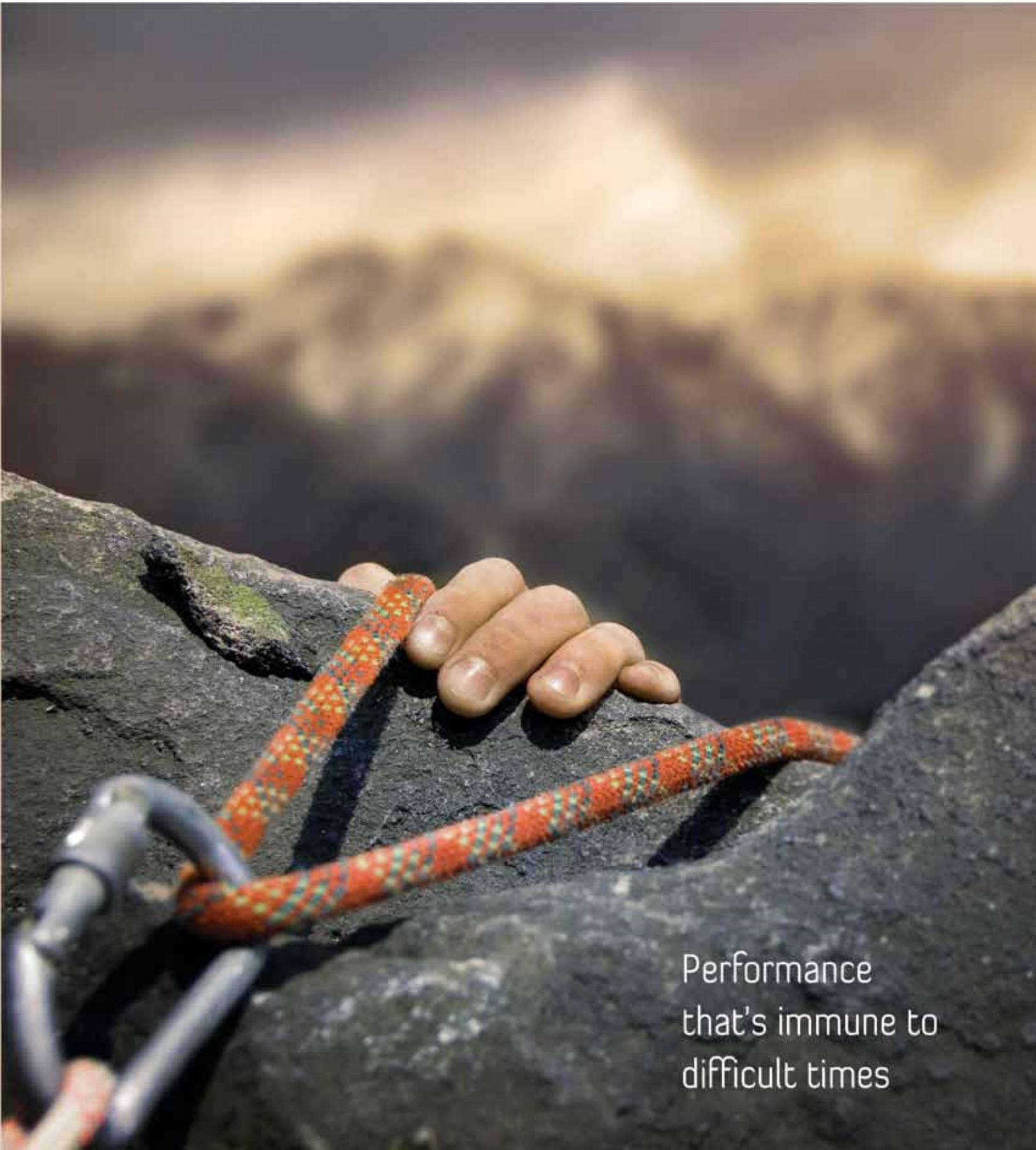
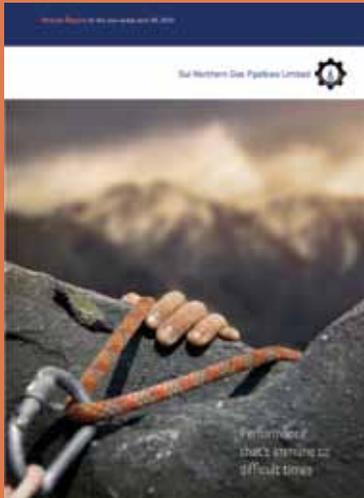


