

**SNGPL...**  
**Our hope..**  
**for a better tomorrow...**



**Sui Northern Gas Pipelines Limited**

## SNGPL...

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### Our hope... for a better tomorrow...

“Hope” nurtures life - With soaring spirits, it slits the shadows, rips the dusk and meet the light to grow endlessly. This is the law of nature. Here at SNGPL we have strengthened our belief at this very order of nature.

We strive to improve the quality of life of our customers... future generations and our great nation. We must join hands to wisely use the natural energy available to us. Let's cherish what remains with us and foster its maximum play. Let's keep the dreams of our coming generations alive and their stoves aflame.

Let's mold one another dreams, hold each others' fragile hopes together by being conscious of our responsibility to conserve. We owe it to our coming generations and to keep the light of hope in their eyes alive.



(UZMA ADIL KHAN)  
Company Secretary

## Contents



04	Our Vision / Mission
06	Overall Strategic Objectives
09	Core Values
10	Statement of Ethics & Business Practices
14	The Profile
22	The Board
24	Corporate Governance
26	Sub Committees of the Board
32	Statement of Compliance with the Code of Corporate Governance
34	SNGPL's Profile
36	Vital Information
38	Milestones
40	Decade at a Glance
42	Transmission System
46	Notice of Annual General Meeting
48	Chairman's Review & Directors' Report
68	Pattern of Shareholding
71	Categories of Shareholders
72	Summary of Six Years
74	Vertical Analysis
75	Horizontal Analysis

### Audited Financial Statements 2008

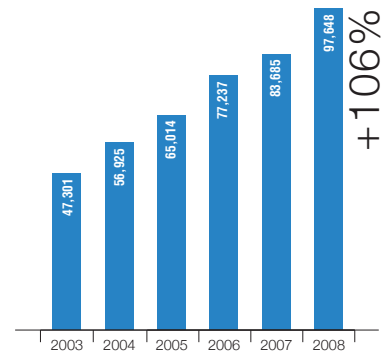
78	Review Report to the Members
79	Auditors' Report
80	Balance Sheet
82	Profit and Loss Account
83	Cash Flow Statement
84	Statement of Changes in Equity
85	Notes to the Financial Statements
125	Proxy Form

## 2008 Performance

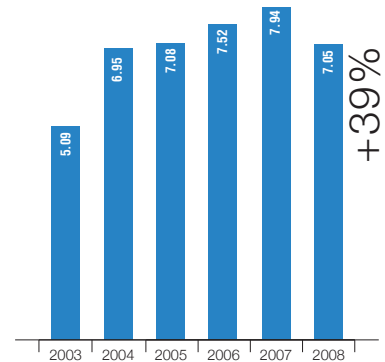


The Company posted pre-tax profit Rs 3,981 million for the year ended June 30, 2008. The balance sheet indicates total assets of Rs 97,648 million representing increase of 16.69% over the previous year. The Company kept its pace consistent throughout the year and provided record number of gas connections to industrial, commercial and domestic consumers, by expanding its distribution and transmission network upto 66,967 Kms in Punjab, NWFP & Azad Jamu & Kashmir. With the expansion of the network the Company's gas sales have also increased. The gross profit ratio and interest coverage ratios have been increased considerably, whereas the debt equity ratio has reduced. These factors improved due to optimum utilization of Company's resources and stringent financial controls in the Company.

