ratio	Times	1.83	3.65	6.04	5.94	5.34	5.04
Dividend Cover Ratio	Times	2.33	-	1.30	1.63	2.49	1.83
Current Ratio	Times	0.83	0.82	1.19	1.30	1.30	1.22
Quick / Acid Test Ratio	Times	0.79	0.77	1.09	1.24	1.23	1.16
Statement of Value Added & How Distributed							
Employees as Remuneration	Rs.' 000	4,916,333	4,507,714	3,726,305	3,542,991	3,334,296	2,894,444
Government as Taxes	Rs.' 000	25,893,720	23,166,822	17,350,530	16,406,075	16,606,505	13,887,626
Shareholders as Dividends	Rs.' 000	1,098,211	-	1,921,869	1,647,316	1,497,560	1,497,560
Retained with the Business	Rs.' 000	7,505,133	6,048,781	5,118,245	4,543,424	3,512,397	1,786,900
Financial Charges to Providers of Finance	Rs.' 000	4,639,383	630,980	788,963	860,655	1,180,142	1,054,683

Graphical Presentation

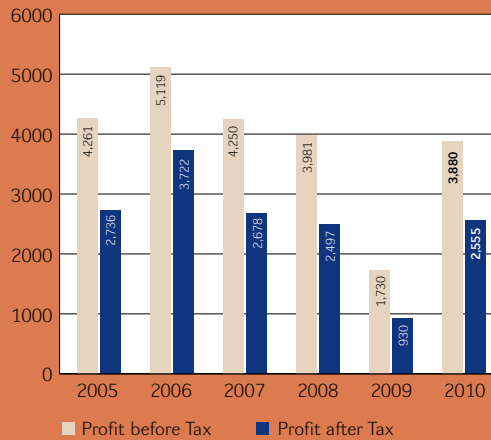
Revenue & Cost Analysis
(Rupees in Million)



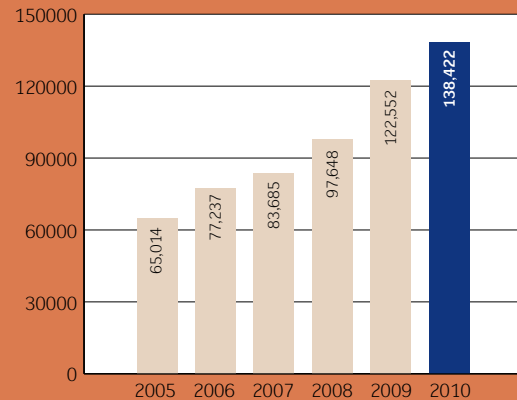
Transmission & Distribution Network
(In Kilometer)



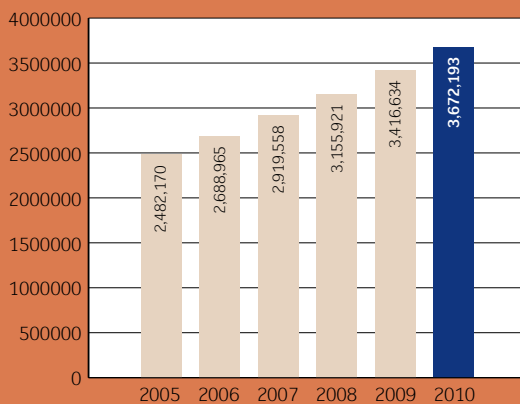
Profit before / after Tax
(Rupees in Million)



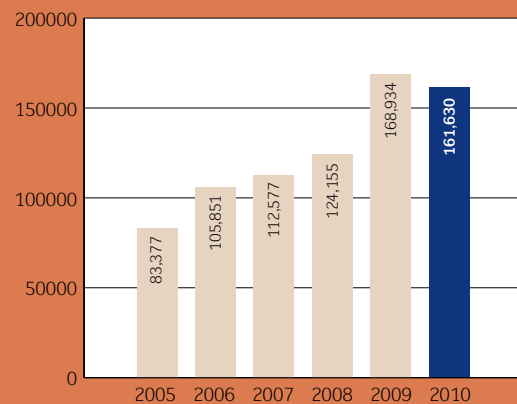
Growth of Total Assets
(Rupees in Million)



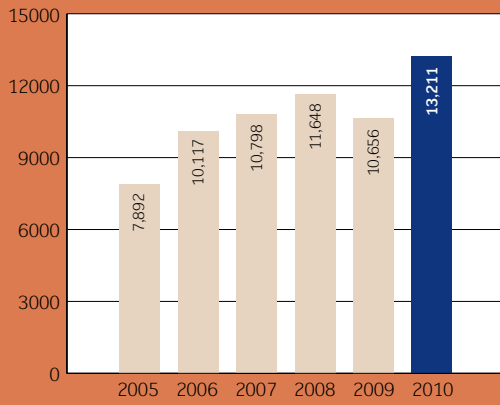
Customers' Growth
(In Numbers)



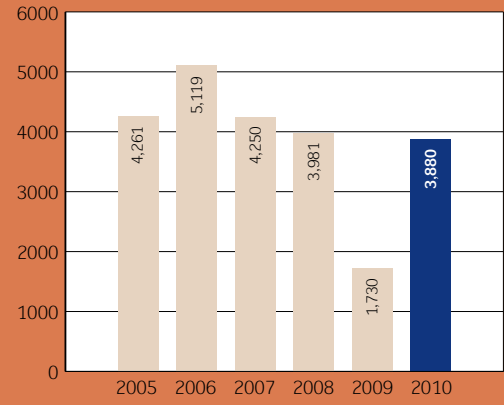
Net Turnover
(Rupees in Million)



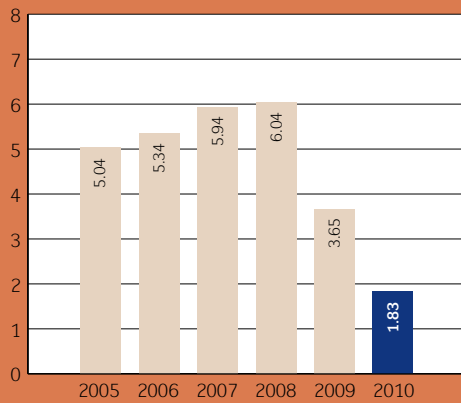
Reserves
(Rupees in Million)



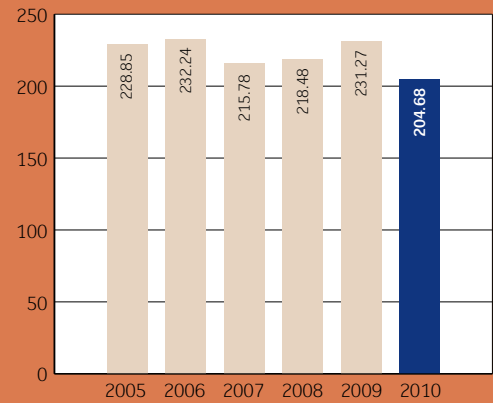
Profit before Tax
(Rupees in Million)



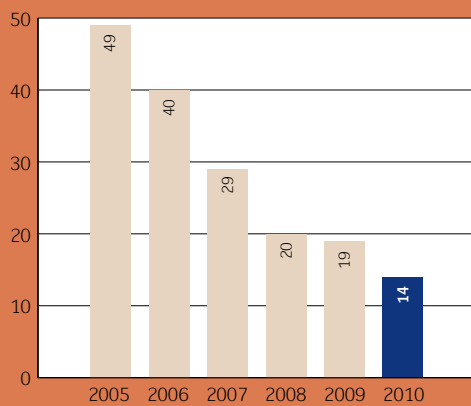
Interest Cover Ratio
(In Times)



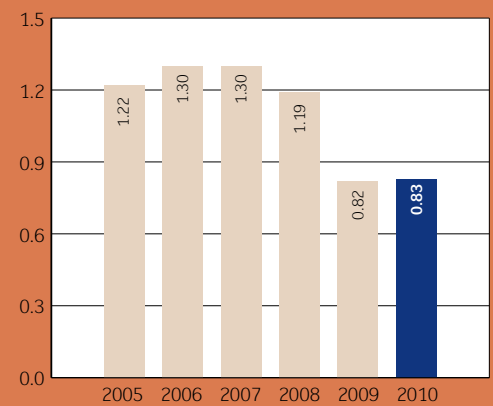
Inventory Turnover Ratio
(In Times)



Debt: Equity Ratio
(In Percentage)



Current Ratio
(In Times)