Sui Northern Gas Pipelines Limited



Performance
that's immune to
difficult times



Performance that's immune to difficult times

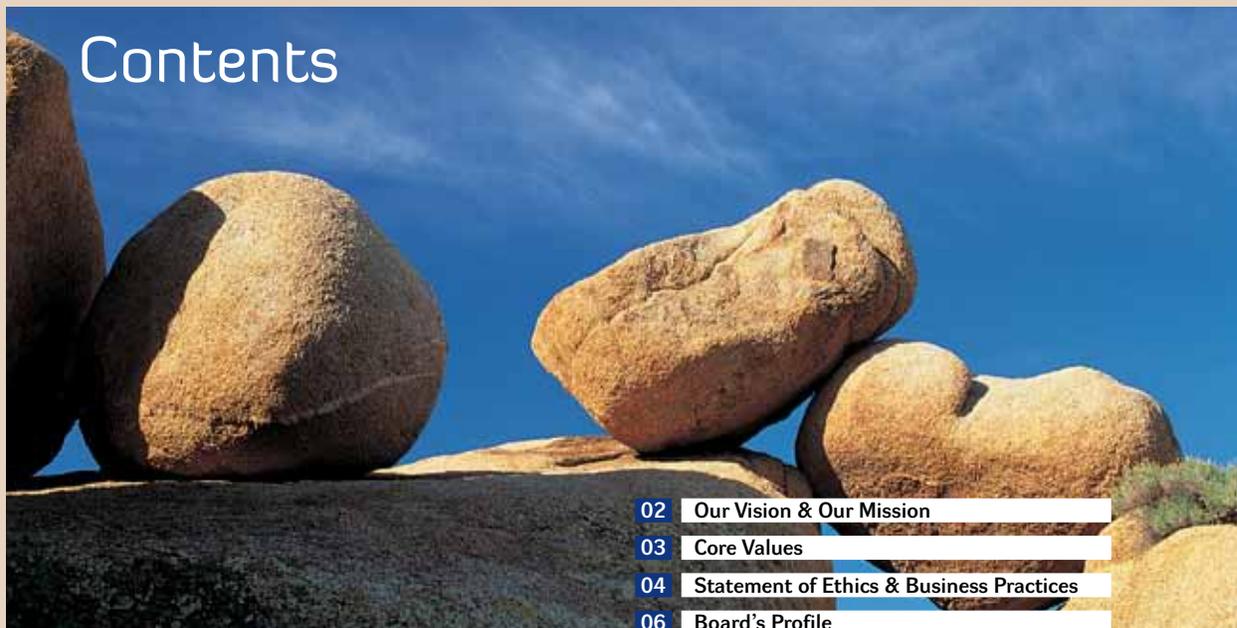
When rocks across the way are clearly visible, conditions are uncertain and the weather is cloudy, you will either dare to step forward or step back into safety.

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.

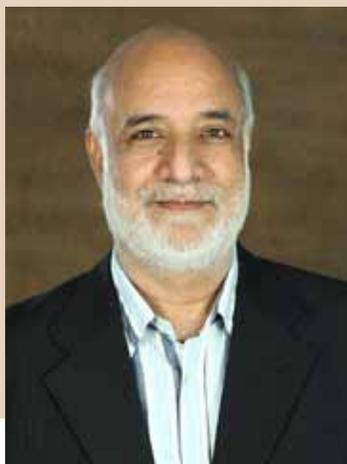
Regulatory Compliance and Corporate Governance

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.