Growth of Total Assets  
(Rupees in million)

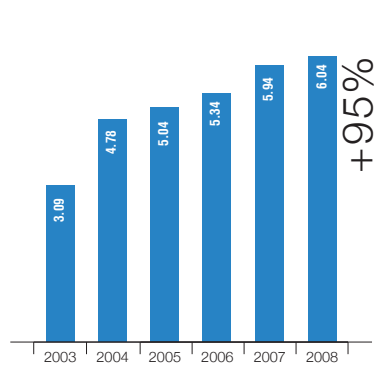


Debtors Turnover Ratio  
(In times)

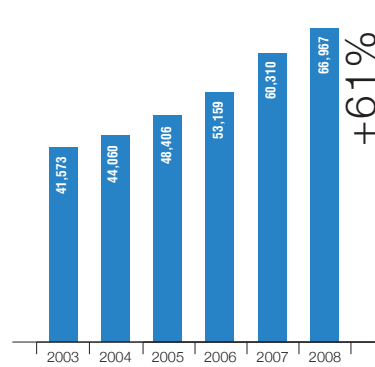




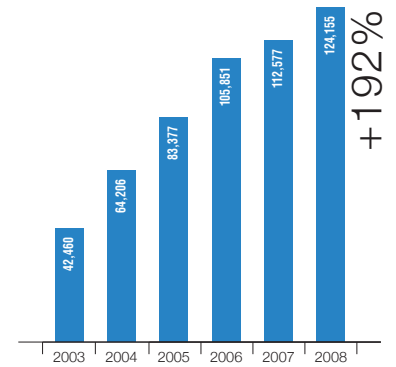
Interest Coverage Ratio  
(In times)



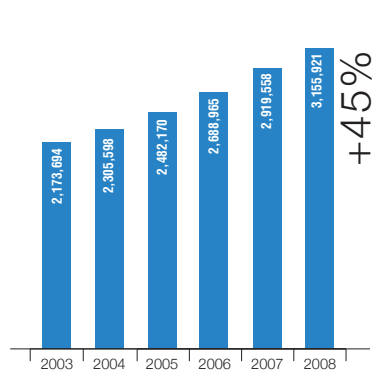
Transmission & Distribution Network  
(In kilometers)



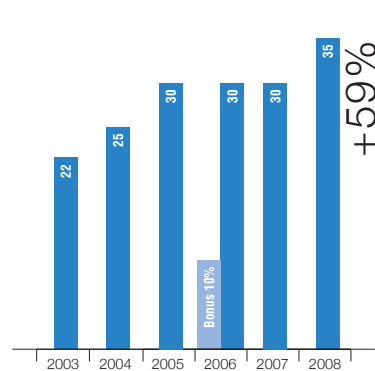
Net Turnover  
(Rupees in million)



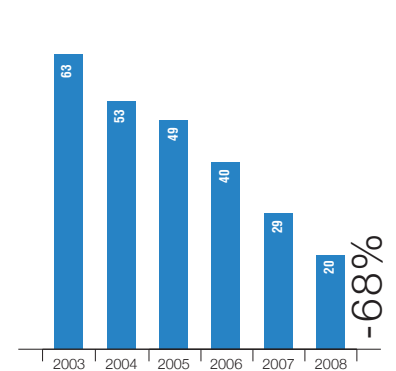
Customers' Growth  
(In numbers)



Dividend Per Share  
(In %)



Debt:Equity Ratio  
(In times)



## Our Vision & Mission

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### 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.

### 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.

On the way to hit  
outperform targets





## Overall Strategic Objectives

Following are the key objectives and goals of the Company:

### Enhancement of System Capacity:

Short term

- Transport additional gas from developing fields and correspondingly increase the transmission system capacity as and when required through de-bottlenecking, removal of anomalies and enhancing compression power.

Long term

- Increasing transmission system capacity keeping in view the availability of gas through additional loop lines, laying bigger diameter lines and installing additional compression power.

### Expansion of Transmission and Distribution Network:

Short term

- Extend gas distribution network and supply mains in existing towns and villages. Target: to proceed to all District Headquarters depending upon the obtainable gas.

Long term

- Designing and laying of additional transmission capacity (bigger dia lines and/or increasing compression power) keeping in view the availability of gas either through imports and/or indigenous sources.
- Based on the availability of gas, to extend gas distribution network to new towns and villages to achieve the vision of gas at every doorstep.