Vertical Analysis

	Jun 30, 05	Jun 30, 06	Jun 30, 07	Jun 30, 08	Jun 30, 09	Jun 30, 10
Balance Sheet Items						
Assets						
Non-current assets						
Property, plant and equipment	62.16	56.41	59.79	63.66	63.93	62.40
Intangible assets	0.01	0.00	0.02	0.03	0.22	0.26
Investment in Associate	0.40	0.01	0.01	0.01	0.00	0.00
Long term loans	-	0.27	0.27	0.23	0.19	0.16
Employee benefits	0.01	0.00	0.07	0.37	0.28	0.36
Long term deposits and prepayments	0.00	0.01	0.01	0.01	0.01	0.01
	62.58	56.70	60.16	64.30	64.63	63.19
Current assets						
Stores and spare parts	1.09	1.53	1.30	2.34	1.77	1.21
Stock in trade-gas in pipelines	0.53	0.58	0.57	0.54	0.64	0.54
Trade debts	21.81	18.80	19.39	19.21	20.98	30.97
Loans and advances	0.17	0.11	0.22	0.15	0.11	0.17
Trade deposits and short term prepayments	0.14	0.04	0.04	0.10	0.08	0.05
Interest accrued	0.09	0.08	0.09	0.04	0.01	0.01
Other receivables	0.81	1.27	1.58	2.29	9.29	1.57
Income tax recoverable - Net	-	0.00	0.16	0.78	1.06	0.86
Sales tax recoverable	-	0.96	0.31	1.39	0.35	0.00
Short term investments	-	0.00	0.00	0.52	0.00	0.00
Cash and bank balances	12.78	19.94	16.19	8.33	1.07	1.45
	37.42	43.30	39.84	35.70	35.37	36.81
Total assets	100.00	100.00	100.00	100.00	100.00	100.00
Equity and liabilities						
Share capital and reserves						
Authorized share capital (1,500,000,000 ordinary shares of Rs 10 each)						
Issued, Subscribed and paid up share capital	7.67	6.46	6.56	5.62	4.48	3.97
Revenue reserves	11.32	13.10	12.90	11.93	8.70	9.54
Total equity	18.99	19.56	19.47	17.55	13.18	13.51
Non-current liabilities						
Long term financing:						
- Secured	5.34	2.52	0.79	0.06	0.00	0.00
- Unsecured	11.09	7.09	4.43	2.78	1.47	0.90
Security deposits	8.11	7.59	8.69	9.29	9.33	10.76
Deferred Credit	15.80	21.57	27.61	32.14	26.11	23.85
Deferred tax	9.39	7.83	8.07	7.74	6.67	6.33
Employee benefits	0.59	0.40	0.40	0.34	0.32	0.33
	50.32	47.01	49.99	52.37	43.91	42.18
Current liabilities						
Trade and other payables	26.55	28.52	27.26	28.08	40.79	39.76
Interest / Mark up accrued	0.31	0.71	0.56	0.41	0.45	3.29
Current portion of long term financing	3.46	3.31	2.73	1.60	0.78	0.72
Taxation - Net	0.36	0.88	0.00	0.00	0.90	0.53
	30.69	33.42	30.54	30.08	42.92	44.31
Total liabilities	81.01	80.44	80.53	82.45	86.82	86.49
Contingencies and Commitments	0.00	0.00	0.00	0.00	0.00	
Total equity and liabilities	100.00	100.00	100.00	100.00	100.00	100.00
Profit & Loss Items						
Gas Sales	100.00	100.00	100.00	100.00	100.00	100.00
Add / (Less): Differential Margin / (Gas Development Surcharge)	(1.57)	(1.90)	(7.79)	0.61	5.11	(6.57)
	98.43	98.10	92.21	100.61	105.11	93.43
Cost of Gas Sold	84.04	85.25	81.22	88.41	94.17	82.85
Gross Profit	14.38	12.85	10.98	12.19	10.95	10.58
Other Operating Income	3.14	3.32	3.23	3.13	2.80	4.49
	17.53	16.17	14.22	15.32	13.75	15.07
Less: Operating Expenses						
Distribution Cost	9.89	8.92	8.76	9.56	9.34	8.54
Administrative Expenses	1.07	1.09	1.08	1.12	1.07	1.24
	10.97	10.01	9.83	10.68	10.41	9.78
Other Operating Expenses	6.56	6.16	4.38	4.64	3.33	5.29
	0.29	0.32	0.20	0.78	1.85	0.36
Operating Profit	6.28	5.84	4.19	3.87	1.48	4.93
Finance Cost	1.25	1.09	0.70	0.64	0.41	2.69
Profit Before Taxation And Share From Associate	5.03	4.74	3.48	3.23	1.08	2.24
Share in Profit of Associate - Before Tax	0.00	0.00	0.00	0.00	0.00	0.00
Profit Before Taxation	5.03	4.74	3.48	3.23	1.08	2.24
Taxation	1.80	1.29	1.29	1.20	0.50	0.77
Profit After Taxation	3.23	3.45	2.19	2.02	0.58	1.48

Horizontal Analysis

	Jun 30, 05	Jun 30, 06	Jun 30, 07	Jun 30, 08	Jun 30, 09	Jun 30, 10
Balance Sheet Items						
Assets						
Non-current assets						
Property, plant and equipment	100	108	124	154	194	214
Intangible assets	0	100	100	100	100	100
Investment in Associate	100	100	102	100	100	100
Long term loans	100	105	111	112	118	114
Employee benefits	-	0	100	100	100	100
Long term deposits and prepayments	100	109	98	110	115	138
	100	108	124	154	195	215
Current assets						
Stores and spare parts	100	167	153	322	305	235
Stock in trade-gas in pipelines	100	129	137	152	284	214
Trade debts	100	102	114	132	264	302
Loans and advances	100	73	162	133	97	205
Trade deposits and short term prepayments	100	36	38	108	268	74
Interest accrued	100	108	130	73	39	13
Other receivables	100	185	249	422	3185	411
Income tax recoverable - Net	0	0	100	100	100	100
Sales tax recoverable	0	0	100	100	100	0
Short term investments	0	0	0	100	0	0
Cash and bank balances	100	185	163	98	15	24
	100	137	137	143	219	209
Total assets	100	119	129	150	215	213
Equity and liabilities						
Share capital and reserves						
Authorized share capital (1,500,000,000 ordinary shares of Rs 10 each)	100	100	100	100	100	100
Issued, Subscribed and paid up share capital	100	100	110	110	110	110
Revenue reserves	100	128	137	148	135	167
Total equity	100	117	126	133	125	145
Non-current liabilities						
Long term financing:						
- Secured	100	56	19	2	0	0
- Unsecured	100	83	56	41	27	19
Security deposits	100	111	138	172	217	282
Deferred Credit	100	162	225	305	311	321
Deferred tax	100	99	110	124	134	143
Employee benefits	100	82	87	88	103	119
	100	113	130	159	167	182
Current liabilities						
Trade and other payables	100	129	134	161	293	322
Interest / Mark up accrued	100	128	109	92	129	1063
Short term borrowings	0	0	0	0	100	100
Current portion of long term financing	100	114	101	69	49	33
Taxation - Net	100	287	0	0	0	0
	100	129	128	147	263	307
Total liabilities	100	119	129	154	204	230
Total equity and liabilities	100	119	129	150	189	213
Profit & Loss Items						
Gas Sales	100	127	144	146	190	204
Add / (Less): Differential Margin / (Gas Development Surcharge)	100	153	714	(56)	(617)	853
	100	127	135	149	203	194
Cost Of Gas Sold	100	129	139	153	213	201
Gross Profit	100	114	110	123	144	150
Other Operating Income	100	135	148	145	169	292
	100	118	117	127	149	176
Less: Operating Expenses						
Distribution Cost	100	115	128	141	179	176
Administrative Expenses	100	129	144	152	189	236
	100	116	129	142	180	182
	100	120	96	103	96	165
Other Operating Expenses	100	143	100	396	1,231	255
	100	118	96	90	45	160
Other Operating Income	-	-	-	-	-	-
Operating Profit	100	118	96	90	45	160
Finance Cost	100	112	82	75	62	441
Profit before Taxation and Share from Associate	100	120	100	93	41	91
Share in Profit of Associate - Before Tax						
Profit Before Taxation	100	120	100	93	41	91
Share in Profit of Associate - Before Tax						
Taxation	100	92	103	97	52	87
Profit After Taxation	100	136	98	91	34	93
Earnings per share - Basic and Diluted (Rupees)	100	136	98	91	34	93