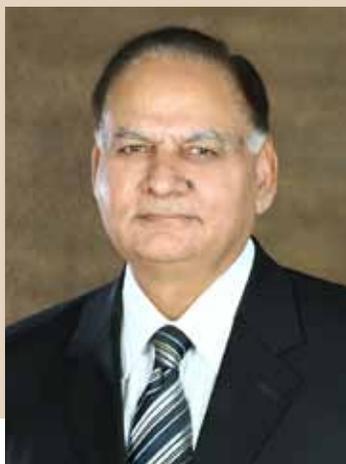
Board's Profile



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

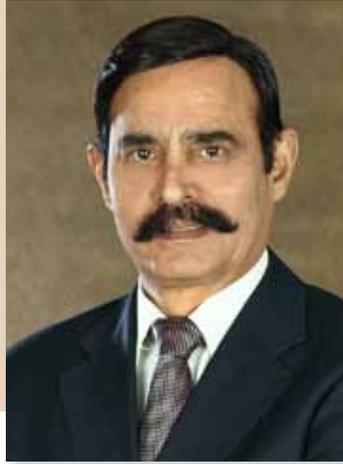
Managing Director, Sui Southern Gas Company Limited (SSGCL). Ex-Vice President, Metal Manufacturing Company, Arizona, U.S.A and Ex-Deputy Managing Director of SSGCL. Dr. Abbasi was incharge of Human Resource / Administration, Measurement / Meter Plant, HSE and Gas Distribution Operations. At that time 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

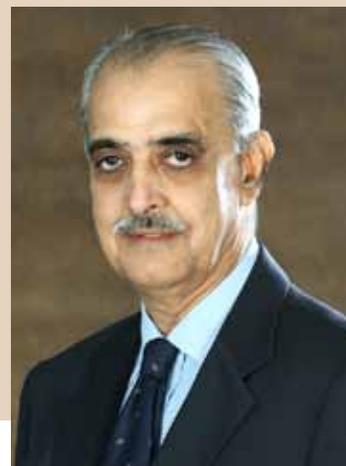
Ex. Chief Executive Officer, Pakistan Industrial Development Corporation, Former Chairman, Pakistan Automobile Corporation, Ghee Corporation of Pakistan, Morafco Industries Limited, Sindh Engineering Limited, Pakistan Motor Car Co. (Pvt) Limited and ex-Managing Director, Dir Forest Industries Limited, 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

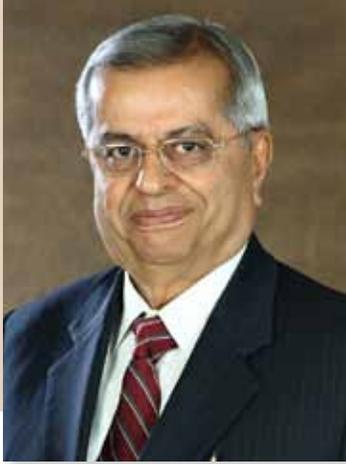
Acting Director General (Gas), Ministry of Petroleum and Natural Resources, Director, Sui Southern Gas Company Limited and Executive member of Pakistan Chamber of Engineers. He joined Ministry of Petroleum & Natural Resources in 1985. Having extensive experience over 31 years. Mr. Khan holds a B.Sc.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

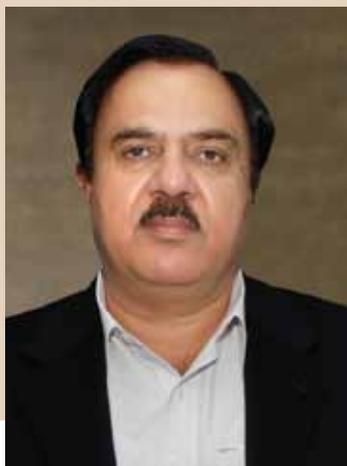


Mr. Inam-ur-Rahman

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

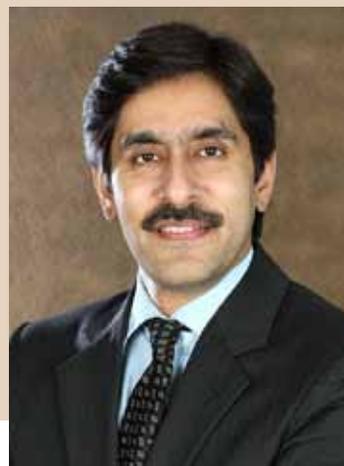
Minister for Health, Khyber Pakhtoonkhwa. Chief Executive of Urdu daily newspaper "Mashriq" and English newspaper "The Statesman" Peshawar. Resident Director, Finance & Administration of M/s Karcon (Pvt) Limited. Having extensive business experience over 35 years. Mr. Shah holds a B.Sc. degree.