### Increase in Gas Sales:

Short term

- Add new consumers as per annual allocation as well as under various GOP/Provincial schemes and directives.

Long term

- Efforts to maximize sales of available gas through new gas purchase agreements.
- Continuing efforts with GOP for enhanced allocation of gas to the SNGPL franchise area to boost sales.
- Augment gas sales revenue by taking steps with GOP concurrence to restrict the load curtailment policy especially during winters.



## Rehabilitation of Transmission and Distribution Network

### Short term

- Carrying out of continuous and regular maintenance of transmission and distribution networks to ensure an acceptable level of operational efficiency of the system.
- Regular patrolling and checking of lines for evaluating safety and system weaknesses.
- Regular carrying out of leak surveys and technical evaluation of the pipeline system to ensure maximum efficiency.

### Long term

- Monitoring and surveys to undertake preventive replacement of pipeline and allied systems to avoid ruptures, leakages and reduce UFG.
- Development of a T&D rehabilitation plan for the systematic replacement of network segments necessitated due to ageing.

## Reduction in Unaccounted for Gas Losses:

### Short term

- Restrict/reduce UFG losses to OGRA benchmarks for each year.

### Long term

- Attain OGRA's UFG benchmark and reduce it to 4% by 2011-12.
- Achieve international level of UFG benchmarks applicable to integrated and diversified companies of similar size.

## Improvement in Profitability:

### Short term

- Continuous efforts to reduce transmission and distribution costs, introduction of less expensive inputs (polyethylene pipes) etc.
- Reduce/rationalize general and administrative expenses keeping in view Board guidelines.

### Long term

To cater to a fair return to shareholders take continuous steps to:

- Increase earnings per share and thereby enhance dividends to share holders.
- Ensure adequate financial reserves so that the Company's dependence on expensive borrowed capital is reduced.
- Continuous monitoring of various ratios and billing receivable position to ensure Company profitability.

and become one of the leading companies in Pakistan based on profitability and return to stakeholders.

## Improvements in Consumer Services:

### Short term

- Implement customer care and billing system within the time frame advised by the Board.
- To achieve a higher level of complaint resolution through introduction of new automated call-centres.
- Continuous efforts be made to increase the customer base especially industrial and commercial keeping in view the availability of gas
- Bill payment through ATMs, POS Terminals, internet, co-branded cards.
- Continuing adherence to performance and service standards and bench marks notified by OGRA.
- Expand the use of hand-held computerised meter reading systems.
- Establishment of new consumer service/complaint centres which are fully equipped with requisite IT facilities for on the spot resolution of consumer complaints.

### Long term

- Geographical/manageable bifurcation of Regions.
- Upgrading of major towns into sub regions with adequate financial and operational powers.

- Invest in the construction of additional regional Company-owned office buildings for customer convenience and reduction of excessive rental payments.
- Automatic Meter Reading (AMR) system for all consumers so as to accelerate the meter reading process and reduce transcription billing errors.
- Full compliance with OGRA performance and service standards.

### Adoption of Information Technology:

#### Short term

- Full implementation monitoring and improvement of ERP within the Board specified guidelines.
- Enhancement of technical capacity by increasing IT enabling capabilities of the Company.
- Continuous improvements and expansion of the communication system (voice/digital) and transmission of data at an affordable cost.
- Introduction of latest technology in customer service/complaint centre for facilitating complaint resolution.
- Document management and Archival System through digitization of important Company record.

#### Long term

- Integrate sales, distribution, billing and customer service information on a single database under one roof to improve the quality and speed of the decision making process.
- Continuous introduction of state of the art new technology in the telecom field to facilitate data access, data transfer, voice communications, SCADA control and monitoring etc.
- Electronic billing and payments through internet.

- Geographical information system (GIS) to be designed and integrated with Billing, Sales, Customer Services etc.

### Human Resource Development:

#### Short term

- Upgrade human resource skills through systematic formal training programme especially executives and staff involved in critical operational activities.
- Hire new executives and staff, in accordance with the approved staff strength, to handle system expansion and provide quality service to consumers.