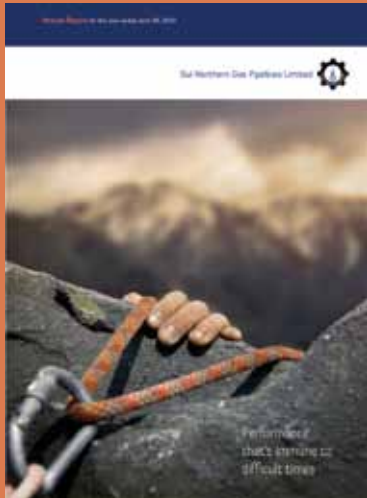
Ten Years at a Glance

	2010	2009	2008	2007
	(Rupees in thousand)			
Balance Sheet - Summary				
Paid up share capital	5,491,053	5,491,053	5,491,053	5,491,053
Revenue reserves	13,211,026	10,656,463	11,647,796	10,798,422
Deferred credit	33,017,791	32,000,133	31,386,548	23,108,412
Non-current liabilities				
Long term loans outstanding				
- Local	1,251,220	1,471,659	1,774,432	2,194,721
- Foreign	-	326,653	943,531	1,515,460
- Banking companies	-	-	62,500	662,500
Long term security deposits	14,899,244	11,439,969	9,068,102	7,270,407
Deferred liabilities - taxation	8,758,231	8,178,211	7,562,412	6,752,570
Deferred liabilities - others	453,628	392,249	336,667	331,754
Current Liabilities	61,339,744	52,595,572	29,374,602	25,559,287
	138,421,937	122,551,962	97,647,643	83,684,586
Represented by:				
- Non - Current Assets	87,462,235	79,211,266	62,788,440	50,342,380
- Current Assets	50,959,702	43,340,696	34,859,203	33,342,206
	138,421,937	122,551,962	97,647,643	83,684,586
Profit and loss - summary				
Income				
Sales	172,994,645	160,714,737	123,404,537	122,091,652
Add/(Less) differential margin / (development surcharge)	(11,364,817)	8,219,094	750,496	(9,514,600)
Net Sales	161,629,828	168,933,831	124,155,033	112,577,052
Cost of Gas sold	143,332,938	151,337,339	109,107,461	99,168,250
Gross profit	18,296,890	17,596,492	15,047,572	13,408,802
Other operating income	7,772,320	4,496,964	3,856,536	3,947,853
Operating profit/(Loss)-LPG	-	-	-	-
Share of profit from associate	212	-	422	485
	26,069,422	22,093,456	18,904,530	17,357,140
Expenditure				
Operating Expenses	16,923,837	16,734,729	13,176,858	12,005,044
Finance Cost	4,650,154	653,182	789,247	860,715
Other charges	615,500	2,975,305	957,194	241,324
	22,189,491	20,363,216	14,923,299	13,107,083
Profit before Taxation	3,879,931	1,730,240	3,981,231	4,250,057
Provision for Taxation	1,325,368	799,704	1,484,541	1,571,714
Profit after Taxation	2,554,563	930,536	2,496,690	2,678,343
Earning per share (Basic) / (Rupees)	4.65	1.69	4.55	4.88
Dividend (%)	20	-	35	30
Bonus Shares (%)	-	-	-	-
Number of Employees - Operation	6,774	6,652	6,916	6,712
- Project	306	342	224	209
	7,080	6,994	7,140	6,921
Gas Sales (MMCF)	586,741	584,895	597,913	576,658
Consumers (In numbers)	3,706,701	3,451,142	3,190,181	2,953,818
Customers (In numbers) - Industrial	6,375	5,953	5,442	4,425
- Commercial	54,631	52,242	49,176	45,925
- Domestic	3,611,187	3,358,439	3,101,303	2,869,208
	3,672,193	3,416,634	3,155,921	2,919,558
Transmission and distribution system (in kilometers)				
Transmission mains	7,585	7,347	7,016	6,625
Distribution mains and services	75,653	67,449	59,951	52,394

2006	2005	2004	2003	2002	2001
(Rupees in thousand)					
4,991,866	4,991,866	4,991,866	4,991,866	4,991,866	4,991,866
10,116,826	7,892,142	5,861,970	3,564,492	2,648,937	1,760,485
16,663,770	10,279,438	8,098,044	4,328,300	3,980,851	3,820,602
3,428,613	4,068,020	3,036,539	3,711,707	4,506,818	5,197,566
2,045,483	2,536,780	2,992,191	3,414,091	3,805,052	4,167,517
1,949,084	3,473,672	5,035,759	5,471,154	4,254,384	2,211,682
5,865,779	5,279,975	4,441,952	3,744,461	3,301,454	3,040,623
6,046,992	6,112,252	5,546,779	4,986,297	4,551,906	4,128,560
312,654	381,719	1,989,201	1,560,203	1,075,325	799,157
25,815,502	19,998,166	14,930,469	11,528,019	12,511,306	13,119,164
77,236,569	65,014,030	56,924,770	47,300,590	45,627,899	43,237,222
43,789,649	40,659,914	37,173,812	33,774,911	30,527,631	29,216,137
33,446,920	24,354,116	19,750,958	13,525,679	15,100,268	14,021,085
77,236,569	65,014,030	56,924,770	47,300,590	45,627,899	43,237,222
107,897,291	84,710,404	64,276,145	45,649,496	42,005,148	36,522,243
(2,046,177)	(1,333,069)	(70,064)	(3,189,416)	(4,084,195)	(2,442,668)
105,851,114	83,377,335	64,206,081	42,460,080	37,920,953	34,079,575
91,986,318	71,192,390	52,627,542	31,349,357	28,549,844	24,849,097
13,864,796	12,184,945	11,578,539	11,110,723	9,371,109	9,230,478
3,580,703	2,662,116	1,930,805	1,883,975	1,829,171	1,160,841
-	-	-	-	(3,192)	(13,807)
-	-	-	-	-	-
17,445,499	14,847,061	13,509,344	12,994,698	11,197,088	10,377,512
10,799,936	9,289,124	8,679,258	8,061,605	6,832,948	6,484,892
1,180,203	1,054,730	968,918	1,531,471	1,398,174	1,440,695
346,300	241,730	196,791	194,555	201,727	122,602
12,326,439	10,585,584	9,844,967	9,787,631	8,432,849	8,048,189
5,119,060	4,261,477	3,664,377	3,207,067	2,764,239	2,329,323
1,396,816	1,525,499	1,366,899	1,193,301	877,414	992,754
3,722,244	2,735,978	2,297,478	2,013,766	1,886,825	1,336,569
6.78	4.98	4.18	3.67	3.44	2.43
30	30	25	22	20	17
10	-	-	-	-	-
6,852	6,904	7,070	7,240	7,417	7,607
249	264	259	208	182	96
7,101	7,168	7,329	7,448	7,599	7,703
571,481	537,086	452,338	341,643	321,957	308,111
2,723,225	2,516,795	2,340,872	2,208,968	2,113,847	2,021,857
3,773	3,271	2,881	2,669	2,548	2,475
43,919	41,358	38,842	37,471	37,622	39,128
2,641,273	2,437,541	2,263,875	2,133,554	2,038,403	1,944,980
2,688,965	2,482,170	2,305,598	2,173,694	2,078,573	1,986,583
6,195	6,121	5,776	5,759	5,405	5,122
46,964	42,285	38,284	35,814	34,093	32,825



We have confidence in the strength of our Assets, our Systems, our Plans and our People... we will continue to build upon these foundations, for success.



Performance that's immune to difficult times

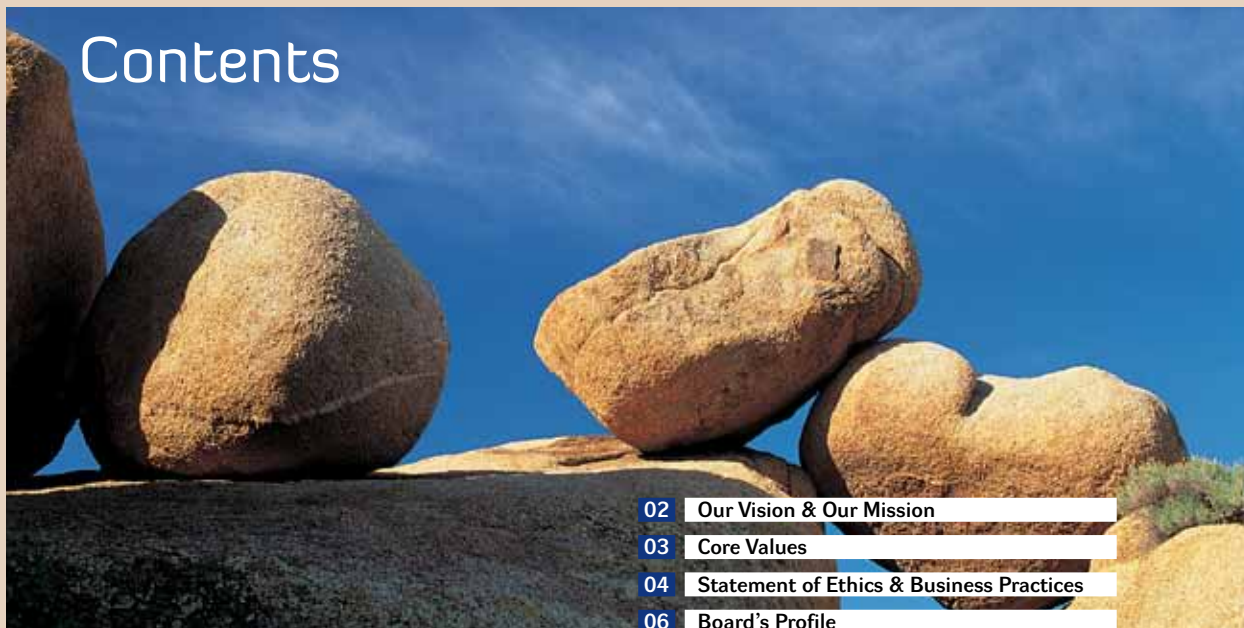
When rocks across the way are clearly visible, conditions are uncertain and the weather is cloudy, you will either dare to step forward or step back into safety.