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

Gas House,
21-Kashmir Road, P.O. Box No. 56
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



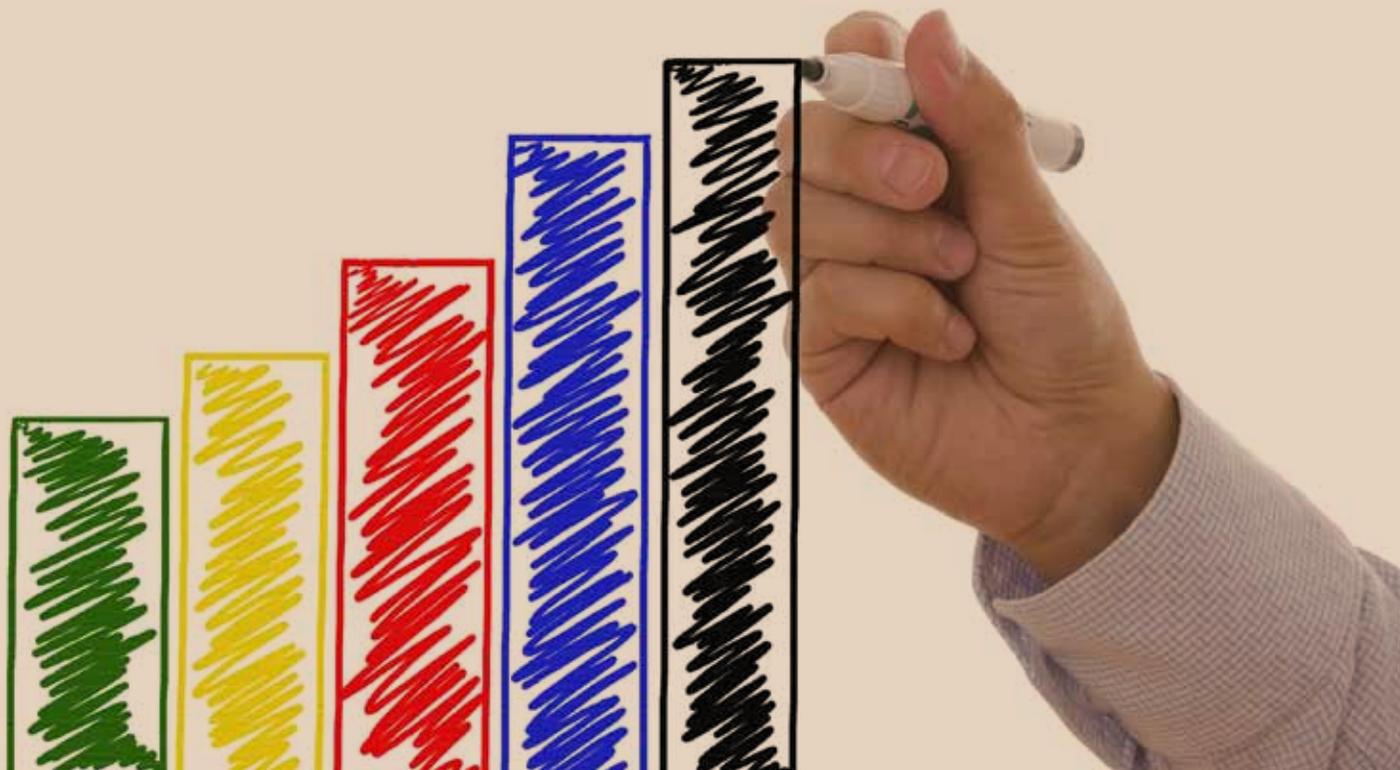
- n) consideration of any other issue or matter as may be assigned by the Board of Directors.

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



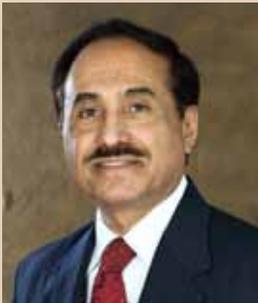
A. Rashid Lone
Managing Director



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