#### Long term

- Hire, retain, motivate and train qualified employees for every approved position in the Company as per best international practices.
- Continuous upgrading of SNGPL Training Institute so that it achieves the status of best training institution in the gas sector in the Region.

### Pursue Pipeline Construction and Advisory Business:

#### Short term

- Employee the expertise developed in gas pipeline construction in pursuing such projects both in and outside Pakistan.
- Provide advisory services to new companies in the natural gas transmission and distribution sector in the developing countries.

#### Long term

- Establish a standing as an international gas pipeline contractor and as a centre of excellence in the natural gas transmission and distribution corporate sector.

## 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 & 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, supplies, 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, Notepads, 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 co-operates fully with all governmental and regulatory bodies and is committed to high standards of corporate governance. We comply fully with our obligations under the Listing Rules of the Stock Exchanges of the country.

## 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 business), one must report it to the concerned departmental head immediately.
- All the financial transactions will remain within the ambit of Memorandum and Articles of Association of the Company.

SNGPL...  
bridging the gap  
between  
you and your comfort



## The Profile



**Mr. Tariq Iqbal Khan**

Chairman

Chairman / Managing Director, National Investment Trust. Mr. Tariq Iqbal Khan combines very rich and diversified experience of Industry, Capital Markets, Corporate Sector, Company Law and as such he has been associated with the leading Institutions and organizations of the Country. He is a founder Director of Islamabad Stock Exchange and also had been its president from 1995 to 1998.

He has 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. A Chartered Accountant from A.F. Ferguson & Company.



**Mr. A. Rashid Lone**

Chief Executive/Managing Director

Director, Sui Southern Gas Company, Inter State Gas Systems (Pvt) Limited, Petroleum Institute of Pakistan. He is a registered professional Engineer with Pakistan Engineering Council and Fellow Member of Pakistan Institute of Chemical Engineers.

Mr. Lone has several years of experience in gas industry particularly in the planning, designing, construction and operations of natural gas transmission and distribution networks in Pakistan. He has successfully completed several mega pipeline projects 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, Lahore, Pakistan.





**Mr. Muhammad Razi Abbas**

Director

Additional Finance Secretary, Finance Division, Director, National Telecom Corporation, Pakistan Mineral Development Corporation, Mari Gas Company Limited, Inter State Gas Systems (Pvt) Limited, Private Power Infrastructure Board, Gawadar Port Implementation Authority, Saudi-Pak Industrial & Agriculture Investment Company and Government Holdings (Pvt) Limited. Mr. Razi has over 33 years experience of different positions in Government sector. Holds master degrees in Development Administration & Strategic Studies and LLB from Punjab University, Lahore.



**Mr. S. M. Asghar**

Director

Director, Dawood Hercules Chemicals Limited and Dawood Lawrencepur Limited. Has vast industrial experience in finance, taxation, legal and corporate affairs. Fellow Member of the Institute of Chartered Accountants and Associate Member of the Institute of Cost and Management Accountants of Pakistan.

**Mr. A. Samad Dawood**

Director

Chairman of Central Insurance Co. Limited and Chief Executive of Dawood Corporation (Pvt.) Limited and Patek (Pvt.) Limited. Mr. Samad is director on the board(s) of The Dawood Group, Dawood Hercules Chemicals Limited, ABL-Asset Management Co. Limited, Inbox Business Technologies and Sach International (Pvt.) Limited. He is a certified director of Corporate Governance from Pakistan Institute of Corporate Governance. He is a Graduate in Economics from University College London UK.

**Mr. Shahzada Dawood**

Director

Chief Executive, Dawood Hercules Chemicals Limited and Member on the Boards of Central Insurance Company Limited, Dawood Lawrencepur Limited, Engro Polymer & Chemicals Limited, Engro Foods (Pvt) Limited, Engro Vopak Terminal Limited, Engro Energy Limited, Engro Innovative Automation Limited, Sach International (Pvt) Limited, and Dawood Corporation (Pvt) Limited. Master degree in Textile Marketing and LLB.