Here at SNGPL, we have learnt during 47 years of our journey – Be not afraid of growing slowly, be afraid only of standing still. Move ahead – Look for opportunities even in the most uncertain scenarios, so much so that uncertainty becomes our ally and rocks become our foot holders to newer destinations and encounter threats gallantly. This thought process has motivated SNGPL to keep afloat despite the difficult times.

With this year's Annual Report, we welcome you to discover the spirit within your Company that has gotten us ready once again to avail the opportunities and counter the threats, with better understanding and higher goals.

**Together with you.
Together with Pakistan.**

(UZMA ADIL KHAN)
Company Secretary



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Our Vision

To be the leading integrated natural gas provider in the region seeking to improve the quality of life of our customers and achieve maximum benefit for our stakeholders by providing an uninterrupted and environment friendly energy resource.

Our Mission

A commitment to deliver natural gas to all doorsteps in our chosen areas through continuous expansion of our network, by optimally employing technological, human and organizational resources, best practices and high ethical standards.



Construction crew at work on Maramzai gas pipeline (District Kark)

Core Values

Commitment

We are committed to our vision, mission and to creating and delivering stakeholder value.

Courtesy

We are courteous - with our customers, stakeholders, and towards each other and encourage open communication.

Competence

We are competent and strive to continuously develop and improve our skills and business practices.

Responsibility

We are responsible as individuals and as teams - for our work and our actions. We welcome scrutiny, and we hold ourselves accountable.

Integrity

We have integrity - as individuals and as teams - our decisions are characterized by honesty and fairness.



Statement of Ethics and Business Practices

SNGPL requires its entire staff both executive staff and subordinate employees, the observance of the highest ethical standards in the conduct of its business activities to minimize the significant risk associated with non compliance. The policy on Business Principles and Ethical Risk is intended to assist SNGPL staff in meeting the standards of professional and personal integrity expected and required of them. SNGPL staff will act with integrity at all times, to protect and safeguard the reputation of the Company. Contravention of this policy will be regarded as misconduct.

SNGPL will ensure that, through this policy and through other means of communication, all its staff is aware of the required standards, rules and regulations.

Following are certain specific guidelines in respect of the above.

Conflict of interest

Each staff member has a prime responsibility to the Company and is expected to avoid any activity that could interfere with that responsibility. Staff should not engage in activities or transactions which may give rise to, or which may be seen to be giving rise to conflict between their personal interests and the interest of the Company. Such conflict could arise in a number of ways and a number of situations. The following paragraph outlines some specifically forbidden situations. This list is, however not exhaustive. In case of doubt the advice of the Management should be sought.

- SNGPL purchase equipment, material and services for various aspects of its operations. SNGPL staff members are forbidden from holding any financial interest, directly or indirectly in any organization supplying goods or services to the Company.
- SNGPL staff should not participate in any external activity that competes, directly or indirectly, with the Company.
- SNGPL staff should not engage in any outside business or activity that might interfere with their duties and responsibilities to the Company.
- No staff member should sell, lease or buy equipment, material or services to or from the Company except when as an employee it may be necessary in the normal course of his/her duties.
- Staff members are not permitted to conduct personal business activities on the Company's premises or to use Company facilities for such purpose.
- If a staff member has direct interest, indirect interest or family connections, with an external organization that has business dealing with SNGPL, details of such connections and interests should be fully disclosed to the Management.
- Staff members should disclose to the Management the details in respect of any relationship(s) with other staff members; and
- Staff members shall not perform any act or get involved in any situation that potentially could conflict with the principles outlined above.

Confidentiality

Staff members should not keep or make copies of correspondence, documents, papers and records, list of suppliers or consumers without the consent of the Company. Company's information and records should be kept on Company premises only and unpublished information may be disclosed to external organizations/ individuals only on "need to know" basis. In case of doubt in this regard, the Management's advice should be sought.

Contributions

No contribution shall be made to any organization or to any individual who either holds public office or is a candidate for public office.

Inducement payments

Staff members should not give or receive payments that are intended to influence a business decision or to compromise independent judgment; nor should any staff member receive money for having given Company business to an outside agency. Payment of any nature to Government officials to induce them to perform their duties is strictly prohibited.

Proper record of funds, assets, receipts and disbursements

All funds, assets, receipts and disbursements should be properly recorded in the books of the Company. In particular, no funds or accounts should be established or maintained for a purpose that is not fully and accurately reflected in the books and records of the Company. Funds and assets received or disbursement should be fully and accurately reflected in the books and the records of the Company. No false or fictitious entries should be made or misleading reports pertaining to the Company or its operations should be issued.

Relationships and dealings with Government officials, media, suppliers, consultants and other parties

SNGPL's relationships and dealings with Government officials, external agencies, parties and individuals should, at all times, be such the SNGPL's integrity and its reputation would not be damaged if details of the relationship or dealings were to become public knowledge.

It is the responsibility of each SNGPL staff member to exercise good judgment so as to act in a manner that will reflect favorably on the Company and the individual. Staff member should only make statements to the media, speeches in public forums, or publish articles in newspapers etc. with prior authorization. In a personal capacity also, due care should be taken while discussing the Company performance or plans with outsiders. Staff members having questions on how to comply with this requirement should consult with the Management.

Health and safety

Every staff member should take reasonable care to ensure the health and safety of him/her self and others, who may be affected by his/her acts or omissions at work. Staff members should not tamper with or misuse any item provided by the Company to secure the safety, health and welfare of its staff and for the protection of the environment.

Environment

To preserve and protect the environment, all SNGPL staff members should;

- design and operate the Company's facilities and processes so as to ensure the trust of adjoining communities.
- promote resource conservations, waste minimization and the minimization of the release of chemicals / gas into the environment.
- provide employees, customers, suppliers, public authorities and communities with appropriate information for informed decision making; and
- strive continuously to improve environmental awareness and protection.

Alcohol, drugs and gambling

The use of alcohol in any form is prohibited on all Company locations / premises. Similarly, the use of drugs, except under medical advice, is prohibited on all Company locations / premises.

Any staff member arriving at a work place under the influence of alcohol or drugs will not be permitted to enter the premises and will be liable to disciplinary action.

All forms of gambling / betting on the Company's premises are forbidden.

Receiving gifts

No employee shall seek accept or permit himself / herself or any member of his/her family to accept any gift or favor, the receipt of which will place him/her under form of officials obligation to the donor. As part of building relationship with consumers, suppliers, etc. staff members may receive occasional gifts provided that the gift is of nominal value (e.g. pens, note pads, calendars, diaries, key chains or such promotional material) and the gift is neither intended nor perceived by others to be intended to improperly influence business decision.

Work place harassment

SNGPL staff will maintain an environment that is free from harassment and in which all employees are equally respected. Workplace harassment is defined as any action that creates an intimidating, hostile or offensive work environment. Such actions include, but are not limited to, sexual harassment, disparaging comments based on gender, religion, race or ethnicity.

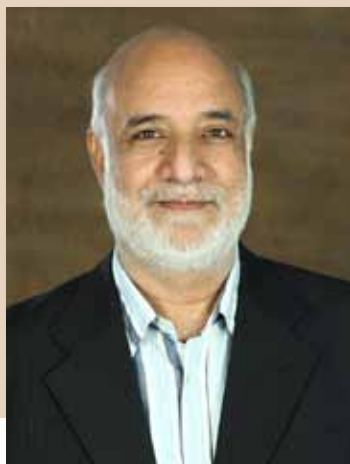
Regulatory Compliance and Corporate Governance

SNGPL fully co-operates with all governmental and regulatory bodies and is committed to high standards of corporate governance. We are fully compliant to our obligations as envisaged under the Listing Rules of three Stock Exchanges, of whom SNGPL is a listed member.

General

- All information and explanations supplied to the auditors must be completed and not misleading.
- SNGPL will not knowingly assist in fraudulent activities (e.g. tax evasion, etc.). If one has any reason to believe that fraudulent activities are taking place (whether within the company or by others with whom the Company has any business relations), one must report it to the concerned departmental head immediately.
- All the financial transactions will remain within the ambit of the Company's Memorandum and Articles of Association.

Board's Profile



Mian Misbah-ur-Rehman

Chairman

Chief Executive, Popular Chemical Works (Pvt) Limited. Director, Pakistan Steel Mills Corporation Limited. Served as Chairman, Lahore Gymkhana Club and Pakistan Pharmaceutical Manufacturers Association, President of Lahore Chamber of Commerce and Industry, Member of Managing Committee of Federation of Pakistan Chamber of Commerce & Industry and Lahore City Cricket Association. Mr. Rehman has rendered tremendous services for Social Welfare. Being an active Ravian, he is a member of the executive committee of "Endowment Trust Fund" of Government College University, Lahore.



Mr. A. Rashid Lone

Managing Director / Chief Executive Officer

Director, Sui Southern Gas Company Limited, Interstate Gas Systems (Pvt) Limited, Petroleum Institute of Pakistan and Member of Board of Trustees of Qarshi Foundation. He is a registered professional engineer with the Pakistan Engineering Council and Fellow Member of Pakistan Institute of Chemical Engineers. Mr. Lone has several years of experience in the gas industry, particularly in the planning, design, construction and operations of natural gas transmission and distribution networks within Pakistan. He has successfully completed several mega pipeline projects as per international standards using local expertise and without foreign lending. He is a Chemical Engineer by profession, holding B.Sc (Hons.) and M.Sc (Chemical Engineering) degrees from the University of Punjab at Lahore, Pakistan.



Dr. Faizullah Abbasi

Director

Managing Director, Sui Southern Gas Company Limited (SSGCL). Ex-Vice President, Metal Manufacturing Company, Arizona, U.S.A and Ex-Deputy Managing Director of SSGCL. Dr. Abbasi was incharge of Human Resource / Administration, Measurement / Meter Plant, HSE and Gas Distribution Operations. At that time he devised effective strategy for Un-accounted For Gas (UFG) Control. Dr. Abbasi is a Ph.D in Metallurgical Engineering from Sheffield, United Kingdom.



Mr. S. M. Asghar

Director

Director, Dawood Hercules Chemicals Limited, DH Fertilizers Limited and Dawood Lawrencepur Limited. Mr. Asghar has vast industrial experience in the fields of finance, taxation, law and corporate affairs. He is a fellow Member of the Institute of Chartered Accountants, an Associate Member of the Institute of Cost and Management Accountants of Pakistan and a certified Director from the Pakistan Institute of Corporate Governance.



Mr. Muhammad Iqbal Awan

Director

Additional Finance Secretary, Ministry of Finance, Government of Pakistan. He has vast and diversified experience in several multi-national and local companies. Mr. Awan is M.S Economic Policy from Columbia University, U.S.A.



Mr. A. Samad Dawood

Director

Chairman, Central Insurance Company Limited and Chief Executive, Dawood Corporation (Pvt.) Limited. Director, Engro Corporation Limited, Engro Fertilizers Limited, Dawood Hercules Chemicals Limited, Dawood Lawrencepur Limited, Tenaga Generasi Limited, WWF Pakistan, Inbox Business Technologies, Sach International (Pvt.) Limited and Pebbles (Pvt.) Limited. Mr. Samad is also a Trustee of the Dawood Foundation. He is a certified Director from the Pakistan Institute of Corporate Governance and a Graduate in Economics from University College London.

Board's Profile



Mr. Abdul Bari Khan

Director

Ex. Chief Executive Officer, Pakistan Industrial Development Corporation, Former Chairman, Pakistan Automobile Corporation, Ghee Corporation of Pakistan, Morafco Industries Limited, Sindh Engineering Limited, Pakistan Motor Car Co. (Pvt) Limited and ex-Managing Director, Dir Forest Industries Limited, Trailer Development Corporation Limited and Republic Motors Limited. Served as a Director of several major Companies and Member of the Board of Governors of the Lahore University of Management Sciences, Malakand University in Khyber Pakhtoonkhwa, Lasbela University of Agriculture, Water and Marine Sciences in Baluchistan and the Pakistan Institute of Management. He has vast and diversified working experience in the Public Sector. Mr. Khan is an MBA from the Institute of Business Administration, Karachi.



Mr. Sher Muhammad Khan

Director

Acting Director General (Gas), Ministry of Petroleum and Natural Resources, Director, Sui Southern Gas Company Limited and Executive member of Pakistan Chamber of Engineers. He joined Ministry of Petroleum & Natural Resources in 1985. Having extensive experience over 31 years. Mr. Khan holds a B.Sc. Chemical Engineering degree.



Mr. Tariq Iqbal Khan

Director

Ex. Chairman/Managing Director of the National Investment Trust Limited. He has more than 40 years of experience in the areas of Finance, Accounts, Capital Markets, Corporate Sector, Company Law, Tax, etc. He is a founder Director of Islamabad Stock Exchange and has also been its President from 1995 to 1998. He has also served as Member, Tax policy and Co-ordination in Central Board of Revenue and later joined Securities and Exchange Commission of Pakistan as a Commissioner and officiated as acting Chairman in 2000. He has a vast and diversified Board Room experience of Banks, Financial sector, Fertilizer, Chemical and Energy sectors etc. Mr. Khan is a Fellow Chartered Accountant of Institute of Chartered Accountants of Pakistan.



Mr. Wazir Ali Khoja

Director

Managing Director of the National Investment Trust Limited. He has more than 39 years of experience in the areas of Management, Financial Consultancy, Human Resource and Marketing for financial institutes and software house. He has also served as Senior Executive Vice President of MCB Bank. Mr. Khoja is the member of governing body of Pakistan Cricket Board (PCB). He is a graduate from the Sindh University, Hyderabad.



Mian Raza Mansha

Director

Chief Executive, D.G. Khan Cement Company Limited and Nishat Paper Products Limited. Director, MCB Bank Limited, Nishat Power Limited and Nishat Hotels & Properties Limited. Mr. Mansha is Chairperson of Alumni Student Committee, University of Pennsylvania. He is a graduate from the University of Pennsylvania (USA).

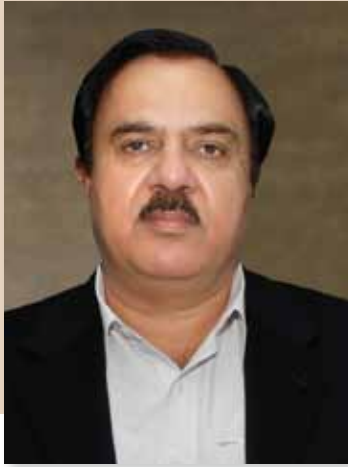


Mr. Inam-ur-Rahman

Director

CEO, Dawood Lawrencepur Limited, Tenaga Generasi Limited and SACH (Pvt) Limited. Director, Dawood Hercules Chemicals Limited, Sindh Engro Coal Mining Company Limited and Pebbles Private Limited. Mr. Rahman is one of the leading professionals in the field of Training, Performance Consultancy, Human Resource Development, Business Development and Retail Management in the country. He is adjunct faculty at Lahore University of Management Sciences. He holds a B.S. Electrical Engineering from UET Lahore and an MBA from LUMS.

Board's Profile



Syed Zahir Ali Shah

Director

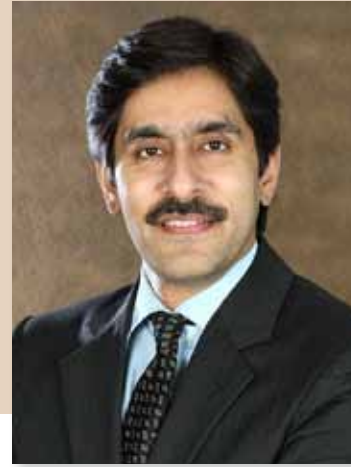
Minister for Health, Khyber Pakhtoonkhwa. Chief Executive of Urdu daily newspaper "Mashriq" and English newspaper "The Statesman" Peshawar. Resident Director, Finance & Administration of M/s Karcon (Pvt) Limited. Having extensive business experience over 35 years. Mr. Shah holds a B.Sc. degree.