**Mr. Abdul Bari Khan**

Director

Chief Executive Officer of Pakistan Industrial Development Corporation (PIDC), and acting chairman Pakistan Automobile Corporation Limited (PACO), Director, Pakistan Motorcar Company (Pvt) Limited, Sindh Engineering Limited, Arabian Sea Country Club Limited, Pakistan Hunting and Sports Arms Development Corporation and Republic Motors Limited. Member of the Board of Governors of Lahore University of Management Sciences (LUMS), Malakund University (MKU), NWFP, Lasbela University of Agriculture, Water and Marine Sciences (LUAWMS). He has vast and diversified working experience in Public Sector. He is an MBA from Institute of Business Administration (IBA), University of Karachi.



**Mr. Umair Khan**

Director

Managing Director of Sui Southern Gas Company Limited (SSGCL) was appointed as Director of SNGPL on September 27, 2008. He was head of Export Promotion Bureau (EPB). Executive Director of State Life Insurance Corporation. Also served as Director Finance in Cotton Export Corporation (CEC). Consultant on World Trade Organization (WTO) affairs and remained as Consul General of Pakistan in Hong Kong for five years.

Mr. Khan belongs to Central Superior Services (CSS) batch 1973, Government of Pakistan. Masters in English Literature, Economics and LLB from the University of Punjab.

**Mian Raza Mansha**

Director

Chief Executive, D.G. Khan Cement Company Limited. Director, MCB Bank Limited, Nishat Hotels & Properties Limited and Nishat Powers Limited. Chairperson, Alumni Student Committee, University of Pennsylvania. A graduate from the University of Pennsylvania (USA).

**Mr. Qasim Rabbani**

Director

Director, Sui Southern Gas Company Limited, Civil Aviation Authority, Trade Development Authority of Pakistan and American Life Insurance Company Limited. Chairman, Human Resource Committee, SNGPL. He has been Vice President, Treasurer and Council Member of the Marketing Association of Pakistan. Member of the Board of Governors of the IBA, University of Karachi and a Member of their visiting faculty. He has diversified experience in various multinational and local companies. MBA from Institute of Business Administration (IBA), University of Karachi.

**Mr. Arif Saeed**

Director

Chief Executive, Servis Industries Limited, Shahid Arif Investment (Pvt) Limited, Punjab Industrial Estates Development & Management Company, Punjab Social Security Health Management Company and Lahore Stock Exchange (Guarantee) Limited. Former Chairman, All Pakistan Textile Mills Association (APTMA). B.A. (Hons) from Oxford University (UK).

**Mr. Saeed Ullah Shah**

Director

Director General (Gas), Ministry of Petroleum & Natural Resources (MP & NR), Government of Pakistan. Director, SSGCL, ISGSL and Pirkoh Gas Company (Pvt) Limited. Ex-Director (Technical) and Director General (Special Projects) of MP&NR (GOP). A Petroleum Geologist by profession having vast experience of Petroleum Industry. Holds B. Sc. (Hons) and M.Sc. Geology Degrees.

**Mr. Amanullah Shaikh**

Director

Ex-Director, Sui Southern Gas Company Limited and Enar Petrotech Services. Member of Institute of Petroleum, London and Institute of Engineers, Pakistan. Has wide experience in Petroleum Industry, LPG, Gas Distribution, Cross Country Pipelines, Construction of Storage Terminals and Blending Plants. A graduate in Mechanical Engineering.

**Amer Tufail**

Chief Financial Officer

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



**Uzma Adil Khan**

Company Secretary

Fellow member of the Institute of Chartered Accountants of Pakistan and Institute of Chartered Secretaries and Managers having wide experience in senior positions in textile, educational institutions and SECP.