Malik Tahir Sarfraz

Director

Presently serving as Joint Secretary Ministry of Petroleum and Natural Resources. Mr. Malik has also served as Assistant Commissioner, Additional Deputy Commissioner, Deputy Commissioner in Federal Capital, Punjab and Khyber Pakhtoonkhwa, Director Anti Corruption, Federal Joint Secretary Cabinet Division, Joint Secretary Ministry of Interior. Mr. Malik has headed various official delegations for security and trade, while visiting several foreign countries. He is a graduate in Political Science.



Mr. Amer Tufail

Chief Financial Officer

Fellow member of the Institute of Chartered Accountants of Pakistan. Mr. Amer has over eighteen years post qualification experience of local and international markets with public and private entities and multilateral funding agencies on senior positions.

Corporate Information



Mrs. Uzma Adil Khan

Company Secretary

Fellow member of the Institute of Chartered Accountants of Pakistan and Institute of Chartered Secretaries and Managers.

Mrs. Khan has wide experience in senior positions in textile, educational institutions and Securities and Exchange Commission of Pakistan.

Joint Auditors

A. F. Ferguson & Co.
Chartered Accountants

M. Yousaf Adil Saleem & Co.
Chartered Accountants

Shares Registrar

M/s. Hameed Majeed Associates (Pvt) Ltd.,
H.M. House, 7-Bank Square, Lahore.
Ph: 092-42-37235081-82
Fax: 092-42-37358817

Legal Advisors

M/s. Surridge & Beecheno
M/s. Salim Baig & Associates

Registered Office

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Lahore- 54000 (Pakistan)
Ph: 092-42-99082000, 99080000, 99201419
Fax: 092-42-99201317, 99201302
E-mail: info@sngpl.com.pk
website: www.sngpl.com.pk

Corporate Governance

The success of any organization depends on the adoption and implementation of good corporate governance. The Board of Sui Northern Gas Pipelines Limited is dedicated to ensure the highest standards of Corporate Governance at all levels and committed to promoting transparency in reporting information about the Company. As a result of evolving laws, policies and practices, the Company regularly reviews these Corporate Governance practices and policies to ensure that the Company complies with all applicable requirements and implements best practices in its operations. SNGPL's Board is committed to protect the rights of its shareholders, whilst employing tactics of high transparency through an empowered Board of Directors. The interests of the shareholders are aligned with those of the Company through implementation and monitoring of set objectives. The business and affairs of the Company are managed under the supervision of the Board. The Board of Directors ensure highest standards are being maintained, which in turn enhances the stakeholders' and Company's value by optimally utilizing all available resources.

Board of Directors

The Company's Board consists of 13 non-executive Directors. The Managing Director is deemed to be a Director. In line with good governance practice, the positions of Chairman and CEO are kept separate. The Board members bring with them a wide range of relevant business, financial and international experience which carries significant weight while decision-making and managerial suggestions. Board members fulfill a vital role of corporate accountability through the advocacy of fairness and transparency within all independent decisions.

Role of the Board of Directors

The first and foremost objective of the Board of Directors of your Company is to ensure low risk and high returns to its shareholders. By understanding governance-related risk and implementing measures to assess and counteract those risks, the Board of Directors create a secure and lucrative corporate environment for

executives and stakeholders alike. The major role of the Directors is to provide guidance and managerial advice to executives. Importantly, responsibility for the actual management and performance of the Company lies with the managerial and executive staff.

The Board is fully involved in protecting shareholders' rights and enforces the equitable treatment for all its shareholders regardless of the number of shares owned. The Board's sub-committees viz Audit, Finance, Human Resources and Unaccounted for Gas Control are composed of various Board Members based upon their professional experience. All agendas are deliberated upon by the committees before submission to Board alongwith recommendations of the relevant committee.

Meetings

The Board meets almost every month and manages overall control of the Company's affairs by a schedule of matters reserved for its decisions. These include approval of financial statements, authority level of treasury policies, risk management policies, business plan of the Company and succession planning for senior executives. The Board delegates the day-to-day business management control to the Chief Executive of the Company.

The names and categories of the Board of Directors and their attendance at Board meetings during the year is given on the next page;



The Board.

Sr. #	Name	Designation	Category	FY 2009-10	
				Total No. of BOD Meetings held*	No. of Meetings Attended
1	Mian Misbah-ur-Rehman	Chairman	Non-Executive	3	3
2	Mr. A. Rashid Lone	MD / CEO	Executive	11	9
3	Mr. Tariq Iqbal Khan (Ex-Chairman)	Director	Non-Executive	11	9
4	Mr. S.M. Asghar	Director	Non-Executive	11	10
5	Mr. A. Samad Dawood	Director	Non-Executive	11	7
6	Mr. Abdul Bari Khan	Director	Non-Executive	11	11
7	Mian Raza Mansha	Director	Non-Executive	11	3
8	Mr. Inam Ur Rahman	Director	Non-Executive	11	11
9	Mr. Muhammad Razi Abbass	Director	Non-Executive	8	6
10	Mr. Arif Saeed	Director	Non-Executive	8	6
11	Mr. Amanullah Shaikh	Director	Non-Executive	8	6
12	Mr. Arif Ibrahim	Director	Non-Executive	7	6
13	Mr. Umair Khan	Director	Non-Executive	6	1
14	Mr. Saeed Ullah Shah	Director	Non-Executive	6	4
15	Mr. Mansoor Muzaffar Ali	Director	Non-Executive	5	3
16	Malik Tahir Sarfaraz	Director	Non-Executive	3	2
17	Syed Zahir Ali Shah	Director	Non-Executive	3	1
18	Dr. Faizullah Abbasi	Director	Non-Executive	3	1
19	Mr. M. Iqbal Awan	Director	Non-Executive	3	2
20	Mr. Azim Iqbal Siddiqui	Director	Non-Executive	1	0

*Held during the period concerned Director was member of the Board.

Sub Committees of the Board

During the Financial year seven changes have been occurred on the Board. The chairmen of two sub-committees i.e. Audit and Human Resource Committees, in addition to the Board, have also been replaced as a result of changes. The details of sub-committees alongwith their terms of reference are as under.

Audit Committee

The Company has an Audit Committee of seven members, composed of entirely non-executive directors, which meets at least once in each quarter. Its terms of reference cover the areas recommended by the Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan. Its responsibilities mainly include, monitoring internal controls throughout the Company, approve the Company's accounting and other policies on behalf of the Board and review the quarterly and annual financial statements before making their recommendations for the approval of the Board.

The terms of reference of the Audit Committee are broadly as follows:

Procedure:

1. The Committee shall meet at least once in each quarter.
2. Quorum will be three members.
3. The Secretary of the Audit Committee will circulate the agenda and relevant supporting data, minimum seven days before the meeting and will furnish minutes of the meeting to the Board Members within fourteen days of the meeting.

Responsibilities:

The Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the listed company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the listed company in addition to audit of its financial statements. In the absence of strong grounds to proceed

otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

The terms of reference of the Audit Committee shall also include the following:

- a) determination of appropriate measures to safeguard the listed company's assets;
- b) review of preliminary announcements of results prior to publication;
- c) review of quarterly, half-yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on:
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - the going-concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards; and
 - compliance with listing regulations and other statutory and regulatory requirements.
- d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) review of management letter issued by external auditors and management's response thereto;
- f) ensuring coordination between the internal and external auditors of the listed company;
- g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

- h) consideration of major findings of internal investigations and management's response thereto;
- i) ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- j) review of the listed company's statement on internal control systems prior to endorsement by the Board of Directors;
- k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- l) determination of compliance with relevant statutory requirements;
- m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and



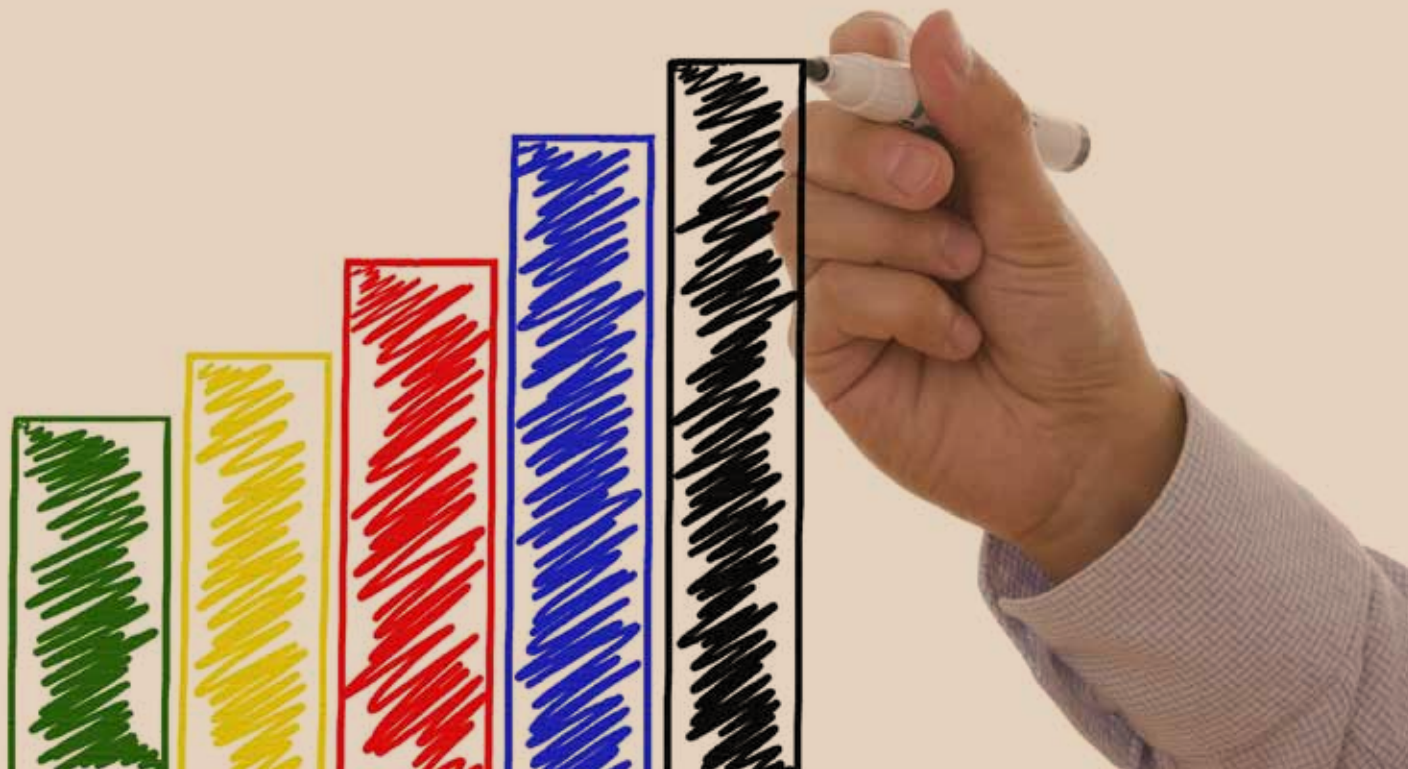
- n) consideration of any other issue or matter as may be assigned by the Board of Directors.

The composition of the Audit Committee, category, detail of meetings and directors' attendance are given below:

Sr. #	Name	Designation	Category	FY 2009-10	
				Total No. of AC Meetings held*	No. of Meetings Attended
1	Mr. S. M. Asghar	Chairman	Non-Executive	5	4
2	Mr. Amanullah Shaikh	Ex-Chairman	Non-Executive	3	3
3	Mr. Abdul Bari Khan	Member	Non-Executive	5	4
4	Mian Raza Mansha	Member	Non-Executive	5	4
5	Mr. A. Samad Dawood	Member	Non-Executive	5	1
6	Mr. Muhammad Razi Abbas	Member	Non-Executive	3	3
7	Mr. Arif Saeed	Member	Non-Executive	2	2
8	Mr. Arif Ibrahim	Member	Non-Executive	2	1
9	Mr. M. Iqbal Awan	Co-opted member	Non-Executive	2	1
10	Malik Tahir Sarfraz	Member	Non-Executive	1	1
11	Mr. Tariq Iqbal Khan	Co-opted member	Non-Executive	1	1
12	Mr. Mansoor Muzaffar Ali	Member	Non-Executive	1	0

* Held during the period concerned Director was member of the Committee.

Sub Committees of the Board



Finance Committee

The Finance Committee consists of seven members, six of whom excluding the Chief Executive are non-executive directors. It meets frequently for reviewing major investment proposals, examination of Capital and Revenue Budgets of the Company, approval of contracts within their financial powers and other assignments given by the Board of Directors.

The terms of reference of the Finance Committee are broadly as follows:

Procedure:

1. The Committee shall meet at least once in a quarter.
2. Quorum will be three members.
3. The Secretary of the Finance Committee will circulate the agenda and relevant supporting data, minimum seven days before the meeting and

will furnish minutes of the meeting to the Board Members within fourteen days of the meeting.

Responsibilities:

The Finance Committee of Directors shall be responsible to review strategic business issues as assigned by the Board of Directors, which include but are not limited to the following:

- i. Major investment proposals, policies prepared by the Management for approval of the Board in excess of the financial powers delegated to the Managing Director / Finance Committee.
- ii. Major contracts including financial/economic appraisals of the same in excess of the financial powers delegated to the Managing Director / Finance Committee.

- iii. The examination of Capital and Revenue Budget of the Company and to make recommendations to the Board of Directors, thereon.
- iv. Comparison of the Revenue and Capital budget with the proposals submitted to OGRA alongwith the major deviations including reasons thereof.
- v. The examination of Budgetary and Operating limits of authority and recommend to the Board any deviation or any enhancement thereof.
- vi. Approval of contracts or purchase orders in local or foreign currency for supply of material, services or other works exceeding the financial authority delegated to the Chief Executive Officer. Recommend to the Board of Directors alongwith their findings in respect of the contracts or order exceeding the financial authority of the Finance Committee of Directors.
- vii. To approve/recommend major contracts of civil work alongwith cost benefit analysis thereof which also include purchase of land.
- viii. To review manual/policies adopted by the Management in respect of procurement of various materials and services.
- ix. To review the borrowing plans of the Company and recommendation thereof to the Board for approval assessing the requirements thereof or otherwise.
- x. Any other assignment given by the Board of Directors.
- xi. The Board of Directors has delegated specified financial powers to the Finance Committee.

Powers

The Board of Directors has delegated the limited financial powers to the Finance Committee of Directors for award of contract/order for consultancy service, supply of material, services or works.

The composition of the Finance Committee, category, detail of meetings and directors' attendance are given below:

Sr. #	Name	Designation	Category	FY 2009-10	
				Total No. of FC Meetings held*	No. of Meetings Attended
1	Mr. Tariq Iqbal Khan	Chairman	Non-Executive	5	4
2	Mr. A. Rashid Lone	MD/CEO	Executive	5	4
3	Mr. Muhammad Razi Abbas	Member	Non-Executive	3	1
4	Mr. A. Samad Dawood	Member	Non-Executive	5	4
5	Mr. Arif Ibrahim	Member	Non-Executive	3	3
6	Mr. Arif Saeed	Member	Non-Executive	3	2
7	Mr. Umair Khan	Member	Non-Executive	2	0
8	Mr. Saeed Ullah Shah	Member	Non-Executive	2	2
9	Mr. Mansoor Muzaffar Ali	Member	Non-Executive	1	0
10	Mr. Azim Iqbal Siddiqui	Member	Non-Executive	1	0
11	Dr. Faizullah Abassi	Member	Non-Executive	2	1
12	Malik Tahir Sarfaraz	Member	Non-Executive	2	1
13	Mr. M. Iqbal Awan	Member	Non-Executive	2	2

*Held during the period concerned Director was member of the Committee.

Sub Committees of the Board

Human Resource Committee

The Human Resource Committee comprises six non-executive directors and the Chief Executive. It is primarily responsible for making recommendations to the Board inter-alia for maintaining a sound organizational plan of the Company, effective employees' development, compensation programme and specific succession plans for Senior Management positions.

The terms of reference of the Human Resource Committee are broadly as follows:

Procedure:

1. Committee will meet at least once in a quarter.
2. Quorum will be three members.
3. The Secretary of the Human Resource Committee will circulate the agenda and relevant supporting data, minimum seven days before the meeting and will furnish minutes of the meeting to the Board Members within fourteen days of the meeting.

Responsibilities:

The Committee will be responsible for making recommendations to the Board for maintaining:

- a sound plan of organization for the Company;
- an effective employees development programme;
- sound compensation and benefit and plans, policies and practices, designed to attract and retain the calibre of personnel needed to manage the business effectively.

Functions:

- a) Review organizational structure periodically to:
 - evaluate and recommend for approval of changes in organization, functions, and relationships affecting Management positions equivalent in importance to those on the Management position schedule;
 - establish plans and procedure which provide an effective basis for Management control over company manpower;

- determine appropriate limits of authority and approval procedures for personnel matters requiring decision at different level of Management.

- b) Review the employees development system to ensure that it:

- foresees the Company's Senior Management requirement;
- provides for early identification and development of key personnel;
- brings forward specific succession plans for Senior Management positions;
- training and development plans.

- c) Compensation and Benefits:

- review data of competitive compensation practices and review and evaluate policies and programmes through which the corporation/ Company compensates its employees;
- review salary ranges, salaries and other compensation for CEO and Senior Management/ Executive Directors reporting to the CEO.

Powers:

The Board has delegated its limited powers to the Human Resource Committee to deal with certain Human Resource matters.

The composition of the Human Resource Committee, category, detail of meetings and directors' attendance are given on the next page:



HSE Team with welding crew at 36" Diameter Multan-Sahiwal gas pipeline.

Sr. #	Name	Designation	Category	FY 2009-10	
				Total No. of HRC Meetings held*	No. of Meetings Attended
1	Syed Zahir Ali Shah	Chairman	Non-Executive	1	1
2	Mr. Arif Saeed	Ex-Chairman	Non-Executive	3	3
3	Mr. A. Rashid Lone	MD/CEO	Executive	4	4
4	Mr. A. Samad Dawood	Member	Non-Executive	4	1
5	Mian Raza Mansha	Member	Non-Executive	4	3
6	Mr. Inaum Ur Rahman	Member	Non-Executive	4	2
7	Mr. Arif Ibrahim	Member	Non-Executive	3	2
8	Mr. Saeed Ullah Shah	Member	Non-Executive	2	2
9	Mr. Mansoor Muzaffar Ali	Member	Non-Executive	2	1
10	Malik Tahir Sarfraz	Member	Non-Executive	1	1

*Held during the period concerned Director was member of the Committee.

Sub Committees of the Board

Unaccounted for Gas (UFG) Control Committee

The UFG Control Committee comprises four non-executive directors. This committee was established informally last year and now has been formalized in this year. This committee is primarily responsible to concentrate to take concrete measures to control UFG and make suitable recommendations to the Board.

The terms of reference of UFG Control Committee are as follows:

Procedure:

1. The Committee shall meet at least once in a quarter consisting of four members.
2. Quorum will be two members.
3. The Secretary of the UFG Committee will circulate the agenda and relevant supporting data, minimum seven days before the meeting and will furnish minutes of the meeting to the Board Members within fourteen days of the meeting.

Responsibilities:

The UFG Committee of Directors shall be responsible to review strategic UFG issues as assigned by the OGRA and Board of Directors (issued from time to time), for maintaining;

- a sound plan to minimize the UFG losses.
- an effective implementation of UFG control methodology.
- sound compensation and benefit plan, policies and practices, designed to attract the concerns and personnel, in order to reduce the UFG losses.
- review UFG control methodology/plan periodically.

The UFG Control Committee will recommend to the Board for the implementation of UFG finalized plan, or any change therein, for the implementation in the Company.

The composition of the Unaccounted For Gas Control Committee, detail of meeting and directors' attendance is given below:

Sr. #	Name	Designation	Category	FY 2009-10	
				Total No. of UFG Meetings held*	No. of Meetings Attended
1	Mr. M. Iqbal Awan	Chairman	Non-Executive	1	1
2	Mr. Mansoor Muzaffar Ali	Member	Non-Executive	1	1
3	Mr. S. M. Asghar	Member	Non-Executive	1	1
4	Mr. Inam ur Rahman	Member	Non-Executive	1	1

*Held during the period concerned Director was member of the Committee.

We have built our company on a solid foundation of core beliefs and values that have shaped our past and mapped our future. From this foundation, we draw upon precious resources - teamwork, integrity and perseverance.



Preparation for thrust bore crossing (36" diameter gas pipeline Multan Road, Lahore).

Statement of Compliance

with the Code of Corporate Governance



This statement is being presented to comply with the Code of Corporate Governance (Code) contained in the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interest on its Board of Directors. The Board comprises 13 Directors, all of them are independent non-executive Directors.
2. The Directors of the Company have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
4. Seven casual vacancies occurred in the Board of Directors during the Financial Year were filled up by the Directors within thirty days thereof.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Company has maintained a complete record of particulars of significant policies along with the dates on which they were approved or amended.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated within stipulated time.
9. In compliance of the requirements of Listing Regulation number 37 of the Karachi Stock Exchange (Guarantee) Limited, the related party transactions have been placed before the Audit Committee and approved by the Board of Directors.
10. An orientation course was previously arranged for the Directors to acquaint them of their responsibilities and duties as per the Code of Corporate Governance.
11. The Board has approved appointment of the CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO at the time of their appointment.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises of seven Members, all of them are independent non-executive Directors including the Chairman of the Committee.
17. The meetings of the Audit Committee were held once in every quarter, prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has set up an effective internal audit function. The staff of the internal Audit is suitably qualified and experienced for this purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.
19. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been duly complied with.

On behalf of the Board



(A. RASHID LONE)
Chief Executive

Lahore
October 25, 2010

Corporate Profile



SNGPL - Head Office Building.

Sui Northern Gas Pipelines Limited (SNGPL) was incorporated as a private limited company in 1963 and converted into a public limited company in January 1964 under the Companies Act 1913, now Companies Ordinance 1984, and is listed on all the three Stock Exchanges of the Country.

The Company took over the existing Sui – Multan System (217 miles of 16 inch and 80 miles of 10 inch diameter pipelines) from Pakistan Industrial Development Corporation (PIDC) and Dhulian – Rawalpindi – Wah system (82 miles of 6 inch diameter pipeline) from Attock Oil Company Limited. The Company's commercial operations commenced by selling an average of 47 MMCFD gas in two regions viz. Multan and Rawalpindi, serving a total number of 67 consumers.

SNGPL is the largest integrated gas company serving more than 3.7 million consumers in North Central Pakistan through an extensive network in Punjab and Khyber Pakhtoonkhwa. The Company has over 47 years of experience in operation and maintenance of high-pressure gas transmission and distribution system. It has also expanded its activities as Engineering Procurement & Construction (EPC) contractor to undertake the planning, designing and construction of pipelines, both for itself and other organizations.

Milestones

1964 – 1969	Project I	Extension of Sui-Multan section to Faisalabad and Lahore and then linked with Dhulian-Rawalpindi-Wah system to form a common grid.
1970 – 1971	Project II	Increased system capacity from 170 MMCFD to 205 MMCFD.
1971 – 1973	Project III	Supplies of gas further extended to major cities in the Khyber Pakhtoonkhwa Province. System capacity increased to 277 MMCFD.
1974 – 1981	Project IV	Erection of 2 x 100 MMCFD purification banks at Sui, installation of 34,700 HP compression stations. System capacity enhanced to 387 MMCFD.
1985 – 1991	Project V	Increased system capacity to 450 MMCFD, constructed purification bank of 120 MMCFD capacity at Sui.
1989 – 1998	Project VI	1200 km pipeline laid and 53,370 HP additional compression stations installed. System capacity enhanced to 980 MMCFD
2001 – 2003	Project VII	560 km pipeline laid and 25,000 HP additional compression stations installed. System capacity enhanced to 1380 MMCFD
2003 – 2005	Project VIII	803 km transmission pipeline laid to increase system capacity upto 1680 MMCFD.
2005 – 2006	Gas Supply to Lilla Town	Completed a pilot project (Phase-I) for supply of gas to Lilla Town through CNG by establishing Mother-Daughter system.
2006 – 2007	Gas Supply to Murree	Completed a project for supply of gas to Murree. Gas supply to 21 No. Southern district of Punjab & Khyber Pakhtoonkhwa Provinces.
2006 – 2010	Project IX	Being undertaken for de-bottlenecking of pipeline system and to absorb additional gas from new and existing sources.

The Management



A. Rashid Lone
Managing Director



Hasnat Aziz Bantth
Dy. Managing Director (Operations)



Imdad Hussain
Acting Dy. Managing Director
(Services)



Khalid Walid Sharaq
Senior General Manager
(Transmission)



Amer Tufail
Chief Financial Officer



Uzma Adil Khan
Senior General Manager
(Corporate Affairs & Corporate
Communication) / Company
Secretary



M. Ismail Paracha
Senior General Manager
(Distribution / Corporate
Planning & Development)



Arif Hameed
Senior General Manager
(Central Shared Support)



Brig. (R) Zulqurnain Ahmad
Senior General Manager
(Human Resource)



Arif Latif
Technical Assistant to MD



Faisal Iqbal
Acting Chief Information Officer

Organogram

